UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20509

Form 20-F/A
(Amendment No. 3)

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report__________
For the transition period from_________to_________.
Commission file number: 001-36487

Atlantica Yield plc

(Exact name of Registrant as specified in its charter)

Not applicable
(Translation of Registrant's name into English)

England and Wales
(Jurisdiction of incorporation or organization)

Great West House, GW1, 17th floor
Great West Road
Brentford, United Kingdom TW8 9DF
Tel: +44 203 499 0465
(Address of principal executive offices)

Santiago Seage
Great West House, GW1, 17th floor
Great West Road
Brentford, United Kingdom TW8 9DF
Tel: +44 203 499 0465

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Ordinary Shares, nominal value $0.10 per share	NASDAQ Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 100,217,260 ordinary shares, nominal value $0.10 per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ Emerging growth company ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐	International Financial Reporting Standards as issued by the International Accounting Standards Board ☒	Other ☐

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐Yes ☒No

Explanatory Note

This Amendment No. 3 on Form 20-F/A (the “Amendment”) to the Annual Report on Form 20-F for the year ended December 31, 2016 (the “Original Annual Report”) for Atlantica Yield plc (the “Company”), as originally filed with the Securities and Exchange Commission on February 28, 2017 (the “Original Filing Date”), as amended by Amendment No. 1 on Form 20-F/A filed with the Securities and Exchange Commission on March 29, 2017 and by Amendment No. 2 on Form 20-F/A filed with the Securities and Exchange Commission on May 16, 2017 (the “Amended Annual Report”) is being filed to include revised certifications pursuant to Section 302 of the Sarbanes Oxley Act of 2002.

The Company is also including the Annual Consolidated Financial Statements of the Company as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 dated February 28, 2017 (the “Audited Financial Statements”), audited financial statements of Myah Bahr Honaine S.p.a. (“Honaine”) as of and for the year ended December 31, 2016 and Item 15 of the Form 20-F. There are no changes to Item 15 or the Audited Financial Statements of the Company from the Original Annual Report and there are no changes to the audited financial statements of Honaine from Amendment No. 2 on Form 20-F/A.

This Amednment speaks as of the date of the Original Annual Report. This Amendment does not reflect any events that may have occurred subsequent to the Original Filing Date and does not modify or update any disclosure made in the Original Annual Report or the Amended Annual Report.

ITEM 15. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has performed an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15 (e) under the Exchange Act) as of December 31, 2016. There are inherent limitations to the effectiveness of any control system, including disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can provide only reasonable assurance of achieving their control objectives.

Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in providing reasonable assurance that information relating to us, including its consolidated subsidiaries, required to be disclosed in reports that it files under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) accumulated and communicated to the management, including principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Pursuant to Section 404 of the United States Sarbanes-Oxley Act, management is responsible for establishing and maintaining effective internal control over financial reporting. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2016, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, in Internal Control—Integrated Framework (2013). Based on this assessment, management concluded that, as of December 31, 2016, its internal control over financial reporting was effective based on those criteria.

Our internal control over financial reporting as of December 31, 2016, has been audited by Deloitte S.L., an independent registered public accounting firm, as stated in their report which follows below.

Attestation Report of the Independent Registered Public Accounting Firm

The report of Deloitte, S.L., our Independent Registered Public Accounting Firm, on our internal control over financial reporting is included herein at page F-2 of our Annual Consolidated Financial Statements.

Changes in Internal Controls over Financial Reporting

Atlantica Yield achieved full autonomy from Abengoa in 2016. The Company transitioned from an internal control environment established by Abengoa to an independent designed system that continues to provide reasonable assurance regarding the reliability of financial reporting. The transition did not have a material impact on the Company's internal control over financial reporting.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing this Amendment No. 3 on Form 20-F/A and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Date: September 13, 2017

ATLANTICA YIELD PLC

By:	/s/ Santiago Seage
Name:	Santiago Seage
Title	Chief Executive Officer

ATLANTICA YIELD PLC

By:	/s/ Francisco Martinez-Davis
Name:	Francisco Martinez-Davis
Title:	Chief Financial Officer

ATLANTICA YIELD PLC
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Atlantica Yield plc:

We have audited the accompanying consolidated statements of financial position of Atlantica Yield plc and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated income statements, the consolidated financial statements of comprehensive income (loss), the consolidated statements of changes in equity and the consolidated cash flow statements for each of the three years in the period ended December 31, 2016. These consolidated financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Atlantica Yield plc and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board (“IFRS-IASB”).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), the Company’s internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2017 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ Deloitte, S.L.

Madrid, Spain

February 28, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Atlantica Yield plc:

We have audited the internal control over financial reporting of Atlantica Yield plc and subsidiaries (the "Company") as of December 31, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), the consolidated financial statements as of and for the year ended December 31, 2016 of the Company and our report dated February 28, 2017, expressed an unqualified opinion on those consolidated financial statements.

/s/ Deloitte, S.L.

Madrid, Spain

February 28, 2017

Consolidated statements of financial position as of December 31, 2016 and 2015

Amounts in thousands of U.S. dollars

	Note (1)	As of December 31, 2016	2015
Assets			
Non-current assets			
Contracted concessional assets	6	8,924,272	9,300,897
Investments carried under the equity method	7	55,009	56,181
Other receivables accounts	8	65,951	89,050
Derivative assets	8&9	3,822	4,741
Financial investments	8	69,773	93,791
Deferred tax assets	18	202,891	191,314
Total non-current assets		**9,251,945**	**9,642,183**
Current assets			
Inventories		15,384	14,913
Trade receivables	11	151,199	126,844
Credits and other receivables	11	56,422	70,464
Clients and other receivables	8&11	207,621	197,308
Financial investments	8	228,038	221,358
Cash and cash equivalents	8&12	594,811	514,712
Total current assets		**1,045,854**	**948,291**
Total assets		**10,297,799**	**10,590,474**

(1) Notes 1 to 23 are an integral part of the consolidated financial statements

Consolidated statements of financial position as of December 31, 2016 and 2015

Amounts in thousands of U.S. dollars

	Note (1)	As of December 31, 2016	As of December 31, 2015
Equity and liabilities			
Equity attributable to the Company			
Share capital	13	10,022	10,022
Parent company reserves	13	2,268,457	2,313,855
Other reserves		52,797	24,831
Accumulated currency translation differences		(133,150)	(109,582)
Retained earnings	13	(365,410)	(356,524)
Non-controlling interest	13	126,395	140,899
Total equity		**1,959,111**	**2,023,501**
Non-current liabilities			
Long-term corporate debt	14	376,340	661,341
Borrowings		3,824,871	2,763,814
Notes and bonds		804,313	810,650
Long-term project debt	15	4,629,184	3,574,464
Grants and other liabilities	16	1,612,045	1,646,748
Related parties	10	101,750	126,860
Derivative liabilities	9	349,266	385,095
Deferred tax liabilities	18	95,037	79,654
Total non-current liabilities		**7,163,622**	**6,474,162**
Current liabilities			
Short-term corporate debt	14	291,861	3,153
Borrowings		674,058	1,870,691
Notes and bonds		27,225	25,514
Short-term project debt	15	701,283	1,896,205
Trade payables and other current liabilities	17	160,505	178,217
Income and other tax payables		21,417	15,236
Total current liabilities		**1,175,066**	**2,092,811**
Total equity and liabilities		**10,297,799**	**10,590,474**

(1) Notes 1 to 23 are an integral part of the consolidated financial statements

Consolidated income statements for the years ended December 31, 2016, 2015 and 2014

Amounts in thousands of U.S. dollars

	Note (1)	For the year ended December 31,		
		2016	2015	2014
Revenue	4	971,797	790,881	362,693
Other operating income	20	65,538	68,857	79,913
Raw materials and consumables used		(26,919)	(23,243)	(9,462)
Employee benefit expenses		(14,736)	(5,848)	(1,664)
Depreciation, amortization, and impairment charges	6	(332,925)	(261,301)	(125,480)
Other operating expenses	20	(260,318)	(224,828)	(132,657)
Operating profit		402,437	344,518	173,343
Financial income	21	3,298	3,464	4,911
Financial expense	21	(408,007)	(333,921)	(210,252)
Net exchange differences		(9,546)	3,852	2,054
Other financial income/(expense), net	21	8,505	(200,153)	5,861
Financial expense, net		(405,750)	(526,758)	(197,426)
Share of profit/(loss) of associates carried under the equity method	7	6,646	7,844	(769)
Profit/(loss) before income tax		3,333	(174,396)	(24,852)
Income tax	18	(1,666)	(23,790)	(4,413)
Profit/(loss) for the year		1,667	(198,186)	(29,265)
Loss/(profit) attributable to non-controlling interests		(6,522)	(10,819)	(2,347)
Profit/(loss) for the year attributable to the Company		(4,855)	(209,005)	(31,612)
Less: Predecessor Loss prior to Initial Public Offering on June 13,2014		-	-	(28,233)
Net profit/(loss) attributable to Atlantica Yield, Plc. subsequent to Initial Public Offering	22	-	-	(3,379)
Weighted average number of ordinary shares outstanding (thousands)	22	100,217	92,795	80,000
Basic earnings per share (U.S. dollar per share) (*)	22	(0.05)	(2.25)	(0.04)

(*) Earnings per share has been calculated for the period subsequent to the initial public offering, considering Net profit/(loss) attributable to equity holders of Atlantica Yield plc. generated after the initial public offering divided by the number of shares outstanding.

(1) Notes 1 to 23 are an integral part of the consolidated financial statements

Consolidated financial statements of comprehensive income for the years ended December 31, 2016, 2015 and 2014

Amounts in thousands of U.S. dollars

	For the twelve months ended December 31,		
	2016	**2015**	**2014**
Profit/(loss) for the year	1,667	(198,186)	(29,265)
Items that may be subject to transfer to income statement			
Change in fair value of cash flow hedges	(37,480)	56	(117,423)
Currency translation differences	(22,150)	(91,405)	(51,226)
Tax effect	12,555	1,950	33,473
Net income/(expenses) recognized directly in equity	(47,075)	(89,399)	(135,176)
Cash flow hedges	72,774	55,841	29,859
Tax effect	(18,194)	(13,960)	(8,958)
Transfers to income statement	54,580	41,881	20,901
Other comprehensive income/(loss)	7,505	(47,518)	(114,275)
Total comprehensive income/(loss) for the year	9,172	(245,704)	(143,540)
Total comprehensive (income)/loss attributable to non-controlling interest	(9,629)	(3,550)	14,813
Total comprehensive income/(loss) attributable to the Company	(457)	(249,254)	(128,727)

Consolidated statements of changes in equity for the years ended December 31, 2016, 2015 and 2014

Amounts in thousands of U.S. dollars

	Share Capital	Parent company reserves	Other reserves	Retained earnings (c)	Accumulated currency translation differences	Total equity attributable to the Company	Non-controlling interest	Total equity
Balance as of January 1, 2014	**-**	**-**	**(36,600)**	**1,245,510**	**9,009**	**1,217,919**	**69,279**	**1,287,198**
Profit/(loss) for the six-month period after taxes	-	-	-	**(28,233)**	-	**(28,233)**	**410**	**(27,823)**
Change in fair value of cash flow hedges	-	-	(59,277)	-	-	(59,277)	(4,253)	(63,530)
Currency translation differences	-	-	-	-	(10,660)	(10,660)	(4,347)	(15,007)
Tax effect	-	-	17,325	-	-	17,325	1,276	18,601
Other comprehensive income	-	-	**(41,952)**	-	**(10,660)**	**(52,612)**	**(7,324)**	**(59,936)**
Total comprehensive income	-	-	**(41,952)**	**(28,233)**	**(10,660)**	**(80,845)**	**(6,914)**	**(87,759)**
Initial Public Offering and Asset Transfer	8,000	1,813,831	78,552	(1,195,862)	1,651	706,172	-	706,172
Balance as of June 30, 2014 (a)	**8,000**	**1,813,831**	-	**21,415**	-	**1,843,246**	**62,365**	**1,905,611**
Profit/(loss) for the six-month period after taxes	-	-	-	**(3,379)**	-	**(3,379)**	**1,937**	**(1,442)**
Change in fair value of cash flow hedges	-	-	(20,236)	-	-	(20,236)	(3,685)	(23,921)
Currency translation differences	-	-	-	-	(28,963)	(28,963)	(7,256)	(36,219)
Tax effect	-	-	4,697	-	-	4,697	1,105	5,802
Other comprehensive income (b)	-	-	**(15,539)**	-	**(28,963)**	**(44,502)**	**(9,836)**	**(54,338)**
Total comprehensive income	-	-	**(15,539)**	**(3,379)**	**(28,963)**	**(47,881)**	**(7,899)**	**(55,780)**
Asset acquisition under the Rofo (d)	-	-	-	**(20,067)**	-	**(20,067)**	**33,563**	**13,496**
Dividend distribution	-	**(23,696)**	-	-	-	**(23,696)**	-	**(23,696)**
Balance as of December 31, 2014 (a)	**8,000**	**1,790,135**	**(15,539)**	**(2,031)**	**(28,963)**	**1,751,602**	**88,029**	**1,839,631**
Balance as of January 1, 2015	8,000	1,790,135	(15,539)	(2,031)	(28,963)	1,751,602	88,029	1,839,631
Profit/(loss) for the year after taxes	-	-	-	(209,005)	-	(209,005)	10,819	(198,186)
Change in fair value of cash flow hedges	-	-	51,215	-	-	51,215	4,682	55,897
Currency translation differences	-	-	-	-	(80,619)	(80,619)	(10,786)	(91,405)
Tax effect	-	-	(10,845)	-	-	(10,845)	(1,165)	(12,010)
Other comprehensive income	-	-	**40,370**	-	**(80,619)**	**(40,249)**	**(7,269)**	**(47,518)**
Total comprehensive income	-	-	**40,370**	**(209,005)**	**(80,619)**	**(249,254)**	**3,550**	**(245,704)**
Asset acquisition under the Rofo (d)	-	-	-	**(145,488)**	-	**(145,488)**	**57,627**	**(87,861)**
Dividend distribution	-	**(137,995)**	-	-	-	**(137,995)**	**(8,307)**	**(146,302)**
Capital Increase	**2,022**	**661,715**	-	-	-	**663,737**	-	**663,737**
Balance as of December 31, 2015	**10,022**	**2,313,855**	**24,831**	**(356,524)**	**(109,582)**	**1,882,602**	**140,899**	**2,023,501**

Balance as of January 1, 2016	10,022	2,313,855	24,831	(356,524)	(109,582)	1,882,602	140,899	2,023,501
Profit/(loss) for the year after taxes	-	-	-	(4,855)	-	(4,855)	6,522	1,667
Change in fair value of cash flow hedges	-	-	32,944	-	-	32,944	2,350	35,294
Currency translation differences	-	-	-	-	(23,568)	(23,568)	1,418	(22,150)
Tax effect	-	-	(4,978)	-	-	(4,978)	(661)	(5,639)
Other comprehensive income	**-**	**-**	**27,966**	**-**	**(23,568)**	**4,398**	**3,107**	**7,505**
Total comprehensive income	**-**	**-**	**27,966**	**(4,855)**	**(23,568)**	**(457)**	**9,629**	**9,172**
Acquisition of non-controlling interest in Solacor 1&2 (d)	-	-	-	**(4,031)**	-	**(4,031)**	**(15,894)**	**(19,925)**
Asset acquisition (Seville PV)	-		-	-	-		**713**	**713**
Dividend Distribution	-	**(45,398)**	-	-	-	**(45,398)**	**(8,952)**	(54,350)
Balance as of December 31, 2016	**10,022**	**2,268,457**	**52,797**	**(365,410)**	**(133,150)**	**1,832,716**	**126,395**	**1,959,111**

(a) The consolidated statement of changes in equity for the six-month period ended June 30, 2014 and for the twelve-month period ended December 31, 2014 represents the changes in the consolidated equity of Atlantica Yield plc and its subsidiaries since January 1, 2014.

(b) These amounts account for the impact in other comprehensive income of the consolidated statements for the six-month period ended December 31, 2014.

(c) Loss for the six-month period after taxes amounting to ($3,379) thousands, includes the result of the Company after the Initial Public Offering up to the end of December 31, 2014. Loss attributable to the parent company for the twelve-month period ended December 31, 2014 amounting to ($31,612) thousand is included within Retained Earnings.

(d) See Note 5 for further details.

Notes 1 to 23 are an integral part of the consolidated financial statements

Consolidated cash flow statements for the years ended December 31, 2016, 2015 and 2014

Amounts in thousands of U.S. dollars

	Note (1)	For the year ended 2016	2015	2014
I. Profit/(loss) for the year		**$ 1,667**	**$ (198,186)**	**$ (29,265)**
Non-monetary adjustments				
Depreciation, amortization and impairment charges	6	332,925	261,301	125,480
Financial (income)/expenses		397,966	553,300	206,294
Fair value (gains)/losses on derivative financial instruments		(1,761)	(4,292)	2,386
Shares of (profits)/losses from associates		(6,646)	(7,844)	769
Income tax	18	1,666	23,790	4,413
Changes in consolidation and other non-monetary items		(59,375)	(91,410)	(48,793)
II. Profit for the year adjusted by non monetary items		**$ 666,442**	**$ 536,659**	**$ 261,284**
Variations in working capital				
Inventories		(729)	(1,198)	379
Clients and other receivables		(15,001)	14,845	(5,981)
Trade payables and other current liabilities		11,422	9,994	(117,199)
Financial investments and other current assets/liabilities		6,341	49,420	54,810
III. Variations in working capital		**$ 2,033**	**$ 73,061**	**$ (67,991)**
Income tax received/(paid)		(1,953)	522	(428)
Interest received		3,342	1,600	256
Interest paid		(335,446)	(312,357)	(149,513)
A. Net cash provided by/(used in) operating activities		**$ 334,418**	**$ 299,485**	**$ 43,608**
Investments in entities under the equity method		4,984	4,417	(44,524)
Investments in contracted concessional assets		(5,952)	(106,007)	(56,960)
Other non-current assets/liabilities		(3,637)	5,714	(21,339)
Acquisitions of subsidiaries		(21,754)	(833,974)	(222,345)
B. Net cash used in investing activities		**$ (26,359)**	**$ (929,850)**	**$ (345,168)**
Proceeds from Project & Corporate debt		11,113	459,366	1,350,689
Repayment of Project & Corporate debt		(182,636)	(175,389)	(1,665,433)
Dividends paid to Company´s shareholders		(35,509)	(137,166)	(23,696)
Proceeds from related parties and other		—	—	(39,035)
Proceeds from IPO		—	—	681,916
Proceeds from capital increase		—	664,120	—
Purchase of shares to non-controlling interests		(19,071)	—	—
C. Net cash provided by/(used in) financing activities		**$ (226,103)**	**$ 810,931**	**$ 304,441**
Net increase/(decrease) in cash and cash equivalents		**$ 81,956**	**$ 180,566**	**$ 2,881**
Cash, cash equivalents and bank overdrafts at beginning of the year	12	514,712	354,154	357,664
Translation differences cash or cash equivalent		(1,857)	(20,008)	(6,391)
Cash and cash equivalents at the end of the year	12	**$ 594,811**	**$ 514,712**	**$ 354,154**

(1) Notes 1 to 23 are an integral part of the consolidated financial statements

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(1) The Appendices are an integral part of the notes to the consolidated financial statements.

Note 1.- Nature of the business

Atlantica Yield plc ("Atlantica Yield" or the "Company") was incorporated in England and Wales as a private limited company on December 17, 2013 under the name Abengoa Yield Limited. On March 19, 2014, the Company was re-registered as a public limited company, under the name Abengoa Yield plc. On May 13, 2016, the change of the Company´s registered name to Atlantica Yield plc was filed with the Registrar of Companies in the United Kingdom.

Atlantica Yield is a total return company that owns, manages and acquires renewable energy, conventional power, electric transmission lines and water assets focused on North America (the United States and Mexico), South America (Peru, Chile, Brazil and Uruguay) and EMEA (Spain, Algeria and South Africa).

The Company's largest shareholder is Abengoa S.A. ("Abengoa"), which, based on the most recent public information, currently owns a 41.47 % stake in Atlantica Yield. Effective December 31, 2015, Abengoa no longer controls the Company and therefore does not consolidate the Company in its consolidated financial statements anymore.

On June 18, 2014, Atlantica Yield closed its initial public offering issuing 24,850,000 ordinary shares. The shares were offered at a price of $29 per share, resulting in gross proceeds to the Company of $720,650 thousand. The underwriters further purchased 3,727,500 additional shares from the selling shareholder, a subsidiary wholly owned by Abengoa, at the public offering price less fees and commissions to cover over-allotments ("greenshoe") driving the total proceeds of the offering to $828,748 thousand.

Prior to the consummation of this offering, Abengoa contributed, through a series of transactions, which we refer to collectively as the "Asset Transfer," ten concessional assets described below, certain holding companies and a preferred equity investment in Abengoa Concessoes Brasil Holding ("ACBH"), which is a subsidiary of Abengoa engaged in the development, construction, investment and management of contracted concessions in Brazil, comprised mostly of transmission lines. As consideration for the Asset Transfer, Abengoa received a 64.28% interest in Atlantica Yield and $655.3 million in cash, corresponding to the net proceeds of the initial public offering less $30 million retained by Atlantica Yield for liquidity purposes.

Atlantica Yield's shares began trading on the NASDAQ Global Select Market under the symbol "ABY" on June 13, 2014.

During 2015, the Company acquired the following assets from Abengoa:

· On February 3, 2015, the Company completed the acquisition of a 25.5% stake in Honaine and a 34.2% stake in Skikda, two desalination plants in Algeria with an aggregate capacity of 10.5 million cubic feet per day. On February 23, 2015, the Company completed the acquisition of a 29.6% stake in Helioenergy 1/2, a solar power asset in Spain with a capacity of 100 MW.

· On May 13, 2015 and May 14, 2015, the Company completed the acquisition of Helios 1/2 a 100 MW solar complex and Solnova 1/3/4, a 150 MW solar complex, both in Spain. On May 25, 2015, the Company completed the acquisition of the remaining 70.4% stake in Helioenergy 1/2.

· On June 25, 2015, the Company completed the acquisition of ATN2, an 81 miles transmission line in Peru from Abengoa and Sigma, a third-party financial investor in the project.

- On July 30, 2015, the Company completed the acquisition of a 51% stake in Kaxu, a 100 MW solar plant in South Africa.

- On September 30, 2015, the Company completed the acquisition of Solaben 1/6, a 100 MW solar complex in Spain.

On January 7, 2016, the Company closed the acquisition of a 13% stake in Solacor 1/2 from the JGC Corporation (“JGC”), which reduced the JGC´s ownership in Solacor 1/2 to 13%.

On August 3, 2016, the Company completed the acquisition of an 80% stake in Fotovoltaica Solar Sevilla, S.A. (“Seville PV”) from Abengoa, a 1 MW solar photovoltaic plant in Spain.

The following table provides an overview of the concessional assets the Company owned as of December 31, 2016 (excluding the exchangeable preferred equity investment in ACBH):

Assets	Type	Ownership	Location	Currency[8]	Capacity (Gross)	Counterparty Credit Ratings[9]	COD*	Contract Years Left [12]
Solana	Renewable (Solar)	100% Class B[1]	Arizona (USA)	USD	280 MW	A-/A3/BBB+	4Q 2013	27
Mojave	Renewable (Solar)	100%	California (USA)	USD	280 MW	BBB+/Baa1/A-	4Q 2014	23
Solaben 2 & 3	Renewable (Solar)	70%[2]	Spain	Euro	2x50 MW	BBB+/Baa2/BBB+	3Q 2012 & 2Q 2012	21&20
Solacor 1 & 2	Renewable (Solar)	87%[3]	Spain	Euro	2x50 MW	BBB+/Baa2/BBB+	1Q 2012 & 1Q 2012	20
PS10/PS20	Renewable (Solar)	100%	Spain	Euro	31 MW	BBB+/Baa2/BBB+	1Q 2007 & 2Q 2009	15&17
Helioenergy 1 & 2	Renewable (Solar)	100%	Spain	Euro	2x50 MW	BBB+/Baa2/BBB+	3Q 2011& 4Q 2011	20
Helios 1 & 2	Renewable (Solar)	100%	Spain	Euro	2x50 MW	BBB+/Baa2/BBB+	3Q 2012& 3Q 2012	21
Solnova 1, 3 & 4	Renewable (Solar)	100%	Spain	Euro	3x50 MW	BBB+/Baa2/BBB+	2Q 2010 & 2Q 2010& 3Q 2010	18&18&19
Solaben 1 & 6	Renewable (Solar)	100%	Spain	Euro	2x50 MW	BBB+/Baa2/BBB+	3Q 2013	22
Kaxu	Renewable (Solar)	51%[4]	South Africa	Rand	100 MW	BBB-/Baa2/BBB-[10]	1Q 2015	18
Palmatir	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB/Baa2/BBB-[11]	2Q 2014	17
Cadonal	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB/Baa2/BBB-[11]	4Q 2014	18
ACT	Conventional Power	100%	Mexico	USD	300 MW	BBB+/Baa3/ BBB+	2Q 2013	16
ATN	Transmission line	100%	Peru	USD	362 miles	BBB+/A3/BBB+	1Q 2011	24
ATS	Transmission line	100%	Peru	USD	569 miles	BBB+/A3/BBB+	1Q 2014	27
ATN 2	Transmission line	100%	Peru	USD	81 miles	Not rated	2Q 2015	16
Quadra 1	Transmission line	100%	Chile	USD	49 miles	Not rated	2Q 2014	18
Quadra 2	Transmission line	100%	Chile	USD	32 miles	Not rated	1Q 2014	18
Palmucho	Transmission line	100%	Chile	USD	6 miles	BBB+/Baa2/BBB+	4Q 2007	21
Skikda	Water	34.2%[5]	Algeria	USD	3.5 M ft3/day	Not rated	1Q 2009	17
Honaine	Water	25.5%[6]	Algeria	USD	7 M ft3/ day	Not rated	3Q 2012	21
Seville PV	Renewable (Solar)	80%[7]	Spain	Euro	1 MW	BBB+/Baa2/BBB+	3Q 2006	19

(1) On September 30, 2013, Liberty Interactive Corporation invested $300,000 thousand in Class A membership interests in exchange for a share of the dividends and taxable loss generated by Solana. As a result of the agreement, Liberty Interactive Corporation will receive between 54.06% and 61.20% of both dividends and taxable loss generated during a period of approximately five years; such percentage will decrease to 22.60% thereafter once certain conditions are met.

(2) Itochu Corporation, a Japanese trading company, holds 30% of the shares in each of Solaben 2 and Solaben 3.

(3) JGC, a Japanese engineering company, holds 13% of the shares in each of Solacor 1 and Solacor 2.

(4) Kaxu is owned by the Company (51%), Industrial Development Corporation of South Africa (29%) and Kaxu Community Trust (20%).

(5) Algerian Energy Company, SPA owns 49% of Skikda and Sadyt (Sociedad Anónima Depuración y Tratamientos) owns the remaining 16.83%.

(6) Algerian Energy Company, SPA owns 49% of Honaine and Sadyt (Sociedad Anónima Depuración y Tratamientos) owns the remaining 25.5%.

(7) Instituto para la Diversificación y Ahorro de la Energía ("Idae"), a Spanish state owned company, holds 20% of the shares in Seville PV.

(8) Certain contracts denominated in U.S. dollars are payable in local currency.

(9) Reflects the counterparty's credit ratings issued by Standard & Poor's Ratings Services, or S&P, Moody's Investors Service Inc., or Moody's, and Fitch Ratings Ltd, or Fitch.

(10) Refers to the credit rating of the Republic of South Africa. The offtaker is Eskom, which is a state-owned utility company in South Africa.

(11) Refers to the credit rating of Uruguay, as UTE (Administración Nacional de Usinas y Transmisoras Eléctricas) is unrated.

(12) As of December 31, 2016.

* Commercial Operation Date ("COD").

In addition to the assets listed above, the Company owns an exchangeable preferred equity investment in ACBH, a subsidiary holding company of Abengoa that is engaged in the development, construction, investment and management of contracted concessions in Brazil, consisting mostly of electric transmission lines (see note 8).

On November 27, 2015 Abengoa, reported that, it filed a communication pursuant to article 5 bis of the Spanish Insolvency Law 22/2003 with the Mercantile Court of Seville nº 2. The filing by Abengoa was intended to initiate a process to try to reach an agreement with its main financial creditors, aimed to ensure the right framework to carry out such negotiations and provide Abengoa with financial stability in the short and medium term.

The Mercantile Court set a deadline of March 28, 2016 for Abengoa to reach an agreement with its main financial creditors. On such date, Abengoa filed with the Mercantile Court of Seville nº 2 an application for the judicial approval ("homologación judicial") of a standstill agreement which obtained the support of 75.04 per cent of the financial creditors to which it was addressed. On April 6, 2016, the Judge of the Mercantile Court of Seville nº 2 issued a resolution declaring the judicial approval ("homologación judicial") of the standstill agreement and extending the effect of the stay of the obligations referred to in the standstill agreement until October 28, 2016, to creditors of financial liabilities who had not signed the agreement or have otherwise expressed their disagreement.

On September 24, 2016, Abengoa announced that it had signed a restructuring agreement with a group of investors and creditors, which included a commitment from investors and banks to contribute new money to the company. On the same date, Abengoa opened the accession period for the rest of its financial creditors. On October 28, 2016, Abengoa announced the filing of the request for judicial approval ("homologación judicial") of its restructuring agreement to the Judge of the Mercantile Court of Seville. According to the announcement, Abengoa had previously obtained approval from creditors representing 86% of its financial debt, above the 75% limit required by the law. On November 8, 2016, the Judge of the Mercantile Court of Seville declared judicial approval of Abengoa´s restructuring agreement, extending the terms of the agreement to those creditors who had not approved the restructuring agreement. On February 3, 2017, Abengoa announced it obtained approval from creditors representing 94% of its financial debt after the supplemental accession period. The implementation of Abengoa's restructuring is subject to a series of conditions precedent. On February 14, 2017 Abengoa announced that it launched a waiver request in order to approve certain amendments to the restructuring agreement and opened a voting period ending on February 28, 2017 (see note 8).

The financing arrangements of some of the project subsidiaries of the Company (Solana, Mojave, Kaxu and Cadonal) contain cross-default provisions related to Abengoa, such that debt defaults by Abengoa, subject to certain threshold amounts and/or a restructuring process, could trigger defaults under such project financing arrangements. These cross-default provisions expire progressively over time, remaining in place until the termination of the obligations of Abengoa under such project financing arrangements. The Company has signed a forbearance agreement in Solana and Mojave in December 2016 according to which, such defaults will no longer trigger acceleration remedies or limitations on distributions remedies in both financing arrangements. In the case of Cadonal, the waiver obtained is subject to certain conditions. The only project for which waivers or forbearances have not been obtained yet is Kaxu. The company is currently in discussions with its project finance lenders.

Although the Company does not expect the acceleration of debt to be declared by the credit entities, Kaxu and Cadonal did not have contractually as of December 31, 2016 what International Accounting Standards define as an unconditional right to defer the settlement of the debt for at least twelve months after that date, as the cross-default provisions make that right not totally unconditional, and therefore the debt of Kaxu and Cadonal has been presented as current in these consolidated financial statements in accordance with International Accounting Standards 1 ("IAS 1"), "Presentation of Financial Statements".

As of December 31, 2015, all the project financing arrangements except for ATN, ATS, Skikda and Honaine contained a change of ownership clause that would be triggered if Abengoa would cease to own at least 35% of Atlantica Yield´s shares. Based on the most recent public information, Abengoa currently owns 41.47% of the ordinary shares of the Company. In connection with various financing agreements, Abengoa has disclosed that as of today, 41,530,843 of Atlantica Yield shares, representing approximately 41.44% of the outstanding shares of the Company, have been pledged as collateral. If Abengoa defaults on any of these or future financing arrangements or sell or transfer enough ABY shares before obtaining the waivers, such lenders may foreclose on the pledged shares and, as a result, Abengoa could eventually own less than 35% of Atlantica Yield´s outstanding shares. As a result, the Company would be in breach of covenants under the applicable project financing arrangements. Additionally, if Abengoa sells, transfers or signs new financing arrangements considered a transfer of ABY shares, the Company could be as well in breach of covenants under the applicable project financing arrangements.

During 2016 waivers and forbearances have been obtained for most of our project financing agreements from all the parties of these project financing arrangements containing the minimum ownership covenants previously explained (Palmatir, Quadra 1 and Quadra 2, Cadonal, Helioenergy 1&2, Solana, Mojave, Solnova 1, 3&4, Solacor 1&2 and Solaben 2&3). As of this date, waivers or forbearances are still required for ACT and Kaxu and the Company is working on obtaining them. In the case of Solana and Mojave, the forbearance agreement signed with the U.S. Department of Energy, or the DOE, with respect to these assets, covers reductions of Abengoa's ownership resulting from (i) a court-ordered or lender-initiated foreclosure pursuant to the existing pledge over Abengoa's shares of the Company that occurs prior to March 31, 2017, (ii) a sale or other disposition at any time pursuant to a bankruptcy proceeding by Abengoa, (iii) changes in the existing Abengoa pledge structure in connection with Abengoa's restructuring process, aimed at pledging the shares under a new holding company structure, and (iv) capital increases by us. In the event of other reductions of Abengoa's ownership below the minimum ownership threshold resulting from sales of shares by Abengoa, DOE remedies will not include debt acceleration, but DOE remedies available would include limitations on distributions to the Company from its subsidiaries. In addition, the minimum ownership threshold for Abengoa in the Company has been reduced from 35% to 30%.

In addition, the Credit Facility entered into by the Company on December 3, 2014 with Banco Santander, S.A., Bank of America, N.A., Citigroup Global Markets Limited, HSBC Bank plc and RBC Capital Markets, as joint lead arrangers and joint bookrunners (the "Credit Facility") does not include cross-default provisions related to Abengoa. Nevertheless, the Company is required to comply with (i) a maintenance leverage ratio of the indebtedness at Atlantica Yield level to the cash available for distribution and (ii) an interest coverage ratio of cash available for distribution to debt service payments. A potential payment default in several of the project companies or potential restrictions to distributions from several of the project companies may adversely affect compliance with these covenants. The Credit Facility also includes a cross-default provision related to a default by the project subsidiaries of the Company in their financing arrangements, such that a payment default in one or more of the non-recourse subsidiaries of the Company representing more than 20% of the cash available for distribution distributed in the previous four fiscal quarters could trigger a default under the Credit Facility. A payment default in several of our project companies or restrictions in distributions from several of our project companies may trigger these covenants. Considering all the progress in obtaining waivers and forbearances obtained, the Company considers that scenario as remote. Additionally, in such remote scenario, the Company would undertake initiatives including, but not limited to, asset disposals or changes in the dividend policy.

Additionally, on February 10, 2017, the Company signed a Note Issuance Facility, a senior secured note facility with a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of €275 million (approximately $294 million). The proceeds of the Note Issuance Facility will be used for the repayment of Tranche B under our Credit Facility, which will be canceled, as well as for general corporate expenses incurred as part of this transaction. See note 14 for details.

The Company has significantly reduced the level of services received from Abengoa, terminating the Support Services Agreement, although it continues to rely on Abengoa for operation and maintenance services at most of its facilities and for minimum local support services in certain geographies. The Company has separated its IT systems from Abengoa during 2016 and has prepared plans to replace existing operation and maintenance suppliers if required.

These consolidated financial statements were approved by the Board of Directors of the Company on February 24, 2017.

Note 2.- Significant accounting policies

2.1 Basis of preparation

These consolidated financial statements are presented in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company entered into an agreement with Abengoa on June 13, 2014 (the "ROFO Agreement"), as amended and restated on December 9, 2014, that provides the Company with a right of first offer on any proposed sale, transfer or other disposition of any of Abengoa's contracted renewable energy, conventional power, electric transmission or water assets in operation and located in the United States, Canada, Mexico, Chile, Peru, Uruguay, Brazil, Colombia and the European Union, as well as four assets in selected countries in Africa, the Middle East and Asia.

The Company elected to account for the assets acquisitions under the ROFO Agreement using the Predecessor values as long as Abengoa had control over the Company, given that these were transactions between entities under common control. Any difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entities as of the date of the transaction has been reflected as an adjustment to equity.

Abengoa has no control over the Company since December 31, 2015. Therefore, any acquisition to Abengoa is accounted for in the consolidated accounts of Atlantica Yield since December 31, 2015, in accordance with IFRS 3, Business Combination.

The consolidated financial statements are presented in U.S. dollars, which is the Company's functional and presentation currency. Amounts included in these consolidated financial statements are all expressed in thousands of U.S. dollars, unless otherwise indicated.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Application of new accounting standards

a) Standards, interpretations and amendments effective from January 1, 2016 under IFRS-IASB, applied by the Company in the preparation of these consolidated financial statements:

- IFRS 10 (Amendment) 'Consolidated financial statements, IFRS 12 'Disclosure of interests in Other Entities' and IAS 28 'Investments in associates and joint ventures' regarding the exemption from consolidation for investment entities.

- Annual Improvements to IFRSs 2012-2014 cycles.

- IAS 1 (Amendment) 'Presentation of Financial Statements' under the disclosure initiative.

- IAS 27 (Amendment) 'Separate financial statements' regarding the reinstatement of the equity method as an accounting option in separate financial statements.

- IAS 16 (Amendment) 'Property, Plant and Equipment' and IAS 38 'Intangible Assets', regarding acceptable methods of amortization and depreciation.

- IFRS 11 (Amendment) 'Joint Arrangements' regarding acquisition of an interest in a joint operation.

- IAS 16 'Property, Plant and Equipment' and 41 'Agriculture' (Amendment) regarding bearer plants.

The applications of these amendments have not had any material impact on these consolidated financial statements.

b) Standards, interpretations and amendments published by the IASB that will be effective for periods beginning on or after January 1, 2017:

- IFRS 9 'Financial Instruments'. This Standard will be effective from January 1, 2018 under IFRS-IASB, earlier applications is permitted.

- IFRS 15 'Revenues from contracts with Customers'. IFRS 15 is applicable for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted.

- IFRS 16 ’Leases’. This Standard is applicable for annual periods beginning on or after January 1, 2019 under IFRS-IASB, earlier application is permitted, but conditioned to the application of IFRS 15.

- IAS 12 (Amendment) ‘Recognition for Deferred Tax for Unrealised Losses’. This amendment is mandatory for annual periods beginning on or after January 1, 2017 under IFRS-IASB, earlier application is permitted.

- IAS 7 (Amendment) ‘Disclosure Initiative’. This amendment is mandatory for annual periods beginning on or after January 1, 2017 under IFRS-IASB, earlier application is permitted.

- IFRS 15 (Clarifications) ’Revenues from contracts with Customers’. This amendment is mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted.

- IFRS 2 (Amendment) ‘Classification and Measurement of Share-based Payment Transactions’. This amendment is mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted

- IFRS 4 (Amendment). Applying IFRS 9 ‘Financial Instruments’ with IFRS 4 ‘Insurance Contracts’. This amendment is mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted

- IFRIC Interpretation 22 ’Foreign Currency Transactions and Advance Consideration’, mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted.

- IAS 40 (Amendment) ’Transfers of Investmenty Property’. This amendment is mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted.

The Company does not anticipate any significant impact on the consolidated financial statements derived from the application of the new standards and amendments that will be effective for annual periods beginning after December 31, 2016, although it is currently still in process of evaluating such application.

2.2. Principles to include and record companies in the consolidated financial statements

Companies included in these consolidated financial statements are accounted for as subsidiaries as long as Atlantica Yield has had control over them and are accounted for as investments under the equity method as long as Atlantica Yield has had significant influence over them, in the periods presented.

a) Controlled entities

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 reassesses 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.

The Company uses the acquisition method to account for business combinations of companies controlled by a third party. According to this method, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any contingent consideration 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 profit or loss or as a change to other comprehensive income. Acquisition related costs are expensed as incurred. The Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets on an acquisition by acquisition basis.

Acquisitions of businesses to Abengoa were until December 31, 2015, not considered business combinations, as Atlantica Yield was a subsidiary controlled by Abengoa. The assets acquired constituted an acquisition under common control by Abengoa and accordingly, were recorded using Abengoa's historical basis in the assets and liabilities of the Predecessor. Abengoa has no control over the Company since December 31, 2015. Therefore, any purchase to Abengoa is accounted for in the consolidated accounts of Atlantica Yield since December 31, 2015, in accordance with IFRS 3, Business Combination.

All assets and liabilities between entities of the group, equity, income, expenses, and cash flows relating to transactions between entities of the group are eliminated in full.

b) Investments accounted for under the equity method

An associate is an entity over which the Company 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.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company share of the profit or loss and other comprehensive income of the associate.

Controlled entities and associates included in these financial statements as of December 31, 2016 and 2015 are set out in appendices.

2.3. Contracted concessional assets and price purchase agreements

Contracted concessional assets and price purchase agreements (PPAs) include fixed assets financed through project debt, related to service concession arrangements recorded in accordance with International Financial Reporting Interpretations Committee 12 ("IFRIC 12"), except for Palmucho, which is recorded in accordance with IAS 17 and PS10, PS20 and Seville PV, which are recorded as tangible assets in accordance with IAS 16. The infrastructures accounted for by the Company as concessions are related to the activities concerning electric transmission lines, solar electricity generation plants, cogeneration plants, wind farms and water plants. The useful life of these assets is approximately the same as the length of the concession arrangement. 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.

The application of IFRIC 12 requires extensive judgment in relation with, among other factors, (i) the identification of certain infrastructures and 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 timing and recognition of the revenue from construction and concessionary activity.

Under the terms of contractual arrangements within the scope of this interpretation, the operator shall recognize and measure revenue in accordance with IAS 11 and 18 for the services it performs. If the operator performs more than one service (i.e. construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable shall be allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

Consequently, in accordance with the provisions of IFRIC 12, the Company recognizes and measures revenue and costs for providing construction services during the period of construction of the infrastructure in accordance with IAS 11 “Construction Contracts”. Construction revenue is recorded within “Other operating income” and Construction cost, which is fully contracted with related parties, is recorded within “Other operating expenses”. This applies in the same way to the two models.

a) Intangible asset

The Company recognizes an intangible asset to the extent that it receives 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 the infrastructure which coincides with the concession period.

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

- Revenues from the updated annual revenue for the contracted concession, as well as operations and maintenance services are recognized in each period according to IAS 18 “Revenue”.

- Operating and maintenance costs and general overheads and administrative costs are recorded in accordance with the nature of the cost incurred (amount due) in each period.

- Financing costs are expensed as incurred.

b) Financial asset

The Company recognizes a financial asset when demand risk is assumed by the grantor, to the extent that the concession holder has an unconditional right to receive payments for the asset. This asset is recognized at the fair value of the construction services provided, considering upgrade services in accordance with IAS 11, if any.

The financial asset is subsequently recorded at amortized cost calculated according to the effective interest method. Revenue from operations and maintenance services is recognized in each period according to IAS 18 “Revenue”. The remuneration of managing and operating the asset resulting from the valuation at amortized cost is also recorded in revenue.

Financing costs are expensed as incurred.

c) Property, plant and equipment

Property, plant and equipment includes property, plant and equipment of companies or project companies. 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.

Once the infrastructure is in operation, the treatment of income and expenses is the same as the one described above for intangible asset.

2.4. 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 is considered to be more than one year. Remaining borrowing costs are expensed in the period in which they are incurred.

2.5 Asset impairment

Atlantica Yield reviews its contracted concessional assets to identify any indicators of impairment at least annually.

The recoverable amount of an asset is 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, the Company calculates the recoverable amount of the Cash Generating Unit (‘CGU’) to which the asset belongs.

When the carrying amount of the CGU to which these assets belong is higher than its recoverable amount, the assets are impaired.

Assumptions used to calculate value in use include a discount rate, growth rate and projections considering real data based in the contracts terms 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 CGU.

For contracted concessional assets, with a defined useful life and with a specific financial structure, cash flow projections until the end of the project are considered and no terminal value is assumed.

Contracted concessional assets have a contractual structure that permits 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.

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, future interest rates, etc. and sensitivity analyses are performed over all major assumptions which can have a significant impact in the value of the asset.

Cash flow projections of CGUs are calculated in the functional currency of those CGUs and are discounted using rates that take into consideration the risk corresponding to each specific country and currency.

Taking into account that in most CGUs the specific financial structure is linked to the financial structure of the projects that are part of those CGUs, the discount rate used to calculate the present value of cash-flow projections is based on the weighted average cost of capital (WACC) for the type of asset, adjusted, if necessary, in accordance with the business of the specific activity and with the risk associated with the country where the project is performed.

In any case, sensitivity analyses are performed, especially in relation with the discount rate used and fair value changes in the main business variables, in order to ensure that possible changes in the estimates of these items do not impact the possible recovery of recognized assets.

Accordingly, the following table provides a summary of the discount rates used (WACC) and growth rates to calculate the recoverable amount for CGUs with the operating segment to which it pertains:

Operating segment	Discount rate	Growth rate
EMEA	4% - 6%	0%
North America	4% - 6%	0%
South America	5% - 7%	0%

In the event that the recoverable amount of an asset is lower than its carrying amount, an impairment charge for the difference would be recorded in the income statement under the item “Depreciation, amortization and impairment charges”.

Pursuant to IAS 36, an impairment loss is recognized if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial effective interest rate.

2.6 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 assets and are recorded as is described in Note 2.3.

Pursuant to IAS 36, an impairment loss is recognized if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial effective interest rate.

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 other financial income within financial income.

2.7. 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-IASB.

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 and the type of tests performed.

Atlantica Yield applies cash flow hedging. Under this method, 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 interest rate options are designated as hedging instruments, 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 as financial income or expense, together with any ineffectiveness.

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 income statement. However, if it becomes unlikely that the forecast transaction will actually take place, the accumulated gains and losses in equity are recognized immediately in the income statement.

2.8. 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 liabilities.

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

- Level 3: Fair value is measured based on unobservable inputs for the asset or liability.

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

Atlantica Yield derivatives correspond mainly to the interest rate swaps designated as cash flow hedges.

Description of the valuation method

Interest rate swap valuations are made by valuing the swap part of the contract and valuing the credit risk. The methodology used by the market and applied by Atlantica Yield 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.

The effect of the credit risk on the valuation of the interest rate swaps depends on the future 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 the future 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 proposed 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.

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.

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 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 the preferred equity investment in ACBH (see Note 8). In the fourth quarter of 2016 we reached an agreement with an investment fund to sell approximately 50% of the New Money Tradable Notes that we are assigned and this contract is structured through a Put and Call option ("the Put/Call agreement"), which is also classified as level 3 (see Note 9).

Detailed information on fair values is included in Note 8.

2.9. Clients and other receivables

Clients and other receivables are amounts due from customers for sales in the normal course of business. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less allowance for doubtful accounts. 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.

An allowance for doubtful accounts is recorded when there is objective evidence that the Company will not be able to recover all amounts due as per the original terms of the receivables.

2.10. Cash and cash equivalents

Cash and cash equivalents include cash in 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.

2.11. Grants

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 complied with.

Grants 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.

In addition, as described in Note 2.12 below, grants correspond also to loans with interest rates below market rates, for the initial difference between the fair value of the loan and the proceeds received.

2.12. Loans and borrowings

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.

Loans with interest rates below market rates are initially recognized at fair value in liabilities and 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” in the consolidated income statement when the costs financed with the loan are expensed.

2.13. Bonds and 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.

2.14. Income taxes

Current income tax expense is calculated on the basis of the tax laws in 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 liability method, based upon the temporary differences arising between the carrying amount of assets and liabilities and their tax base. Deferred income tax is determined using tax rates and regulations which are expected to apply at the time when the deferred tax is realized.

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

2.15. Trade payables and other liabilities

Trade payables are obligations arising from purchases of goods and 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 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”.

2.16. Foreign currency transactions

The consolidated financial statements are presented in U.S. dollars, which is Atlantica Yield functional and reporting currency. Financial statements of each subsidiary within the Company are measured in the currency of the principal economic environment in which the subsidiary operates, which is the subsidiary’s functional currency.

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.

Assets and liabilities of subsidiaries with a functional currency different from the Company’s reporting currency are translated to U.S. dollars at the exchange rate in force at the closing date of the financial statements. Income and expenses are translated into U.S. dollars using the average annual exchange rate, which does not differ significantly from using the exchange rates of the dates of each transaction. The difference between equity translated at the historical exchange rate and the net financial position that results from translating the assets and liabilities at the closing rate is recorded in equity under the heading “Accumulated currency translation differences”.

Results of companies carried under the equity method are translated at the average annual exchange rate.

2.17. Equity

The Company has recyclable balances in its equity, corresponding mainly to hedge reserves and translation differences arising from currency conversion in the preparation of these consolidated financial statements. These balances have been presented separately in Equity.

Non-controlling interest represents interest from other partners in entities included in these consolidated financial statements which are not fully owned by Atlantica Yield as of the dates presented.

Parent company reserves together with the Share capital represent the Parent's net investment in the entities included in these consolidated financial statements.

2.18. Provisions and contingencies

Provisions are recognized when:

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

Provisions are initially measured at the present value of the expected outflows required to settle the obligation and subsequently valued at amortized cost following the effective interest method. The balance of Provisions disclosed in the Notes reflects management's best estimate of the potential exposure as of the date of preparation of the consolidated financial statements.

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.

Some companies included in the group have dismantling provisions, which are intended to cover future expenditures related to the dismantlement of the plants and it will be likely to be settled with an outflow of resources in the long term (over 5 years).

Such provisions are accrued when the obligation for dismantling, removing and restoring the site on which the plant is located, is incurred, which is usually during the construction period. The provision is measured in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" and is recorded as a liability under the heading "Grants and other liabilities" of the Financial Statements, and as part of the cost of the plant under the heading "Contracted concessional assets."

2.19. Use of estimates

Some of the accounting policies applied require the application of significant judgment by management to select the appropriate assumptions to determine these estimates. These assumptions and estimates are based on the historical experience, advice from experienced consultants, forecasts and other circumstances and expectations as of the close of the financial period. The assessment is considered in relation to the global economic situation of the industries and regions where the Company operates, taking into account future development of the businesses of the Company. By their nature, these judgments are subject to an inherent degree of uncertainty; therefore, actual results could materially differ from the estimates and assumptions used. In such cases, the carrying values of assets and liabilities are adjusted.

The most critical accounting policies, which reflect significant management estimates and judgment to determine amounts in these consolidated financial statements, are as follows:

- Contracted concessional agreements and PPAs.
- Impairment of intangible assets and property, plant and equipment.
- Assessment of control.
- Derivative financial instruments and fair value estimates.
- Income taxes and recoverable amount of deferred tax assets.

As of the date of preparation of these consolidated financial statements, no relevant changes in the estimates made are anticipated and, therefore, no significant changes in the value of the assets and liabilities recognized at December 31, 2016, are expected.

Although these estimates and assumptions are being made using all available facts and circumstances, it is possible that future events may require management to amend such estimates and assumptions in future periods. Changes in accounting estimates are recognized prospectively, in accordance with IAS 8, in the consolidated income statement of the year in which the change occurs.

Note 3.- Financial risk management

Atlantica Yield's activities are exposed to various financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Risk is managed by the Company's Risk Finance and Compliance Departments, which are responsible for identifying and evaluating financial risks quantifying them by project, region and company, in accordance with mandatory internal management rules. Written internal policies exist for global risk management, as well as for specific areas of risk. 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.

a) Market risk

The Company is exposed to market risk, such as movement in foreign exchange rates and interest rates. All of these market risks arise in the normal course of business and the Company does not carry out speculative operations. For the purpose of managing these risks, the Company uses a series of swaps and options on interest rates. None of the derivative contracts signed has an unlimited loss exposure.

- Interest rate risk

Interest rate risk arises when the Company's activities are exposed to changes in interest rates, which arises from financial liabilities at variable interest rates. The main interest rate exposure for the Company relates to the variable interest rate with reference to the Libor and Euribor. To minimize the interest rate risk, the Company primarily uses interest rate swaps and interest rate options (caps), which, in exchange for a fee, offer protection against an increase in interest rates. The Company does not use derivatives for speculative purposes.

As a result, the notional amounts hedged, strikes contracted and maturities, depending on the characteristics of the debt on which the interest rate risk is being hedged, are very diverse, including the following:

1) Project debt in U.S. dollars: between 75% and 100% of the notional amount, maturities until 2043 average guaranteed interest rates of between 2.52% and 6.88%.

2) Project debt in Euros: between 75% and 100% of the notional amount, maturities until 2030 and average guaranteed interest rates of between 3.20% and 4.87%.

In connection with the interest rate derivative positions of the Company, the most significant impacts on these consolidated financial statements are derived from the changes in EURIBOR or LIBOR, which represent the reference interest rate for the majority of the debt of the Company. In the event that Euribor and Libor had risen by 25 basis points as of December 31, 2016, with the rest of the variables remaining constant, the effect in the consolidated income statement would have been a loss of $2,563 thousand (a loss of $1,795 thousand in 2015 and a loss of $271 thousand in 2014) and an increase in hedging reserves of $37,290 thousand ($41,702 thousand in 2015 and $24,177 thousand in 2014). The increase in hedging reserves would be mainly due to an increase in the fair value of interest rate swaps designated as hedges.

A breakdown of the interest rates derivatives as of December 31, 2016 and 2015, is provided in Note 9.

- Currency risk

The main cash flows in the entities included in these consolidated financial statements are cash collections arising from long-term contracts with clients and debt payments arising from project finance repayment. Given that financing of the projects is always closed in the same currency in which the contract with client is signed, a natural hedge exists for the main operations of the Company.

In relation to the Spanish solar plants, on May 12, 2015, the Company entered into a currency swap agreement with Abengoa which provides for a fixed exchange rate for the cash available for distribution from the Company's Spanish assets. The distributions from the Spanish assets are paid in euros and the currency swap agreement provides for a fixed exchange rate at which euros will be converted into U.S. dollars. Therefore, in the event that the exchange rate of the Euro had risen by 10% against the US Dollar as of December 31, 2016, with the rest of the variables remaining constant, there would not be any effect in the cash distributions received from these assets (neither as of December 31, 2015).

Additionally, to mitigate any potential risk that might arise from the current situation of Abengoa, the Company signed a currency option with a leading financial institution which guarantees a minimum Euro-U.S. dollar exchange rate for net distributions expected from Spanish solar assets.

b) Credit risk

The Company considers that it has a limited credit risk with clients as revenues derive from power purchase agreements with electric utilities and state-owned entities. The Company has investment grade offtakers in all the assets except for Quadra 1&2, ATN2, Skikda and Honaine, which represent a low percentage of the cash available for distribution on a run-rate basis.

c) Liquidity risk

Atlantica Yield's liquidity and financing policy is intended to ensure that the Company maintains sufficient funds to meet our financial obligations as they fall due.

Project finance borrowing permits the Company to finance the project through project debt and thereby insulate the rest of its assets from such credit exposure. The Company incurs in project-finance debt on a project-by-project basis.

The repayment profile of each project is established on the basis of the projected cash flow generation of the business. This ensures that sufficient financing is available to meet deadlines and maturities, which mitigates the liquidity risk significantly.

Note 4.- Financial information by segment

Atlantica Yield's segment structure reflects how management currently makes financial decisions and allocates resources. Its operating and reportable segments are based on the following geographies where the contracted concessional assets are located:

- North America
- South America
- EMEA

Based on the type of business, as of December 31, 2016 the Company had the following business sectors:

Renewable energy: Renewable energy assets include two Solar plants in the United States, Solana and Mojave, each with a gross capacity of 280 MW and located in Arizona and California, respectively. The Company owns eight solar platforms in Spain: Solacor 1 and 2 with a gross capacity of 100 MW, PS10 and PS20 with a gross capacity of 31 MW, Solaben 2 and 3 with a gross capacity of 100 MW, Helioenergy 1 and 2 with a gross capacity of 100 MW, Helios 1 and 2 with a gross capacity of 100 MW, Solnova 1, 3 and 4 with a gross capacity of 150 MW, Solaben 1 and 6 with a gross capacity of 100 MW and Seville PV with a gross capacity of 1 MW. The Company also owns a Solar plant in South Africa, Kaxu with a gross capacity of 100 MW. Additionally, the Company owns two wind farms in Uruguay, Palmatir and Cadonal, with a gross capacity of 50 MW each.

Conventional power: Conventional power asset consists of ACT, a 300 MW cogeneration plant in Mexico, which is party to a 20-year take-or-pay contract with Pemex for the sale of electric power and steam.

Electric transmission lines: Electric transmission assets include (i) three lines in Peru, ATN, ATS and ATN2, spanning a total of 1,012 miles; and (ii) three lines in Chile, Quadra 1, Quadra 2 and Palmucho, spanning a total of 87 miles. In addition, the Company owns a preferred equity investment in ACBH, a subsidiary holding company of Abengoa that is engaged in the development, construction, investment and management of contracted concessions in Brazil, consisting mostly of electric transmission lines.

Water: Water assets include a minority interest in two desalination plants in Algeria, Honaine and Skikda with an aggregate capacity of 10.5 M ft3 per day.

Atlantica Yield's Chief Operating Decision Maker (CODM) assesses the performance and assignment of resources according to the identified operating segments. The CODM considers the revenues as a measure of the business activity and the Further Adjusted EBITDA as a measure of the performance of each segment. Further Adjusted EBITDA is calculated as profit/(loss) for the period attributable to the parent company, after adding back loss/(profit) attributable to non-controlling interests from continued operations, income tax, share of profit/(loss) of associates carried under the equity method, finance expense net, depreciation, amortization and impairment charges of entities included in these consolidated financial statements, and dividends received from the preferred equity investment in ACBH. Further Adjusted EBITDA for 2014, includes preferred dividends received from ACBH for the first time during the third and fourth quarters of 2014. Further Adjusted EBITDA for 2016 includes compensation received from Abengoa in lieu of ACBH dividends.

In order to assess performance of the business, the CODM receives reports of each reportable segment using revenues and Further Adjusted EBITDA. Net interest expense evolution is assessed on a consolidated basis. Financial expense and amortization are not taken into consideration by the CODM for the allocation of resources.

In the year ended December 31, 2016, Atlantica Yield had two customers with revenues representing more than 10% of the total revenues, i.e., one in the renewable energy and one in the conventional power business sectors. In the year ended December 31, 2015, Atlantica Yield had three customers with revenues representing more than 10% of the total revenues, i.e., two in the renewable energy and one in the conventional power business sectors.

a) The following tables show Revenues and Further Adjusted EBITDA by operating segments and business sectors for the years 2016, 2015 and 2014:

	Revenue			Further Adjusted EBITDA		
	For the twelve-month period ended December 31,			For the twelve-month period ended December 31,		
Geography	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**
North America	$ 337,061	$ 328,139	$ 195,508	$ 284,691	$ 279,559	$ 175,398
South America	118,764	112,480	83,592	124,599	110,905	77,188
EMEA	515,972	350,262	83,593	354,020	233,754	55,437
Total	**$ 971,797**	**$ 790,881**	**$ 362,693**	**$ 763,310**	**$ 624,218**	**$ 308,023**

	Revenue			Further Adjusted EBITDA		
	For the twelve-month period ended December 31,			For the twelve-month period ended December 31,		
Business sectors	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**
Renewable energy	$ 724,325	$ 543,012	$ 170,673	$ 538,427	$ 413,933	$ 137,820
Conventional power	128,046	138,717	118,765	106,492	107,671	101,896
Electric transmission lines	95,137	86,393	73,255	104,795	89,047	68,307
Water	24,288	22,759	—	13,596	13,567	—
Total	**$ 971,797**	**$ 790,881**	**$ 362,693**	**$ 763,310**	**$ 624,218**	**$ 308,023**

The reconciliation of segment Further Adjusted EBITDA with the profit/(loss) attributable to the parent company is as follows:

	For the twelve-month period ended December 31,		
	2016	2015	2014
Loss attributable to the Company	$ (4,855)	$ (209,005)	$ (31,612)
Profit attributable to non-controlling interests	6,522	10,819	2,347
Income tax	1,666	23,790	4,413
Share of profits/(losses) of associates	(6,646)	(7,844)	769
Dividend from exchangeable preferred equity investment in ACBH	27,948	18,400	9,200
Financial expense, net	405,750	526,758	197,426
Depreciation, amortization, and impairment charges	332,925	261,301	125,480
Total segment Further Adjusted EBITDA	**$ 763,310**	**$ 624,219**	**$ 308,023**

b) The assets and liabilities by operating segments (and business sector) at the end of 2016 and 2015 are as follows:

Assets and liabilities by geography as of December 31, 2016:

	North America	South America	EMEA	Balance as of December 31, 2016
Assets allocated				
Contracted concessional assets	3,920,106	1,144,712	3,859,454	8,924,272
Investments carried under the equity method	-	-	55,009	55,009
Current financial investments	136,665	62,215	29,158	228,038
Cash and cash equivalents (project companies)	185,970	40,015	246,671	472,656
Subtotal allocated	**4,242,741**	**1,246,942**	**4,190,291**	**9,679,975**
Unallocated assets				
Other non-current assets				272,664
Other current assets (including cash and cash equivalents at holding company level)				345,160
Subtotal unallocated				**617,824**
Total assets				**10,297,799**

	North America	South America	EMEA	Balance as of December 31, 2016
Liabilities allocated				
Long-term and short-term project debt	1,870,861	895,316	2,564,290	5,330,467
Grants and other liabilities	1,575,303	1,512	35,230	1,612,045
Subtotal allocated	**3,446,164**	**896,828**	**2,599,520**	**6,942,512**
Unallocated liabilities				
Long-term and short-term corporate debt				668,201
Other non-current liabilities				546,053
Other current liabilities				181,922
Subtotal unallocated				**1,396,176**
Total liabilities				**8,338,688**
Equity unallocated				**1,959,111**
Total liabilities and equity unallocated				**3,355,287**
Total liabilities and equity				**10,297,799**

Assets and liabilities by geography as of December 31, 2015:

	North America	South America	EMEA	Balance as of December 31, 2015
Assets allocated				
Contracted concessional assets	4,054,093	1,206,693	4,040,111	9,300,897
Investments carried under the equity method	-	-	56,181	56,181
Current financial investments	129,349	61,973	30,036	221,358
Cash and cash equivalents (project companies)	136,950	41,525	290,548	469,023
Subtotal allocated	**4,320,392**	**1,310,191**	**4,416,876**	**10,047,459**
Unallocated assets				
Other non-current assets				285,105
Other current assets (including cash and cash equivalents at holding company level)				257,910
Subtotal unallocated				**543,015**
Total assets				**10,590,474**

	North America	South America	EMEA	Balance as of December 31, 2015
Liabilities allocated				
Long-term and short-term project debt	1,891,597	888,304	2,690,769	5,470,670
Grants and other liabilities	1,611,724	799	34,225	1,646,748
Subtotal allocated	**3,503,321**	**889,103**	**2,724,994**	**7,117,418**
Unallocated liabilities				
Long-term and short-term corporate debt				664,494
Other non-current liabilities				591,608
Other current liabilities				193,453
Subtotal unallocated				**1,449,555**
Total liabilities				**8,566,973**
Equity unallocated				**2,023,501**
Total liabilities and equity unallocated				**3,473,056**
Total liabilities and equity				**10,590,474**

Assets and liabilities by business sectors as of December 31, 2016:

	Renewable energy	Conventional power	Electric transmission lines	Water	Balance as of December 31, 2016
Assets allocated					
Contracted concessional assets	7,255,308	646,927	929,005	93,032	8,924,272
Investments carried under the equity method	12,953	-	-	42,056	55,009
Current financial investments	13,661	136,644	62,215	15,518	228,038
Cash and cash equivalents (project companies)	420,215	30,295	11,357	10,789	472,656
Subtotal allocated	**7,702,137**	**813,866**	**1,002,577**	**161,395**	**9,679,975**
Unallocated assets					
Other non-current assets					272,664
Other current assets (including cash and cash equivalents at holding company level)					345,160
Subtotal unallocated					**617,824**
Total assets					**10,297,799**

	Renewable energy	Conventional power	Electric transmission lines	Water	Balance as of December 31, 2016
Liabilities allocated					
Long-term and short-term project debt	3,979,096	598,256	711,517	41,598	5,330,467
Grants and other liabilities	1,611,067	239	739	-	1,612,045
Subtotal allocated	**5,590,163**	**598,495**	**712,256**	**41,598**	**6,942,512**
Unallocated liabilities					
Long-term and short-term corporate debt					668,201
Other non-current liabilities					546,053
Other current liabilities					181,922
Subtotal unallocated					**1,396,176**
Total liabilities					**8,338,688**
Equity unallocated					**1,959,111**
Total liabilities and equity unallocated					**3,355,287**
Total liabilities and equity					**10,297,799**

Assets and liabilities by business sectors as of December 31, 2015:

	Renewable energy	Conventional power	Electric transmission lines	Water	Balance as of December 31, 2015
Assets allocated					
Contracted concessional assets	7,597,771	649,479	957,235	96,412	9,300,897
Investments carried under the equity method	14,064	-	-	42,117	56,181
Current financial investments	14,892	128,999	61,807	15,660	221,358
Cash and cash equivalents (project companies)	437,455	784	17,755	13,029	469,023
Subtotal allocated	**8,064,182**	**779,262**	**1,036,797**	**167,218**	**10,047,459**
Unallocated assets					
Other non-current assets					285,105
Other current assets (including cash and cash equivalents at holding company level)					257,910
Subtotal unallocated					**543,015**
Total assets					**10,590,474**

	Renewable energy	Conventional power	Electric transmission lines	Water	Balance as of December 31, 2015
Liabilities allocated					
Long-term and short-term project debt	4,108,166	617,082	697,922	47,500	5,470,670
Grants and other liabilities	1,646,637	111	-	-	1,646,748
Subtotal allocated	**5,754,803**	**617,193**	**697,922**	**47,500**	**7,117,418**
Unallocated liabilities					
Long-term and short-term corporate debt					664,494
Other non-current liabilities					591,608
Other current liabilities					193,453
Subtotal unallocated					**1,449,555**
Total liabilities					**8,566,973**
Equity unallocated					**2,023,501**
Total liabilities and equity unallocated					**3,473,056**
Total liabilities and equity					**10,590,474**

c) The amount of depreciation, amortization and impairment charges recognized for the years ended December 31, 2016, 2015 and 2014 are as follows:

	For the twelve-month period ended December 31,		
Depreciation, amortization and impairment by geography	**2016**	**2015**	**2014**
North America	(129,478)	(129,091)	(70,777)
South America	(62,387)	(41,274)	(31,990)
EMEA	(141,060)	(90,936)	(22,713)
Total	**(332,925)**	**(261,301)**	**(125,480)**

	For the twelve-month period ended December 31,		
Depreciation, amortization and impairment by business sectors	**2016**	**2015**	**2014**
Renewable energy	(304,235)	(232,699)	(98,107)
Electric transmission lines	(28,690)	(28,602)	(27,373)
Total	**(332,925)**	**(261,301)**	**(125,480)**

Note 5.- Changes in the scope of the consolidated financial statements

For the year ended December 31, 2016

On January 7, 2016, the Company closed the acquisition of a 13% stake in Solacor 1/2 from JGC, which reduced JGC´s ownership in Solacor 1/2 to 13%. The total purchase price for these assets amounted to $19,923 thousand.

The difference between the amount of Non-Controlling interest representing the 13% interest held by JGC accounted for in the consolidated accounts at the purchase date, and the purchase price has been recorded in equity in these consolidated financial statements, pursuant to IFRS 10, Consolidated Financial Statements.

On August 3, 2016, the Company completed the acquisition of an 80% stake in Seville PV. Total purchase price paid for this asset amounted to $3,214 thousand. The purchase has been accounted for in the consolidated accounts of Atlantica Yield, in accordance with IFRS 3, Business Combinations.

For the year ended December 31, 2015

On February 3, 2015, the Company completed the acquisition of a 25.5% stake in Honaine and a 34.2% stake in Skikda and on February 23, 2015, the Company completed the acquisition of a 29.6% stake in Helioenergy 1/2. Total purchase price paid for these assets amounted to $94,009 thousand.

In addition, on May 13, 2015 and May 14, 2015, the Company completed the acquisition of Helios 1/2, a 100 MW solar complex, and Solnova 1/3/4, a 150 MW solar complex, respectively, both in Spain. On May 25, 2015, the Company completed the acquisition of the remaining 70.4% stake in Helioenergy 1/2, a 100 MW solar complex in Spain. On July 30, 2015, the Company completed the acquisition of Kaxu, a 100 MW solar plant in South Africa. Total purchase price paid for these assets amounted to $682,300 thousand.

On June 25, 2015 the Company completed the acquisition of ATN2, an 81-mile transmission line in Peru. On September 30, 2015, the Company completed the acquisition of Solaben 1/6, a 100 MW solar complex in Spain. The total purchase price agreed for these assets amounted to $359,104 thousand.

The Company has significant influence over Honaine therefore it is accounted for using the equity method as per IAS 28 Investments in Associates in these consolidated financial statements.

Under IFRS 10, Consolidated Financial Statements the Company had control over the rest of the assets acquired during the year 2015 and therefore they are fully consolidated in these financial statements. Given that Atlantica Yield was a subsidiary controlled by Abengoa at the time of acquisition, the assets acquired constituted an acquisition under common control by Abengoa and accordingly, they were recorded using Abengoa’s historical basis in the assets and liabilities of the predecessor. The difference between the cash paid and historical value of the net assets was recorded in equity. Results of operations of the assets acquired have been recorded in Atlantica Yield’s consolidated income statement since the date of the acquisition.

Impact of changes in the scope in the consolidated financial statements

The amount of assets and liabilities integrated at the effective acquisition date for the aggregated change in scope is shown in the following table:

	Asset Acquisition under ROFO Agreement for the year ended December 31, 2015
Concessional assets (Note 6)	3,140,457
Investments carried under the equity method (Note 7)	51,527
Deferred tax asset (Note 18)	107,227
Other non-current assets	10,137
Current assets	428,935
Project debt long term (Note 15)	(2,087,362)
Deferred tax liabilities (Note 18)	(9,589)
Project debt short term (Note 15)	(102,012)
Other current and non-current liabilities	(491,768)
Asset acquisition under Rofo - purchase price	(1,135,413)
Non-controlling interests	(57,627)
Net result of the asset acquisition	**(145,488)**

Had the Asset acquisition under ROFO Agreement performed during 2015 been consolidated from January 1, 2015, the consolidated statement of comprehensive income would have included additional revenue of $162,918 thousand and additional loss after tax of $25,879 thousand.

Note 6.- Contracted concessional assets

Contracted concessional assets include fixed assets financed through project debt, related to service concession arrangements recorded in accordance with IFRIC 12, except for Palmucho, which is recorded in accordance with IAS 17, and PS10, PS20 and Seville PV which are recorded as property plant and equipment in accordance with IAS 16. As of December 31, 2016, contracted concessional financial assets amount to $928,720 thousand ($933,949 thousand as of December 31, 2015).
For further details on the application of IFRIC 12 to projects, see Appendix III.

a) The following table shows the movements of contracted concessional assets included in the heading “Contracted Concessional assets” for 2016:

Cost

Total as of January 1, 2016	10,126,023
Additions	6,346
Translation differences	(68,199)
Change in the scope of the consolidated financial statements	5,876
Reclassification and other movements	(2,450)
Total as of December 31, 2016	**10,067,596**

Accumulated amortization

Total as of January 1, 2016	(825,126)
Additions	(332,925)
Change in the scope of the consolidated financial statements	(2,381)
Translation differences	17,108
Total accum. amort. as of December 31, 2016	(1,143,324)
Net balance at December 31, 2016	**8,924,272**

During 2016 contracted concessional assets decreased primarily due to the amortization charge for the year.

Considering the low level of wind resources recorded since COD in Palmatir and Cadonal projects and the uncertainty around such level in the future, the Company identified a triggering event of impairment during the year 2016 in compliance with IAS 36, Impairment of Assets. As a result, impairment tests have been performed resulting in the recording of an impairment loss of $17,229 thousand and $3,101 thousand for the Cadonal and Palmatir projects, respectively, as of December 31, 2016.

The impairment has been recorded within the line "Depreciation, amortization and impairment charges" of the consolidated income statement, decreasing the amount of "Contracted concessional assets" pertaining to the Renewable energy sector and South America geography. The recoverable amount considered is the value in use and amounts to $91,795 thousand and $123,912 thousand for Cadonal and Palmatir, respectively, as of December 31, 2016. A specific discount rate has been used in each year considering changes in the debt/equity leverage ratio over the useful life of this project, resulting in the use of a range of discount rates between 6.7% and 7.0% for both projects.

An adverse change in the key assumptions which are individually used for the valuation could lead to future impairment recognition; especially, a 5% decrease in generation over the entire remaining useful life (PPA) of the project would generate an additional impairment of approximately $5 million for Cadonal and $7 million for Palmatir. An increase of 50 basis points in the discount rate would lead to an additional impairment of approximately $3 million for Cadonal and $4 million for Palmatir.

In addition, the Company identified a triggering event of impairment for Solana as a result of the generation of the plant having been lower than expected during its first years of operation. This project pertains to the Renewable energy sector and North America geography. The Company therefore performed an impairment test as of December 31, 2016, which resulted in the recoverable amount (value in use) exceeding the carrying amount of the asset by 3%. To determine the value in use of the asset, a specific discount rate has been used in each year considering changes in the debt/equity leverage ratio over the useful life of this project, resulting in the use of a range of discount rates between 4.1% and 5.1%.

An adverse change in the key assumptions which are individually used for the valuation could lead to future impairment recognition; especially, a 5% decrease in generation over the entire remaining useful life (PPA) of the project would generate an impairment of approximately $40 million. An increase of 50 basis points in the discount rate would lead to an impairment of approximately $30 million.

The decrease included in "Reclassification and other movements" is mainly due to the reclassification from the long to the short term of the current portion of the contracted concessional financial assets.

b) The following table shows the movements of contracted concessional assets included in the heading "Contracted Concessional assets" for 2015:

Cost

Total as of January 1, 2015	7,025,576
Additions	13,426
Translation differences	(326,557)
Change in the scope of the consolidated financial statements (Note 5)	3,430,362
Reclassification and other movements	(16,784)
Total as of December 31, 2015	**10,126,023**

Accumulated amortization

Total as of January 1, 2015	(300,398)
Additions	(261,301)
Change in the scope of the consolidated financial statements (Note 5)	(289,905)
Translation differences	26,478
Total accum. amort. as of December 31, 2015	(825,126)
Net balance at December 31, 2015	**9,300,897**

During 2015 contracted concessional assets increased mainly due to the asset acquisition under Rofo agreement ($3,140 million).

No losses from impairment of 'Contracted concessional assets' were recorded during 2015.

The decrease included in "Reclassification and other movements" is mainly due to the reclassification from the long to the short term of the current portion of the contracted concessional financial assets.

Note 7.- Investments carried under the equity method

The table below shows the breakdown and the movement of the investments held in associates for 2016 and 2015:

Investments in associates	**2016**	**2015**
Initial balance	56,181	5,711
Change in the scope of the consolidated financial statements (Note 5)	-	51,528
Share of (loss)/profit	6,646	7,844
Dividend distribution	(3,954)	(4,845)
Equity distribution	(3,099)	-
Currency translation differences	(765)	(4,057)
Final balance	**55,009**	**56,181**

There are no significant movement of the investments held in associates during the year 2016.

The increase in 2015 is mainly due to the entrance of Geida Tlemcem, S.L., which owns 51% of Honaine desalination plant. Investment carried under the equity method also increased for the investment held by Kaxu Solar One (Pty) Ltd. in Pectonex, R.F. and the investment held by Solaben 1&6 in Evacuación Valdecaballeros, S.L.

The tables below show a breakdown of stand-alone amounts of assets, revenues and profit and loss as well as other information of interest for the years 2016 and 2015 for the associated companies:

Company	% Shares	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Operating profit/ (loss)	Net profit/ (loss)	Investment under the equity method
Evacuación Valdecaballeros, S.L.	57.16	19,283	931	306	532	537	(545)	(565)	9,528
Myah Bahr Honaine, S.P.A.(*)	25.50	202,150	67,120	104,704	14,158	52,770	34,247	14,066	42,056
Pectonex, R.F. Proprietary Limited	50.00	3,730	-	-	1	-	(187)	(187)	3,425
Evacuación Villanueva del Rey, S.L	40.02	3,251	17	2,118	142	-	31	-	-
As of December 31, 2016		**228,684**	**68,068**	**107,128**	**14,833**	**53,307**	**33,546**	**13,314**	**55,009**

Company	% Shares	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Operating profit/ (loss)	Net profit/ (loss)	Investment under the equity method
Evacuación Valdecaballeros, S.L.	57.16	20,552	2,402	296	580	458	(631)	(651)	10,475
Myah Bahr Honaine, S.P.A.(*)	25.50	201,997	73,965	116,610	11,945	52,767	39,336	15,607	42,117
Pectonex, R.F. Proprietary Limited	50.00	3,485	-	-	-	-	(54)	(54)	3,589
Evacuación Villanueva del Rey, S.L	36.64	3,526	100	2,467	96	-	25	-	-
As of December 31, 2015		**229,560**	**76,467**	**119,373**	**12,621**	**53,225**	**38,676**	**14,902**	**56,181**

The Company has no control over Evacuación Valdecaballeros, S.L. as all relevant decisions of this company require the approval of a minimum of shareholders accounting for more than 75% of the shares.

None of the associated companies referred to above is a listed company.

(*) Myah Bahr Honaine, S.P.A., the project entity, is 51% owned by Geida Tlemcen, S.L. which is accounted for using the equity method in these consolidated financial statements. Share of profit of Myah Bahr Honaine S.P.A. included in these consolidated financial statements amounts to $7,647 thousand in 2016 and $7,821 thousand in 2015.

Note 8.- Financial instruments by category

Financial instruments are primarily deposits, derivatives, trade and other receivables and loans. Financial instruments by category (current and non-current), reconciled with the statement of financial position as of December 31, 2016 and 2015 are as follows:

Category	Notes	Loans and receivables / payables	Available for sale financial assets	Hedging derivatives	Balance as of December 31, 2016
Derivative assets	9	-	-	3,822	3,822
Preferred equity in ACBH		-	30,488	-	30,488
Other financial accounts receivables		263,501	-	-	263,501
Clients and other receivables	11	207,621	-	-	207,621
Cash and cash equivalents	12	594,811	-	-	594,811
Total financial assets		**1,065,933**	**30,488**	**3,822**	**1,100,243**
Corporate debt	14	668,201	-	-	668,201
Project debt	15	5,330,467	-	-	5,330,467
Related parties	10	101,750	-	-	101,750
Trade and other current liabilities	17	160,505	-	-	160,505
Derivative liabilities	9	-	-	349,266	349,266
Total financial liabilities		**6,260,923**	**-**	**349,266**	**6,610,189**

	Notes	Loans and receivables/ payables	Available for sale financial assets	Hedging derivatives	Balance as of December 31, 2015
Derivative assets	9	-	-	4,741	4,741
Preferred equity in ACBH		-	52,564	-	52,564
Other financial accounts receivables		257,844	-	-	257,844
Clients and other receivables	11	197,308	-	-	197,308
Cash and cash equivalents	12	514,712	-	-	514,712
Total financial assets		**969,864**	**52,564**	**4,741**	**1,027,169**
Corporate debt	14	664,494	-	-	664,494
Project debt	15	5,470,670	-	-	5,470,670
Related parties	10	126,860	-	-	126,860
Trade and other current liabilities	17	178,217	-	-	178,217
Derivative liabilities	9	-	-	385,095	385,095
Total financial liabilities		**6,440,241**	-	**385,095**	**6,825,335**

As of December 31, 2016 and 2015, all the financial instruments measured at fair value have been classified as Level 2, except for the preferred equity investment in ACBH and the Put and Call Option agreement (see Note 9), classified as Level 3.

The preferred equity investment in ACBH is an available for sale financial asset that gives the following rights:

- During the five-year period commencing on July 1, 2014, Atlantica Yield has the right to receive, in four quarterly installments, a preferred dividend of $18,400 thousand per year. As of December 31, 2015, the Company received the dividend corresponding to 1.5 years and the portion corresponding to 3.5 years is pending to be received, as installment for the four quarters at 2016 hasn´t been paid to the Company yet;

- Following the initial five-year period, Atlantica Yield has the option to (i) remain as preferred equity holder receiving the first $18,400 thousand in dividends per year that ACBH is able to distribute or (ii) exchange the preferred equity for ordinary shares of specific project companies owned by ACBH.

On January 29, 2016, Abengoa informed the Company that several indirect subsidiaries of Abengoa in Brazil, including ACBH, initiated an insolvency procedure under Brazilian law (“*reorganizaçao judiciaria*”). The Company is currently assessing the potential impact of this event together with external advisors. Given that this process will likely negatively affect the value of the preferred equity investment and considering the high degree of uncertainty on its final outcome, the Company recorded an impairment of this preferred equity investment for a total amount of $210,435 thousand as of December 31, 2015. The valuation method used to calculate the value on the preferred equity investment in ACBH as of December 31, 2015 has been discounting the originally expected cash-flows from the instrument using a discount rate of 35%, based on the yields of bonds issued in Brazil by comparable companies with a rating indicating distress.

In addition, in the third quarter of 2016, the Company signed an agreement with Abengoa on ACBH preferred equity investment among other things, with the following main consequences:

- Abengoa acknowledged it failed to fulfill its obligations under the agreements related to the preferred equity investment in ACBH and, as a result, Atlantica Yield is the legal owner of the dividends amounting to $28.0 million, that the Company retained from Abengoa;

- Abengoa recognizes a non-contingent credit for an amount of €300 million (approximately $316 million), corresponding to the guarantee provided by Abengoa, S.A. regarding the preferred equity investment in ACBH, subject to restructuring and subject to adjustments for dividends retained after the agreement. On October 25, 2016, Atlantica Yield signed Abengoa's restructuring agreement and accepted, subject to implementation of the restructuring, to receive 30% of the amount (approximately $95 million) in the form of tradable bonds to be issued by Abengoa. Upon completion of the restructuring, this debt ("Restructured Debt") would have a junior status within Abengoa debt structure post restructuring. The remaining 70% ($221 million) would be received in the form of equity in Abengoa. As of the date of this report, there is a high degree of uncertainty on the value of this debt and equity;

- In order to convert this junior debt into senior debt, Atlantica Yield has agreed, subject to implementation of the restructuring, to participate in Abengoa's issuance of asset-backed notes (the "New Money 1 Tradable Notes") with up to €48 million (approximately $51 million), subject to scale-back following allocation process contemplated in Abengoa's restructuring. In the fourth quarter of 2016, the Company reached an agreement with an investment fund to sell them approximately 50% of the New Money Tradable Notes that the Company is assigned, and as a result expects the final investment to be less than €24 million (approximately $25 million). The New Money 1 Tradable Notes are backed by a ring-fenced structure including Atlantica Yield's shares and a cogeneration plant in Mexico (A3T). The New Money 1 Tradable Notes offer the highest level of seniority in Abengoa's debt structure post restructuring. Upon the purchase by the Company of the New Money 1 Tradable Notes, the Restructured Debt would be converted into senior debt;

- Upon receipt of the Restructured Debt and Abengoa equity, the Company would waive its rights under the ACBH agreements, including its right to retain the dividends payable to Abengoa.

Further to this agreement, the Company updated the valuation of the instrument as of December 31, 2016 using a probability weighted method. This valuation method considers the probability of the restructuring agreement of Abengoa being made effective. The fair value of the instrument as of December 31, 2016 is the result of estimating the value of the instrument in case the restructuring agreement is made effective and in case it is not. In case the restructuring agreement is not accepted, the value of the instrument would remain the same as the one calculated as of December 31, 2015. In case the restructuring agreements is made effective, value of the instrument has been obtained by discounting the expected cash-flows from the Restructured Debt (approximately $95 million), using a discount rate of 25% based on the yields of bonds issued in Spain by comparable companies involved in a similar restructuring process. Result of this updated valuation is an additional impairment of this preferred equity investment recorded as of December 31, 2016 for an amount of $22,076 thousand.

An adverse change in the key assumptions which are individually used for the valuation could lead to future impairment recognition; especially, an increase of 50 basis points in the discount rates used in the fair value exercise described above would lead to an additional impairment of approximately $1 million.

Other financial accounts receivables include the short-term portion of contracted concessional assets (see Note 6).

Note 9.- Derivative financial instruments

The breakdowns of the fair value amount of the derivative financial instruments as of December 31, 2016 and 2015 are as follows:

	Balance as of December 31, 2016		Balance as of December 31, 2015	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate derivatives - cash flow hedge	3,822	349,266	4,741	385,095

The derivatives are primarily interest rate cash-flow hedges. All are classified as non-current assets or non-current liabilities, as they hedge long-term financing agreements.

On May 12, 2015, the Company entered into a currency swap agreement with Abengoa which provides for a fixed exchange rate for the cash available for distribution from the Company’s Spanish assets. The distributions from the Spanish assets are paid in euros and the currency swap agreement provides for a fixed exchange rate at which euros will be converted into U.S. dollars. The currency swap agreement has a five-year term, and is valued by comparing the contracted exchange rate and the future exchange rate in the valuation scenario at the maturities dates. The instrument is valued by calculating the cash flow that would be obtained or paid by theoretically closing out the position and then discounting that amount.

On November 7, 2016, the Company entered into a Put and Call option agreement with an investment fund to sell them approximately 50% of the New Money Tradable Notes that the Company is assigned. The fair value of the Put and Call agreement has been assumed to be the sum of the intrinsic value of the options, due to the short time period, 5 days, in which the options can be executed and the absence of the subjacent volatility. The intrinsic value of the contract is the difference between the nominal value of the debt and the fair value of the debt. The latter has been estimated by discounting the projected contractual cash flows using a single discount rate. It has been assumed that the best estimate of the credit risk profile of the New Money Notes is 18,9% which is the one reflected by the Lenders in the debt pricing, meaning the Internal Rate of Return (IRR) of the debt cash flows and that results in a net fair value of the Put and Call option as of December 31, 2016 of 0. Modifying the assumption of the IRR and considering the yield to maturity of the quoted bonds and different rating assumptions like a 25,1% discount rate (which would be an approximate discount for CC rated debt) and a 12,5% discount rate (which would be an approximate discount for CCC rate debt), the fair value of the Put and Call agreement would result respectively in a derivative liability of $5 million and a derivative asset of $3.7 million. With this agreement, the objective of the Company is to be able to obtain liquidity from the New Money. The net price paid to enter into the Put and Call option was 0 (€1 collected for the put and €1 paid for the call) and there will be no cash effect with regards to the sensibilities discussed.

As stated in Note 3 to these consolidated financial statements, the general policy is to hedge variable interest rates of financing agreements purchasing call options (caps) in exchange of a premium to fix the maximum interest rate cost and contracting floating to fixed interest rate swaps.

As a result, the notional amounts hedged, strikes contracted and maturities, depending on the characteristics of the debt on which the interest rate risk is being hedged, can be diverse:

- Project debt in Euros: the Company hedges between 75% and 100% of the notional amount, maturities until 2030 and average guaranteed interest rates of between 3.20 % and 4.87%.

- Project debt in U.S. dollars: the Company hedges between 75% and 100% of the notional amount, including maturities until 2043 and average guaranteed interest rates of between 2.52% and 6.88%.

The table below shows a breakdown of the maturities of notional amounts of interest rate derivatives designated as cash flow hedges as of December 31, 2016 and 2015.

Notionals	Balance as of December 31, 2016		Balance as of December 31, 2015	
	Cap	Swap	Cap	Swap
Up to 1 year	24,261	75,837	22,320	72,184
Between 1 and 2 years	25,934	199,832	25,018	77,193
Between 2 and 3 years	27,880	83,897	26,741	201,186
Subsequent years	400,239	1,500,789	441,766	1,611,035
Total	**$ 478,314**	**$ 1,860,355**	**$ 515,845**	**$ 1,961,598**

The table below shows a breakdown of the maturity of the fair values of interest rate derivatives designated as cash flow hedges as of December 31, 2016 and 2015. The net position of the fair value of caps and swaps for each year end reconciles with the net position of derivative assets and derivative liabilities in the consolidated statement of financial position:

Fair value	Balance as of December 31, 2016		Balance as of December 31, 2015	
	Cap	Swap	Cap	Swap
Up to 1 year	250	(12,383)	185	(15,741)
Between 1 and 2 years	262	(14,927)	201	(16,508)
Between 2 and 3 years	275	(13,957)	218	(16,580)
Subsequent years	3,035	(307,999)	4,137	(336,266)
Total	**$ 3,822**	**(349,266)**	**$ 4,741**	**(385,095)**

During 2016, fair value of derivatives increased mainly due to an increases in the fair value of interest rate cash-flow hedges resulting from the increase in future interest rates.

The net amount of the fair value of interest rate derivatives designated as cash flow hedges transferred to the consolidated income statement is a loss of $72,774 thousand (loss of $55,841 thousand in 2015 and a loss of $27,473 thousand in 2014). Additionally, the net amount of the time value component of the cash flow derivatives fair value recognized in the consolidated income statement for the year 2016 and the consolidated income statement for the years 2015 and 2014 has been a gain of $1,694 thousand, a gain of $4,234 thousand and a loss of $2,386 thousand respectively.

The after-tax result accumulated in equity in connection with derivatives designated as cash flow hedges at the years ended December 31, 2016 and 2015, amount to a $52,797 thousand gain and a $24,831 thousand gain respectively.

Note 10.- Related parties

During the normal course of business, the Company has historically conducted operations with related parties consisting mainly of Abengoa´s subsidiaries and non-controlling interests, mainly through loan contracts and advisory services. The transactions were completed at market rates.

Details of balances with related parties as of December 31, 2016 and 2015 are as follows:

	Balance as of December 31,	
	2016	2015
Credit receivables (current)	12,031	12,653
Total current receivables with related parties	**12,031**	**12,653**
Credit receivables (non-current)	30,505	52,774
Total non-current receivables with related parties	**30,505**	**52,774**
Trade payables (current)	61,338	73,813
Total current payables with related parties	**61,338**	**73,813**
Credit payables (non-current)	101,750	126,860
Total non-current payables with related parties	**101,750**	**126,860**

Receivables with related parties primarily correspond to the preferred equity investment in ACBH. The instrument was impaired and its fair value amounts to $30,488 thousand as of December 31, 2016 ($52,565 thousand as of December 31, 2015), classified as non-current (see Note 8).

Trade payables (current) primarily relate to payables for Operation and Maintenance services. Credit payables (non-current) primarily relate to payables of projects companies with partners accounted for as non-controlling interests in these consolidated financial statements.

The transactions carried out by entities included in these consolidated financial statements with Abengoa and with subsidiaries of Abengoa not included in the consolidated group during the twelve-month periods ended December 31, 2016, 2015 and 2014 have been as follows:

	For the twelve-month period ended December 31,		
	2016	2015	2014
Sales	-	44,260	25,673
Construction costs	-	-	(38,565)
Services rendered	1,220	523	2,343
Services received	(115,779)	(106,737)	(41,961)
Financial income	60	1,466	4,415
Financial expenses	(2,460)	(1,968)	(9,544)

Services received primarily include operation and maintenance services received by some plants. Until December 2015, sales related to sale of energy by Spanish Solar plants were sometimes made through an Abengoa company acting as an agent for the plant. This service is not provided anymore by Abengoa since then.

During the period prior to the initial public offering, certain consolidated entities entered into one-year contractual arrangements with Abengoa from which the Company received certain administrative services. Such services included general services related to supporting functions such as financing, human resources management, and administration. The fee incurred by the operating companies was based on anticipated annual sales. During 2015 and 2016 the Company has internalized main support services cancelling the majority of these fees with Abengoa.

In addition, other operating expenses included in 2014 an allocation of certain general and administrative services provided by Abengoa. Allocated costs included general and administrative costs deemed allocable to the Company. Measurement of allocated costs was based principally on time devoted to the Company by employees of Abengoa. The Company believed that including the allocated costs, the combined statements of operations included a reasonable estimate of actual costs incurred to operate the business.

At the date of the initial offering, the Company entered into a series of agreements to receive management, general and administrative services from Abengoa (the Support Services Agreement and Executive Service Agreement), and corresponding fees were properly accounted for as other operating expenses. The Executive Service Agreement was canceled in February 2015. During the year 2015 and 2016, some employees of Abengoa delivering services under the Support Services Agreement have been transferred to entities within the consolidation perimeter of Atlantica Yield and the Support Services Agreement has been cancelled. In addition, some external employees were hired. This resulted in the Company increasing its own employee benefit expenses as shown on the face of the consolidated income statement for the years 2015 and 2016.

The figures detailed in the table above do not include the following financial income recorded in these consolidated financial statements for the twelve-month period ended December 31, 2016 and resulting from the agreement signed with Abengoa in the third quarter of 2016 (see Note 8): compensation received from Abengoa in lieu of dividends from ACBH for $28.0 million, income for the cancellation of the subordinated debt Solnova Electricidad S.A. owed to Abener for $7.6 million and income of $1.7 million for discounts received from Abengoa for the prepayment of payables.

In addition, Abengoa maintains a number of obligations under EPC, O&M and other contracts, as well as indemnities covering certain potential risks. Additionally, Abengoa represented that as of the date of the accession to the restructuring agreement Atlantica Yield would not be a guarantor of any obligation of Abengoa with respect to third parties and agreed to indemnify the Company for any penalty claimed by third parties resulting from any breach in such representations.

Construction costs include construction work subcontracted to Abengoa for the construction of the assets, which is recorded in these consolidated financial statements due to the fact that contracted concessional assets are included in the consolidated financial statements during the construction phase, according to IFRIC 12.

Finally, the Company entered into a financial support agreement on June 13, 2014 under which Abengoa agreed to facilitate a new $50,000 thousand revolving credit line and maintain any guarantees and letters of credit that have been provided by it on behalf of or for the benefit of Atlantica Yield and its affiliates for a period of five years. As of December 31, 2016, the total amount of the credit line has remained undrawn since the IPO.

Note 11.- Clients and other receivable

Clients and other receivable as of December 31, 2016 and 2015, consist of the following:

	Balance as of December 31,	
	2016	**2015**
Trade receivables	151,199	126,844
Tax receivables	29,705	42,322
Prepayments	10,261	9,168
Other accounts receivable	16,456	18,974
Total	**207,621**	**197,308**

As of December 31, 2016 and 2015, the fair value of clients and other accounts receivable does not differ significantly from its carrying value.

Trade receivables according to foreign currency as of December 31, 2016 and 2015, are as follows:

	Balance as of December 31,	
	2016	2015
Euro	98,798	74,535
Rand	12,807	6,208
Other	7,151	6,646
Total	**118,756**	**87,389**

The following table shows the maturity of Trade receivables as of December 31, 2016 and 2015:

	Balance as of December 31,	
	2016	2015
Up to 3 months	151,199	126,844
Total	**151,199**	**126,844**

Note 12.- Cash and cash equivalents

The following table shows the detail of Cash and cash equivalents as of December 31, 2016 and 2015:

	Balance as of December 31,	
	2016	2015
Cash at bank and on hand	594,811	514,712
Total	**594,811**	**514,712**

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

	Balance as of December 31,	
Currency	2016	2015
U.S. dollar	343,954	219,172
Euro	196,382	251,778
Algerian Dinar	10,736	13,019
South African Rand	39,689	25,962
Others	4,050	4,781
Total	**594,811**	**514,712**

Note 13.- Equity

Transactions closed during the year 2014

On June 18, 2014, Atlantica Yield closed its initial public offering issuing 24,850,000 ordinary shares. The shares were sold at a price of $29 per share and as a result the Company raised $720,650 thousand of gross proceeds. The Company recorded $2,485 thousand as Share Capital and $682,810 thousand as Additional Paid in Capital, included in Atlantica Yield reserves as of December 31, 2016, corresponding to the total net proceeds of the offering. The underwriters further purchased 3,727,500 additional shares from the selling shareholder, a subsidiary wholly owned by Abengoa, at the public offering price less fees and commissions to cover over-allotments ("greenshoe") driving the total proceeds of the offering to $828,748 thousand.

Atlantica Yield's shares began trading on the NASDAQ Global Select Market under the symbol "ABY" on June 13, 2014.

Transactions closed during the year 2015

On January 22, 2015, Abengoa closed an underwritten public offering and sale in the United States of 10,580,000 of ordinary shares of the Company for total proceeds of $327,980,000 (or $31 per share). As a result of such offering, Abengoa reduced its stake in the Company from 64.3% to 51.1% of its shares.

On May 14, 2015 Atlantica Yield issued 20,217,260 new shares at $33.14 per share, which was based on a 3% discount versus the May 7, 2015 closing price. Abengoa subscribed for 51% of the newly-issued shares and maintained its previous stake in Atlantica Yield. The proceeds were primarily used by Atlantica Yield to finance asset acquisitions in May and June 2015.

On July 14, 2015, Abengoa sold 2,000,000 shares of Atlantica Yield under Rule 144, reducing its stake to 49.1%.

Transactions closed during the year 2016 and position as of December 31, 2016

As of December 31, 2016, the share capital of the Company amounts to $10,021,726 represented by 100,217,260 ordinary shares completely subscribed and disbursed with a nominal value of $0.10 each, all in the same class and series. Each share grants one voting right.

As of the date hereof, according to Abengoa´s beneficial ownership reporting, Abengoa has delivered an aggregate of 7,595,639 Ordinary Shares to holders that exercised their option to exchange the $279,000 thousand principal amount of exchangeable notes due 2017 issued by Abengoa on March 5, 2015 (the "Exchangeable Notes") for shares of Atlantica Yield. The Exchangeable Notes are exchangeable, at the option of their holders, for ordinary shares of Atlantica Yield. These operations reduced Abengoa´s stake to 41.47% as of December 31, 2016.

Atlantica Yield reserves as of December 31, 2016 are made up of share premium account and distributable reserves.

Retained earnings include results attributable to Atlantica Yield, the impact of the Asset Transfer in equity and the impact of the assets acquisition under the ROFO agreement in equity. The Asset Transfer and the acquisitions under the ROFO agreement were recorded in accordance with the Predecessor accounting principle, given that all these transactions occurred before December 2015, when Abengoa still had control over Atlantica Yield.

Non-controlling interests fully relate to interests held by JGC in Solacor 1 and Solacor 2, by Idae in Seville PV, by Itochu Corporation in Solaben 2 and Solaben 3, by Algerian Energy Company, SPA and Sadyt in Skikda and by Industrial Development Corporation of South Africa (IDC) and Kaxu Community Trust in Kaxu Solar One (Pty) Ltd.

Additional information of subsidiaries including material Non-controlling interests as of December 31, 2016 and 2015, are disclosed in Appendix IV.

Dividends declared during the year 2016:

- On August 3, 2016, the Board of Directors declared a dividend of $0.29 per share corresponding to $0.145 per share for the first quarter of 2016 and to $0.145 per share for the second quarter of 2016. The dividend was paid on September 15, 2016. From that amount, the Company retained $12.2 million of the dividend attributable to Abengoa;
- On November 11, 2016, the Board of Directors declared a dividend of $0.163 per share corresponding to the third quarter of 2016. The dividend was paid on December 15, 2016. From that amount, the Company retained $6.6 million of the dividend attributable to Abengoa.

In addition, as of December 31, 2016, there was no treasury stock and there have been no transactions with treasury stock during the period then ended.

Note 14.- Corporate debt

The breakdown of the corporate debt as of December 31, 2016 and 2015 is as follows:

	Balance as of December 31,	
Non-current	**2016**	**2015**
Credit Facilities with financial entities	123,804	409,665
Notes and Bonds	252,536	251,676
Total Non-Current	**376,340**	**661,341**

	Balance as of December 31,	
Current	**2016**	**2015**
Credit Facilities with financial entities	289,035	624
Notes and Bonds	2,826	2,529
Total Current	**291,861**	**3,153**

The Credit Facility Tranche B is classified as Current for $ 288,317 thousand as of December 31, 2016 (Non-Current as of December 31,2015) as it matures in December 2017. As a result of this reclassification, current liabilities in the consolidated statement of financial position are higher than current assets.

On February 10, 2017, the Company signed a Note Issuance Facility, a senior secured note facility with a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of € 275 million (approximately $294 million), with three series of notes. Series 1 Notes for €92 million mature in 2022; series 2 notes for €91.5 million mature in 2023; and series 3 notes for €91.5 million mature in 2024. Interest on all three series accrues at a rate per annum equal to the sum of 3 month EURIBOR plus 4.90%. The proceeds of the Note Issuance Facility will be used for the repayment of Tranche B under our Credit Facility, which will be canceled, as well as for general corporate expenses incurred as part of this transaction. The Company intends to fully hedge the Note Issuance Facility with a swap to fix the interest rate as soon as possible after funding of the Notes.

Residual Current Corporate debt fully relates to the accrued interest of the Notes and Credit Facility as of December 31, 2016 and 2015.

The repayment schedule for the Corporate debt, at the end of 2016 is as follows:

	2017	2018	2019	Total
Credit Facilities with financial entities	289,035	123,804	-	412,839
Notes and Bonds	2,826	-	252,536	255,362
Total	291,861	123,804	252,536	668,201

On November 17, 2014, the Company issued the Senior Notes due 2019 in an aggregate principal amount of $255,000 thousand (the "2019 Notes"). The 2019 Notes accrue annual interest of 7.00% payable semi-annually beginning on May 15, 2015 until their maturity date of November 15, 2019.

On December 3, 2014, the Company entered into a credit facility of up to $125,000 thousand with Banco Santander, S.A., Bank of America, N.A., Citigroup Global Markets Limited, HSBC Bank plc and RBC Capital Markets, as joint lead arrangers and joint bookrunners (the "Credit Facility"). On December 22, 2014, the Company drew down $125,000 thousand under the Credit Facility. Loans under the Credit Facility accrue interest at a rate per annum equal to: (A) for Eurodollar rate loans, LIBOR plus 2.75% and (B) for base rate loans, the highest of (i) the rate per annum equal to the weighted average of the rates on overnight U.S. Federal funds transactions with members of the U.S. Federal Reserve System arranged by U.S. Federal funds brokers on such day plus 1/2 of 1.00%, (ii) the U.S. prime rate and (iii) LIBOR plus 1.00%, in any case, plus 1.75%. Loans under the Credit Facility will mature on the fourth anniversary of the closing date of the Credit Facility. Loans prepaid by the Company under the Credit Facility may be reborrowed. The Credit Facility is secured by pledges of the shares of the guarantors which the Company owns.

On June 26, 2015, the Company increased its existing $125 million Credit Facility with a revolver tranche B for an amount of $290,000 thousand (the "Credit Facility Tranche B). On September 9, 2015, Credit Facility Tranche B was fully drawn down and the proceeds were used for the acquisition of Solaben 1/6. Loans under the Tranche B Facility accrue interest at a rate per annum equal to: (A) for Eurodollar rate loans, LIBOR plus 2.50% and (B) for base rate loans, 1.50%. Loans under the Credit Facility Tranche B will mature in December 2017. Tranche B of the Credit Facility was signed for a total amount of $290 million with Bank of America, N.A., as global coordinator and documentation agent and Barclays Bank plc and UBS AG, London Branch as joint lead arrangers and joint bookrunners.

Note 15.- Project debt

The main purpose of the Company is the long-term ownership and management of contracted concessional assets, such as renewable energy, conventional power, electric transmission line assets and water, which are financed through project debt. This note shows the project debt linked to the contracted concessional assets included in note 6 of these consolidated financial statements.

Project debt is generally used to finance contracted assets, exclusively using as guarantee the assets and cash flows of the company or group of companies carrying out the activities financed. In most of the cases, the assets and/or contracts are set up as guarantee to ensure the repayment of the related financing.

Compared with corporate debt, project debt has certain key advantages, including a greater leverage period permitted and a clearly defined risk profile.

The movements for 2016 and 2015 of project debt have been as follows:

	Project debt - long term	Project debt - short term	Total
Balance as of December 31, 2015	3,574,464	1,896,205	5,470,669
Increases	36,842	329,434	366,276
Decreases (reimbursement)	-	(480,969)	(480,969)
Currency translation differences	(64,426)	38,917	(25,509)
Reclassifications	1,082,304	(1,082,304)	-
Balance as of December 31, 2016	**4,629,184**	**701,283**	**5,330,467**

Main variations in Project debt during the year 2016 are the result of:

- Net decrease primarily due to repayment of debt; considering interests accrued are offset by a similar amount of interests paid during the year.

- A reclassification of the entire debt of Solana and Mojave projects from short term to long term as of December 31, 2016 considering that as a result of the forbearance signed in December, 2016, Abengoa cross-defaults will no longer trigger acceleration remedies in the Solana or Mojave financing agreements.

Debts of Kaxu and Cadonal projects remain classified as short term in accordance with International Accounting Standards 1 (“IAS 1”), “Presentation of Financial Statements” (see below for details). The waiver of the cross-default provisions related to Abengoa that has been obtained for Cadonal during 2016 is subject to the completion of certain conditions.

	Project debt - long term	Project debt - short term	Total
Balance as of December 31, 2014	3,491,877	331,189	3,823,066
Increases	72,406	370,720	443,126
Decreases (reimbursement)	-	(772,886)	(772,886)
Currency translation differences	(201,958)	(10,052)	(212,010)
Reclassifications	(1,875,223)	1,875,223	-
Changes in the scope of the consolidated financial statements (Note 5)	2,087,362	102,012	2,189,374
Balance as of December 31, 2015	**3,574,464**	**1,896,206**	**5,470,670**

The increase in Project debt – short term during the year 2015 was the result of:

- A decrease for the repayment of the short term tranche of the loan with the federal financing Bank by Mojave Solar LLC debt amounting to $334 million in October 2015;

- A reclassification of the entire debt of Solana, Mojave, Kaxu and Cadonal projects from long term to short term as of December 31, 2015 as a result of the cross-default provisions related to Abengoa further to the Insolvency Proceeding filed by Abengoa on November 25, 2015. Although the Company did not expect the acceleration of debt to be declared by the credit entities, the project entities did not have contractually as of December 31, 2015 an unconditional right to defer the settlement of the debt for at least twelve months after that date, and therefore the debt was presented as current in these consolidated financial statements in accordance with IAS 1, "Presentation of Financial Statements".

The repayment schedule for Project debt in accordance with the financing arrangements, at the end of 2016 is as follows and is consistent with the projected cash flows of the related projects.

2017		2018	2019	2020	2021	Subsequent years	Total
Interest Repayment	Nominal repayment						
20,775	190,379	209,011	229,090	247,075	261,026	4,173,111	5,330,467

In 2016, the Company refinanced ATN2 debt. In 2015, the Company did not enter into any new project debt.

Current and non-current loans with credit entities include amounts in foreign currencies for a total of $2,564,291 thousand as of December 31, 2016 ($2,690,769 thousand as of December 31, 2015).

The equivalent in U.S. dollars of the most significant foreign-currency-denominated debts held by the Company is as follows:

	Balance as of December 31,	
Currency	**2016**	**2015**
Euro	2,102,985	2,268,923
Algerian Dinar	41,598	47,500
Rand	419,708	374,346
Total	**2,564,291**	**2,690,769**

All of the Company's financing agreements have a carrying amount close to its fair value.

Note 16.- Grants and other liabilities

	Balance as of December 31,	
	2016	**2015**
Grants	1,297,755	1,354,967
Other liabilities	314,290	291,781
Grant and other non-current liabilities	**1,612,045**	**1,646,748**

As of December 31, 2016, the amount recorded in Grants corresponds mainly to the ITC Grant awarded by the U.S. Department of the Treasury for Solana and Mojave for a total amount of $803,233 thousand ($835,430 thousand as of December 31, 2015), which was mainly used to fully repay the Solana and Mojave short-term tranche of the loan with the Federal Financing Bank. The amount recorded in Grants as a liability is progressively recorded as other income over the useful life of the asset.

The remaining balance of the "Grants" account corresponds to loans with interest rates below market rates for Solana and Mojave for a total amount of $492,406 thousand ($517,165 thousand as of December 31, 2015). Loans with the Federal Financing Bank guaranteed by the Department of Energy for these projects bear interest at a rate below market rates for these types of projects and terms. The difference between proceeds received from these loans and its fair value, is initially recorded as "Grants" in the consolidated statement of financial position, and subsequently recorded in "Other operating income" starting at the entry into operation of the plants.

Other liabilities mainly relate to the investment from Liberty Interactive Corporation ('Liberty') made on October 2, 2013 for an amount of $300 million. The investment was made in class A shares of Arizona Solar Holding, the holding of Solana Solar plant in the United States. Such investment was made in a tax equity partnership which permits the partners to have certain tax benefits such as accelerated depreciation and ITC.

According to the stipulations of IAS 32 and in spite of the fact that the investment of Liberty Interactive Corporation ('Liberty') is in shares, it does not qualify as equity and has been classified as a liability as of December 31, 2016 and 2015. The non-current portion of the liability is recorded in Grants and other liabilities for an amount of $263,885 thousand ($247,384 thousand as of December 31, 2015) and its current portion is recorded in other current liabilities for the remaining amount (see Note 17). This liability has been initially valued at fair value, calculated as the present value of expected cash-flows during the useful life of the concession, and is then measured at amortized cost in accordance with the effective interest method.

Note 17.- Trade payables and other current liabilities

Trade payable and other current liabilities as of December 31, 2016 and 2015 are as follows:

	Balance as of December 31,	
Item	**2016**	**2015**
Trade accounts payable	121,527	110,495
Down payments from clients	6,153	6,398
Suppliers of concessional assets current	380	17,582
Liberty (see Note 16)	21,461	21,515
Other accounts payable	10,984	22,227
Total	**160,505**	**178,217**

Trade accounts payables mainly relate to the operating and maintenance of the plants.

Nominal values of Trade payable and other current liabilities are considered to approximately equal to fair values and the effect of discounting them is not significant.

Note 18.- Income Tax

All the companies included in the Company file income taxes according to the tax regulations in force in each country on an individual basis or under consolidation tax regulations.

The consolidated income tax has been calculated as an aggregation of income tax expenses/income of each individual company. In order to calculate the taxable income of the consolidated entities individually, the accounting result is adjusted for temporary and permanent differences, recording the corresponding deferred tax assets and liabilities. At each consolidated income statement date, a current tax asset or liability is recorded, representing income taxes currently refundable or payable. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates.

Income tax payable is the result of applying the applicable tax rate in force to each tax-paying entity, in accordance with the tax laws in force in the 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.

As of December 31, 2016 and 2015, the analysis of deferred tax assets and deferred tax liabilities is as follows:

	Balance as of December 31,	
Concept	**2016**	**2015**
Net tax credits for tax losses carryforwards	102,804	82,290
Temporary differences derivatives financial instruments	99,930	108,055
Other temporary differences	157	969
Total deferred tax assets	**202,891**	**191,314**

	Balance as of December 31,	
Concept	**2016**	**2015**
Temporary differences tax/book amortization	28,810	13,106
Temporary differences tax/book value of contracted concessional assets	61,818	63,642
Other temporary differences	4,409	2,906
Total deferred tax liabilities	**95,037**	**79,654**

Most of the tax credits for net operating loss carryforwards correspond to Solana, Mojave, Peru, Kaxu and solar plants in Spain.

Temporary differences for derivatives financial instruments are mainly due to ACT ($19 million) and solar plants in Spain ($76 million).

In relation to tax loss carryforwards and deductions pending to be used recorded as deferred tax assets, the entities evaluate its recoverability projecting forecasted taxable income for the upcoming years and taking into account their tax planning strategy. Deferred tax liabilities reversals are also considered in these projections, as well as any limitation established by tax regulations in force in each tax jurisdiction.

The movements in deferred tax assets and liabilities during the years ended December 31, 2016 and 2015 were as follows:

Deferred tax assets	**Amount**
As of January 1, 2015	124,210
Increase/decrease through the consolidated income statement	(22,525)
Increase/decrease through other consolidated comprehensive income (equity)	(12,032)
Other movements	(5,566)
Change in the scope of the consolidated financial statements (Note 5)	107,227
As of December 31, 2015	**191,314**
Increase/decrease through the consolidated income statement	16,033
Increase/decrease through other consolidated comprehensive income (equity)	(5,701)
Other movements	1,245
Change in the scope of the consolidated financial statements (Note 5)	-
As of December 31, 2016	**202,891**

Deferred tax liabilities	**Amount**
As of January 1, 2015	60,818
Increase/decrease through the consolidated income statement	(917)
Increase/decrease through other consolidated comprehensive income (equity)	(22)
Other movements	10,186
Change in the scope of the consolidated financial statements (Note 5)	9,589
As of December 31, 2015	**79,654**
Increase/decrease through the consolidated income statement	16,681
Increase/decrease through other consolidated comprehensive income (equity)	(62)
Other movements	(1,236)
Change in the scope of the consolidated financial statements (Note 5)	-
As of December 31, 2016	**95,037**

Details regarding income tax for the years ended December 31, 2016, 2015 and 2014 are as follows:

	For the twelve-month period ended December 31,		
Item	**2016**	**2015**	**2014**
Current tax	(1,018)	(2,182)	(1,075)
Deferred tax	(648)	(21,608)	(3,338)
Total income tax benefit/(expense)	**(1,666)**	**(23,790)**	**(4,413)**

The reconciliation between the theoretical income tax resulting from applying an average statutory tax rate to income/(loss) before income tax and the actual income tax expense recognized in the consolidated income statements for the years ended December 31, 2016, 2015 and 2014, are as follows:

Concept	For the twelve-month period ended December 31, 2016	2015	2014
Consolidated income / (loss) before taxes	3,333	(174,396)	(24,852)
Average statutory tax rate	30%	30%	30%
Corporate income tax at average statutory tax rate	**(1,000)**	**52,319**	**7,456**
Income tax of associates, net	2,110	2,341	(231)
Differences in foreign tax rates	(4,930)	(2,389)	(76)
Permanent differences	11,121	(19,456)	(4,587)
Incentives, deductions, and tax losses carryforwards	(11,110)	(58,039)	(249)
Change in Spanish corporate income tax	-	884	1,608
Other non-taxable income/(expense)	2,143	550	(8,334)
Corporate income tax	(1,666)	(23,790)	(4,413)

Permanent differences in 2016, 2015 and 2014 are mainly due to ACT (Mexico).

Incentives, deductions, and tax losses carryforwards in the year 2015 included the impact of not recognizing deferred tax assets on the impairment charge of the preferred equity investment in ACBH ($63.1 million).

Note 19.- Third-party guarantees and commitments

Third-party guarantees

At the close of 2016 the overall sum of Bank Bond and Surety Insurance directly deposited by the Company as a guarantee to third parties (clients, financial entities and other third parties) amounted to $27,163 thousand attributed to operations of technical nature ($27,638 thousand as of December 31, 2015).

Contractual obligations

The following table shows the breakdown of the third-party commitments and contractual obligations as of December 31, 2016 and 2015:

2016	Total	2017	2018 and 2019	2020 and 2021	Subsequent
Corporate debt	668,201	291,861	376,340	-	-
Loans with credit institutions (project debt)*	4,498,930	183,929	388,679	459,361	3,466,961
Notes and bonds (project debt)	831,538	27,225	49,422	48,740	706,151
Purchase commitments	2,894,146	136,032	263,398	246,904	2,247,812
Accrued interest estimate during the useful life of loans	3,356,750	332,408	617,852	543,927	1,862,563

* According to contracted maturities.

2015	Total	2016	2017 and 2018	2019 and 2020	Subsequent
Corporate debt	664,494	3,153	409,665	251,677	—
Loans with credit institutions (project debt)*	4,634,505	170,213	356,328	430,153	3,677,812
Notes and bonds (project debt)	836,164	25,514	44,314	47,699	718,638
Purchase commitments	4,158,576	169,951	320,287	344,338	3,323,999
Accrued interest estimate during the useful life of loans	3,761,305	338,543	667,427	594,263	2,161,072

* According to contracted maturities.

Note 20.- Other operating income and expenses

The table below shows the detail of Other operating income and expenses for the years ended December 31, 2016, 2015 and 2014:

	For the twelve-month period ended December 31,		
Other operating income	**2016**	**2015**	**2014**
Grants (Note 16)	59,085	67,859	35,261
Income from various services and insurance proceeds	6,453	998	6,087
Income from subcontrated construction services for assets and concessions	-	-	38,565
Total	**65,538**	**68,857**	**79,913**

	For the twelve-month period ended December 31,		
Other operating expenses	**2016**	**2015**	**2014**
Leases and fees	(5,309)	(3,865)	(1,827)
Operation and maintenance	(133,292)	(116,405)	(41,256)
Independent professional services	(30,515)	(19,046)	(11,521)
Supplies	(17,177)	(18,001)	(7,589)
Insurance	(23,390)	(20,277)	(9,286)
Levies and duties	(44,440)	(32,352)	(14,226)
Other expenses	(6,195)	(14,882)	(8,386)
Construction cost	-	-	(38,565)
Total	**(260,318)**	**(224,828)**	**(132,657)**

Main movements in Other operating income relate to the increase in grants since 2014, due to the ITC cash grant of Mojave, which was received in September 2015 and to the implicit grant recorded for accounting purposes in relation to the FFB Loans in Solana and Mojave projects with interest rates below market rates (See Note 16).

The increase in Other operating expenses is mainly due to acquisitions under Rofo agreement in 2014, 2015, and to a lower extent, to the commencement of operations of Mojave in the last quarter of 2014. This increase was partially offset by the decrease in construction costs from $38.6 million in 2014 to nil in 2015 and 2016, due to the completion of construction of ATS, Quadra 1, Quadra 2 and Palmatir.

As certain assets owned by the Company were under construction and subcontracted to related parties in 2014, the Company recorded income from construction services as "Other operating income" in accordance with IFRIC 12. The corresponding costs of construction were recorded within "Other operating expenses." These amounts reflect the construction progress of the assets and concessions during these years. There were no plants under construction during 2015 and 2016.

The Company changed the presentation of "Other operating expenses" in 2016 to better reflect the nature of its business and costs. Prior years amounts have been reclassified to conform to the new classification presented in the table above.

Note 21.- Financial Income and expenses

The following table sets forth our financial income and expenses for the years ended December 31, 2016, 2015 and 2014:

	For the twelve-month period ended December 31,		
Financial income	**2016**	**2015**	**2014**
Interest income from loans and credits	286	933	4,075
Interest rates benefits derivatives: cash flow hedges	3,012	2,531	836
Total	**3,298**	**3,464**	**4,911**

	For the twelve-month period ended December 31,		
Financial expenses	**2016**	**2015**	**2014**
Expenses due to interest:			
- Loans from credit entities	(242,919)	(197,929)	(117,743)
- Other debts	(90,995)	(81,853)	(61,814)
Interest rates losses derivatives: cash flow hedges	(74,093)	(54,139)	(30,695)
Total	**(408,007)**	**(333,921)**	**(210,252)**

Financial expenses increased in 2016 mainly due to the 2015 asset acquisitions under the ROFO Agreement. Interests from other debts are primarily interest on the notes issued by ATS, ATN, ATN2, Atlantica Yield, Solaben Luxembourg and interest related to the investment from Liberty (see Note 16). Losses from interest rate derivatives designated as cash flow hedges correspond mainly to transfers from equity to financial expense when the hedged item is impacting the consolidated income statement.

Other net financial income and expenses

The following table sets out Other net financial income and expenses for the years 2016, 2015 and 2014:

	For the twelve-month period ended December 31,		
Other financial income / (expenses)	**2016**	**2015**	**2014**
Dividend from ACBH (Brazil)	27,948	18,400	9,200
Other financial income	13,027	1,520	549
Impairment preferred equity investment in ACBH (see Note 8)	(22,076)	(210,435)	-
Other financial losses	(10,394)	(9,638)	(3,888)
Total	**8,505**	**(200,153)**	**5,861**

According to the agreement reached with Abengoa in the third quarter of 2016 (see Note 8), Abengoa acknowledged that Atlantica Yield is the legal owner of the dividends retained from Abengoa amounting to $28.0 million. As a result, the Company recorded $27.9 million as Other financial income in accordance with the accounting treatment given previously to the ACBH dividend.

Other financial income mainly includes the income further to the cancellation of the subordinated debt Solnova Electricidad S.A. owed to Abener, a subsidiary of Abengoa, and income for discounts received from Abengoa for the prepayment of payables (see Note 10).

Other financial losses mainly include expenses for guarantees and letters of credit, wire transfers and other bank fees and other minor financial expenses.

Note 22.- Earnings per share

Basic earnings per share for the year 2016 has been calculated by dividing the profit/(loss) attributable to equity holders of the company by the number of shares outstanding. Diluted earnings per share equals basic earnings per share for the period presented. Basic earnings per share is only presented for periods subsequent to the initial public offering.

	For the twelve-month period ended December 31,		Period from July 1, 2014, to December 31,
Item	**2016**	**2015**	**2014**
Profit/(loss) from continuing operations attributable to Atlantica Yield Plc.	(4,855)	(209,005)	(3,379)
Profit/(loss) from discontinuing operations attributable to Atlantica Yield Plc.	-	-	-
Average number of ordinary shares outstanding (thousands) - basic and diluted	**100,217**	**92,795**	**80,000**
Earnings per share from continuing operations (US dollar per share) - basic and diluted	(0.05)	(2.25)	(0.04)
Earnings per share from discontinuing operations (US dollar per share) - basic and diluted	-	-	-
Earnings per share from profit for the period (US dollar per share) - basic and diluted	**(0.05)**	**(2.25)**	**(0.04)**

Note 23.- Other information

23.1 Restricted Net assets

Certain of the consolidated entities are restricted from remitting certain funds to Atlantica Yield plc by a variety of regulations, contractual or statutory requirements. These restrictions are related to standard requirements to maintain debt service coverage ratios. In addition, some of the assets for which the Company still does not have a full and unconditional waiver or forbearance in relation to cross defaults and change of ownership provisions with Abengoa under the definitions of the Securities and Exchange Commission Regulation S-X Rule 12-04 are also considered restricted for the purposes of this calculation. At December 31, 2016, the accumulated amount of the temporary restrictions for the whole restricted term of these affiliates was $588 million.

The Company performed a test on the restricted net assets of consolidated subsidiaries in accordance with Securities and Exchange Commission Regulation S-X Rule 12-04 and concluded the restricted net assets exceed 25% of the consolidated net assets of the Company as of December 31, 2016. Therefore, the separate financial statements of Atlantica Yield, Plc. do have to be presented (see Appendix V (Schedule I) for details).

23.2 Subsequent events

On February 10, 2017, the Company signed a Note Issuance Facility, a senior secured note facility with a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of € 275 million (approximately $294 million), with three series of notes. Series 1 Notes for €92 million mature in 2022; series 2 notes for €91.5 million mature in 2023; and series 3 notes for €91.5 million mature in 2024. Interest on all three series accrues at a rate per annum equal to the sum of 3 month EURIBOR plus 4.90%. The proceeds of the Note Issuance Facility will be used for the repayment of Tranche B under our Credit Facility, which will be canceled, as well as for general corporate expenses incurred as part of this transaction. The Company intends to fully hedge the Note Issuance Facility with a swap to fix the interest rate as soon as possible after funding of the Notes.

In February 2017, we signed a letter of intent for the acquisition of a 12.5% interest in a 114-mile transmission line in the U.S. from Abengoa. The asset will receive a FERC regulated rate of return, and is currently under development, with COD expected in 2020. We expect our total investment to be up to $10 million in the coming three years including an initial amount invested at cost. We would also gain certain rights to acquire an additional 12.5% interest in the same project.

On February 24, 2017, the Board of Directors of the Company approved a dividend of $0.25 per share, which is expected to be paid on or about March 15, 2017.

Appendix I

Entities included in the Group as subsidiaries as of December 31, 2016

Company name	Project name	Registered address	% of nominal share	Business
ACT Energy México, S. de R.L. de C.V.	ACT	Santa Barbara (Mexico)	100.00	(2)
ABY infraestructuras, S.L	ABY Infraestructuras	Sevilla (Spain)	100.00	(5)
ABY infrastructures USA LLC	ABY Infrastructures	Arizona (United States)	100.00	(5)
ABY Concessions Infrastructures, S.LU.	ACIN	Sevilla (Spain)	100.00	(5)
ABY Concessions Perú, S.A.	ACP	Lima (Peru)	100.00	(5)
ASHUSA Inc.	ABSA	Arizona (United States)	100.00	(5)
ABY South Africa (Pty) Ltd	ASA	Pretoria (South Africa)	100.00	(5)
ASUSHI, Inc.	ABSU	Arizona (United States)	100.00	(5)
ATN, S.A.	ATN	Lima (Peru)	100.00	(1)
ABY Transmisión Sur, S.A.	ATS	Lima (Peru)	100.00	(1)
ACT Holdings, S.A. de C.V.	ACT Holding	México D.F. (Mexico)	100.00	(5)
Aguas de Skikda S.P.A.	Skikda	Dely Ibrahim (Argelia)	51.00	(4)
Arizona Solar One, LLC.	ASO	Colorado (United States)	100,00	(3)
ASO Holdings Company, LLC.	ASOH	Colorado (United States)	100.00*	(5)
ATN 2, S.A.	ATN 2	Lima (Peru)	100.00	(1)
Cadonal, S.A.	Cadonal	Montevideo (Uruguay)	100.00	(3)
Carpio Solar Inversiones, S.A.	Carpio	Sevilla (Spain)	100.00	(5)
Ecija Solar Inversiones, S.A.	ESI	Sevilla (Spain)	100.00	(5)
Extremadura Equity Investments Sárl. .	EEI	Luxembourg (Luxembourg)	100.00	(5)
Fotovoltaica Solar Sevilla, S.A.	Seville PV	Sevilla (Spain)	80.00	(3)
Geida Skikda, S.L.	Geida Skikda	Madrid (Spain)	67.00	(5)
Helioenergy Electricidad Uno, S.A.	Helioenergy 1	Sevilla (Spain)	100.00	(3)
Helioenergy Electricidad Dos, S.A.	Helioenergy 2	Sevilla (Spain)	100.00	(3)
Helios I Hyperion Energy Investments, S.L.	Helios 1	Sevilla (Spain)	100.00	(3)
Helios II Hyperion Energy Investments, S.L.	Helios 2	Sevilla (Spain)	100.00	(3)
Holding de Energía Eólica S.A.	HE	Montevideo (Uruguay)	100.00	(5)
Hypesol Energy Holding, S.L.	Hypesol	Sevilla (Spain)	100.00	(5)
Kaxu Solar One (Pty) Ltd.	KSO	Gauteng (South Africa)	51.00	(3)
Logrosán Equity Investments Sárl.	LEI	Luxembourg (Luxembourg)	100.00	(5)
Logrosán Solar Inversiones, S.A.	Logrosan	Sevilla (Spain)	100.00	(5)
Logrosán Solar Inversiones Dos, S.L.	Logrosan 2	Sevilla (Spain)	100.00	(5)
Mojave Solar Holdings, LLC.	MSH	Colorado (United States)	100.00	(5)
Mojave Solar LLC.	Mojave	Arizona (United States)	100.00	(3)
Palmatir S.A.	Palmatir	Montevideo (Uruguay)	100.00	(3)
Palmucho, S.A.	Palmucho	Santiago de Chile (Chile)	100.00	(1)
RRHH Servicios Corporativos	Servicios Corporativos	Santa Barbara. (Mexico)	100.00	(5)
Sanlucar Solar, S.A.	PS-10	Sevilla (Spain)	100.00	(3)
Solaben Electricidad Uno S.A.	Solaben 1	Caceres (Spain)	100.00	(3)
Solaben Electricidad Dos S.A.	Solaben 2	Caceres (Spain)	70.00	(3)

Solaben Electricidad Tres S.A.	Solaben 3	Caceres (Spain)	70.00	(3)
Solaben Electricidad Seis S.A.	Solaben 6	Caceres (Spain)	100.00	(3)
Solaben Luxembourg S.A.	SL	Luxembourg (Luxembourg)	100.00	(5)
Solacor Electricidad Uno, S.A.	Solacor 1	Sevilla (Spain)	87.00	(3)
Solacor Electricidad Dos, S.A.	Solacor 2	Sevilla (Spain)	87.00	(3)
ABY Servicios Corporativos S.A.	ABYSC	Sevilla (Spain)	100.00	(5)
Solar Processes, S.A.	PS-20	Sevilla (Spain)	100.00	(3)
Solnova Solar Inversiones, S.A.	SSI	Seville (Spain)	100.00	(5)
Solnova Electricidad, S.A.	Solnova 1	Seville (Spain)	100.00	(3)
Solnova Electricidad Tres, S.A.	Solnova 3	Seville (Spain)	100.00	(3)
Solnova Electricidad Cuatro, S.A.	Solnova 4	Seville (Spain)	100.00	(3)
Transmisora Mejillones, S.A.	Quadra 1	Santiago de Chile (CL)	100.00	(1)
Transmisora Baquedano, S.A.	Quadra 2	Santiago de Chile (CL)	100.00	(1)

(1) Business sector: Electric transmission lines
(2) Business sector: Conventional power
(3) Business sector: Renewable energy
(4) Business sector: Water
(5) Holding Company
* 100% of Class A shares held by Liberty Media (US tax equity investor, non-related party).

The Appendices are an integral part of the notes to the financial statements.

Appendix I

Entities included in the Group as subsidiaries as of December 31, 2015

Company name	Project name	Registered address	% of nominal share	Business
ACT Energy México, S. de R.L. de C.V.	ACT	Santa Barbara (Mexico)	100.00	(2)
ABY Concessions Infrastructures, S.LU.	ACIN	Sevilla (Spain)	100.00	(5)
Abengoa Concessions Perú, S.A.	ACP	Lima (Peru)	100.00	(5)
Abengoa Solar Holdings USA Inc.	ABSA	Arizona (United States)	100.00	(5)
ABY South Africa (Pty) Ltd	ASA	Pretoria (South Africa)	100.00	(5)
Abengoa Solar US Holdings Inc.	ABSU	Arizona (United States)	100.00	(5)
Abengoa Transmisión Norte S.A.	ATN	Lima (Peru)	100.00	(1)
Abengoa Transmisión Sur, S.A.	ATS	Lima (Peru)	100.00	(1)
ACT Holdings, S.A. de C.V.	ACT Holding	México D.F. (Mexico)	100.00	(5)
Aguas de Skikda S.P.A.	Skikda	Dely Ibrahim (Argelia)	51.00	(4)
Arizona Solar One, LLC.	ASO	Colorado (United States)	100,00	(3)
ASO Holdings Company, LLC.	ASOH	Colorado (United States)	100.00*	(5)
ATN 2, S.A.	ATN 2	Lima (Peru)	100.00	(1)
Cadonal, S.A.	Cadonal	Montevideo (Uruguay)	100.00	(3)
Carpio Solar Inversiones, S.A.	Carpio	Sevilla (Spain)	100.00	(5)
Ecija Solar Inversiones, S.A.	ESI	Sevilla (Spain)	100.00	(5)
Extremadura Equity Investments Sárl. .	EEI	Luxembourg (Luxembourg)	100.00	(5)
Geida Skikda, S.L.	Geida Skikda	Madrid (Spain)	67.00	(5)
Helioenergy Electricidad Uno, S.A.	Helioenergy 1	Sevilla (Spain)	100.00	(3)
Helioenergy Electricidad Dos, S.A.	Helioenergy 2	Sevilla (Spain)	100.00	(3)
Helios I Hyperion Energy Investments, S.L.	Helios 1	Sevilla (Spain)	100.00	(3)
Helios II Hyperion Energy Investments, S.L.	Helios 2	Sevilla (Spain)	100.00	(3)
Holding de Energía Eólica S.A.	HE	Montevideo (Uruguay)	100.00	(5)
Hypesol Energy Holding, S.L.	Hypesol	Sevilla (Spain)	100.00	(5)
Kaxu Solar One (Pty) Ltd.	KSO	Gauteng (South Africa)	51.00	(3)
Logrosán Equity Investments Sárl.	LEI	Luxembourg (Luxembourg)	100.00	(5)
Logrosán Solar Inversiones, S.A.	Logrosan	Sevilla (Spain)	100.00	(5)
Logrosán Solar Inversiones Dos, S.L.	Logrosan 2	Sevilla (Spain)	100.00	(5)
Mojave Solar Holdings, LLC.	MSH	Colorado (United States)	100.00	(5)
Mojave Solar LLC.	Mojave	Arizona (United States)	100.00	(3)
Palmatir S.A.	Palmatir	Montevideo (Uruguay)	100.00	(3)
Palmucho, S.A.	Palmucho	Santiago de Chile (Chile)	100.00	(1)
Sanlucar Solar, S.A.	PS-10	Sevilla (Spain)	100.00	(3)
Solaben Electricidad Uno S.A.	Solaben 1	Caceres (Spain)	100.00	(3)
Solaben Electricidad Dos S.A.	Solaben 2	Caceres (Spain)	70.00	(3)
Solaben Electricidad Tres S.A.	Solaben 3	Caceres (Spain)	70.00	(3)

Solaben Electricidad Seis S.A.	Solaben 6	Caceres (Spain)	100.00	(3)
Solaben Luxembourg S.A.	SL	Luxembourg (Luxembourg)	100.00	(5)
Solacor Electricidad Uno, S.A.	Solacor 1	Sevilla (Spain)	74.00	(3)
Solacor Electricidad Dos, S.A.	Solacor 2	Sevilla (Spain)	74.00	(3)
ABY Servicios Corporativos S.A.	ABYSC	Sevilla (Spain)	100.00	(5)
Solar Processes, S.A.	PS-20	Sevilla (Spain)	100.00	(3)
Solnova Solar Inversiones, S.A.	SSI	Seville (Spain)	100.00	(5)
Solnova Electricidad, S.A.	Solnova 1	Seville (Spain)	100.00	(3)
Solnova Electricidad Tres, S.A.	Solnova 3	Seville (Spain)	100.00	(3)
Solnova Electricidad Cuatro, S.A.	Solnova 4	Seville (Spain)	100.00	(3)
Transmisora Mejillones, S.A.	Quadra 1	Santiago de Chile (CL)	100.00	(1)
Transmisora Baquedano, S.A.	Quadra 2	Santiago de Chile (CL)	100.00	(1)

(1) Business sector: Electric transmission lines
(2) Business sector: Conventional power
(3) Business sector: Renewable energy
(4) Business sector: Water
(5) Holding Company
* 100% of Class A shares held by Liberty Media (US tax equity investor, non-related party).

The Appendices are an integral part of the notes to the financial statements.

Appendix II

Investments recorded under the equity method as of December 31, 2016

Company name	Project name	Registered address	% of nominal share	Business
Evacuacion Valdecaballeros, S.L.	Valdecaballeros	Caceres (Spain)	57.2	(3)
Geida Tlemcen S.L.	Geida Tlemcen	Madrid (Spain)	50.0	(4)
Pectonex R.F.	Pectonex	Pretoria (South Africa)	50.0	(3)
Evacuación Villanueva del Rey, S.L.	Villanueva del Rey	Sevilla (Spain)	40.0	(3)

Investments recorded under the equity method as of December 31, 2015

Company name	Project name	Registered address	% of nominal share	Business
Evacuacion Valdecaballeros, S.L.	Valdecaballeros	Caceres (Spain)	57.2	(3)
Geida Tlemcen S.L.	Geida Tlemcen	Madrid (Spain)	50.0	(4)
Pectonex R.F.	Pectonex	Pretoria (South Africa)	50.0	(3)
Evacuación Villanueva del Rey, S.L.	Villanueva del Rey	Sevilla (Spain)	36.6	(3)

(1) Business sector: Electric transmission lines
(2) Business sector: Conventional power
(3) Business sector: Renewable energy
(4) Business sector: Water
(5) Holding Company

The Appendices are an integral part of the notes to the consolidated financial statements.

Projects subject to the application of IFRIC 12 interpretation based on the concession of services as of December 31, 2016 and 2015

Description of the Arrangements

Solana

Solana is a 250 MW net (280 MW gross) solar electric generation facility located in Maricopa County, Arizona, approximately 70 miles southwest of Phoenix. Arizona Solar One LLC, or Arizona Solar, owns the Solana project. Solana includes a 22-mile 230kV transmission line and a molten salt thermal energy storage system. The construction of Solana commenced in December 2010 and Solana reached COD on October 9, 2013.

Solana has a 30-year, PPA with Arizona Public Service, or APS, approved by the Arizona Corporation Commission (ACC). The PPA provides for the sale of electricity at a fixed price per MWh with annual increases of 1.84% per year. The PPA includes limitations on the amount and condition of the energy that is received by APS with minimum and maximum thresholds for delivery capacity that must not be breached.

Mojave

Mojave is a 250 MW net (280 MW gross) solar electric generation facility located in San Bernardino County, California, approximately 100 miles northeast of Los Angeles. Abengoa commenced construction of Mojave in September 2011 and Mojave reached COD on December 1, 2014.

Mojave has a 25-year, PPA with Pacific Gas & Electric Company, or PG&E, approved by the California Public Utilities Commission (CPUC). The PPA will begin on COD. The PPA provides for the sale of electricity at a fixed base price per MWh without any indexation mechanism, including limitations on the amount and condition of the energy that is received by PG&E with minimum and maximum thresholds for delivery capacity that must not be breached.

Palmatir

Palmatir is an on-shore wind farm facility in Uruguay with nominal installed capacity of 50 MW. Palmatir has 25 wind turbines and each turbine has a nominal capacity of 2 MW. UTE (Administracion Nacional de Usinas y Transmisiones Electricas), Uruguay’s state-owned electricity company, has agreed to purchase all energy produced by Palmatir pursuant to a 20-year PPA.

Palmatir reached COD in May 2014. The wind farm is located in Tacuarembo, 170 miles north of the city of Montevideo.

Palmatir signed a PPA with UTE on September 14, 2011 for 100% of the electricity produced, approved by URSEA (Unidad Reguladora de Servicios de Energia y Agua). UTE will pay a fixed-price tariff per MWh under the PPA, which is denominated in U.S. dollars and will be partially adjusted in January of each year according to a formula based on inflation.

Cadonal

Cadonal is an on-shore wind farm facility in Uruguay with nominal installed capacity of 50 MW. Cadonal has 25 wind turbines and each turbine has a nominal capacity of 2 MW each. UTE (Administracion Nacional de Usinas y Trasmisiones Electricas), Uruguay´s state-owned electricity company, has agreed to purchase all energy produced by Cadonal pursuant to a 20-year PPA.

Cadonal reached COD in December 2014. The wind farm is located in Flores, 105 miles north of the city of Montevideo.

Cadonal signed a PPA with UTE on December 28, 2012 for 100% of the electricity produced, approved by URSEA (Unidad Reguladora de Servicios de Energia y Agua). UTE will pay a fixed tariff under the PPA per MWh under the PPA, which is denominated in U.S. dollars and will be adjusted every January considering both US and Uruguay´s inflation indexes and the exchange rate between Uruguayan pesos and U.S. dollars.

Solaben 2 & Solaben 3

The Solaben 2 and Solaben 3 are two 50 MW Concentrating Solar Power facilities and are part of Abengoa's Extremadura Solar Complex. The Extremadura Solar Complex consists of four Concentrating Solar Power plants (Solaben 1, Solaben 2, Solaben 3 and Solaben 6), and is located in the municipality of Logrosan, Spain. Abengoa commenced construction of Solaben 2 and Solaben 3 in August 2010. Solaben 2 reached COD in June 2012 and Solaben 3 reached COD in October 2012. Solaben Electricidad Dos, S.A., or SE2, owns Solaben 2 and Solaben Electricidad Tres, S.A., or SE3, owns Solaben 3.

Renewable energy plants in Spain, like Solaben 2 and Solaben 3, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Solaben 2 and Solaben 3 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Solacor 1 & Solacor 2

The Solacor 1 and Solacor 2 are two 50 MW Concentrating Solar Power facilities and are part of Abengoa's El Carpio Solar Complex, located in the municipality of El Carpio, Spain. The Carpio Solar Complex consists in a conventional parabolic trough Concentrating Solar Power system to generate electricity. Abengoa commenced construction of Solacor 1 and Solacor 2 in September 2010. The COD was reached in two phases, the first one, Solacor 1, was reached in February 2012 and the second one, Solacor 2, was reached in March 2012. JGC Corporation holds 13% of Solacor 1 & Solacor 2, a Japanese engineering company.

Renewable energy plants in Spain, like Solacor 1 and Solacor 2, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Solacor 1 and Solacor 2 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

ACT

The ACT plant is a gas-fired cogeneration facility with a rated capacity of approximately 300 MW and between 550 and 800 metric tons per hour of steam. The plant includes a substation and an approximately 52 mile and 115-kilowatt transmission line.

On September 18, 2009, ACT Energy México entered into the Pemex Conversion Services Agreement, or the Pemex CSA, with Petroleos Mexicanos, or Pemex. Pemex is a state-owned oil and gas company supervised by the Comision Reguladora de Energía (CRE), the Mexican state agency that regulates the energy industry. The Pemex CSA has a term of 20 years from the in-service date and will expire on March 31, 2033.

According to the Pemex CSA, ACT must provide, in exchange for a fixed price with escalation adjustments, services including the supply and transformation of natural gas and water into thermal energy and electricity. Part of the electricity is to be supplied directly to a Pemex facility nearby, allowing the Comision Federal de Electricidad (CFE) to supply less electricity to that facility. Approximately 90% of the electricity must be injected into the Mexican electricity network to be used by retail and industrial end customers of CFE in the region. Pemex is then entitled to receive an equivalent amount of energy in more than 1,000 of their facilities in other parts of the country from CFE, following an adjustment mechanism under the supervision of CFE.

The Pemex CSA is denominated in U.S. dollars. The price is a fixed tariff and will be adjusted annually, part of it according to inflation and part according to a mechanism agreed in the contract that on average over the life of the contract reflects expected inflation. The components of the price structure and yearly adjustment mechanisms were prepared by Pemex and provided to bidders as part of the request for proposal documents.

ATN

ATN, or the ATN Project, in Peru is part of the SGT (Sistema Garantizado de Transmision), which includes all transmission line concessions allocated by a bidding process by the government and is comprised of the following facilities:

(i) the approximately 356 mile, 220kV line from Carhuamayo-Paragsha-Conococha-Kiman-Ayllu-Cajamarca Norte;

(ii) the 4.3 mile, 138kV link between the existing Huallanca substation and Kiman Ayllu substations;

(iii) the 1.9 mile, 138kV link between the 138kV Carhuamayo substation and the 220kV Carhuamayo substation;

(iv) the new Conococha and Kiman Ayllu substations; and

(v) the expansion of the Cajamarca Norte, 220kV Carhuamayo, 138kV Carhuamayo and 220kV Paragsha substations.

Pursuant to the initial concession agreement, the Ministry of Energy, on behalf of the Peruvian Government, granted ATN a concession to construct, develop, own, operate and maintain the ATN Project. The initial concession agreement became effective on May 22, 2008 and will expire 30 years after COD of the first tranche of the line, which took place in January 2011. ATN is obliged to provide the service of transmission of electric energy through the operation and maintenance of the electric transmission line, according to the terms of the contract and the applicable law.

The laws and regulations of Peru establish the key parameters of the concession contract, the price indexation mechanism, the rights and obligations of the operator and the procedures that have to be followed in order to fix the applicable tariff, which occurs through a regulated bidding process. Once the bidding process is complete and the operator is granted the concession, the pricing of the power transmission service is established in the concession agreement. ATN has a 30-year concession agreement with a fixed-price tariff base denominated in U.S. dollars that is adjusted annually after COD of each line, in accordance with the U.S. Finished Goods Less Food and Energy Index published by the U.S. Department of Labor.

ATS

ABY Transmision Sur, or ATS Project, in Peru is part of the Guaranteed Transmission System, or (Sistema Garantizado de Transmisión) which includes all transmission line concessions allocated by a bidding process by the government, and is comprised of:

(i) one 500kV electric transmission line and two short 220kV electric transmission lines, which are linked to existing substations;

(ii) three new 500kV substations; and

(iii) three existing substations (two existing 220kV substations and one existing 550/220kV substation), through the development of new transformers, line reactors, series reactive compensation and shunt reactions in some substations.

Pursuant to the initial concession agreement, the Ministry of Energy, on behalf of the Peruvian Government, granted ATS a concession to construct, develop, own, operate and maintain the ATS Project. The initial concession agreement became effective on July 22, 2010 and will expire 30 years after COD, which took place in January 2014. ATS is obliged to provide the service of transmission of electric energy through the operation and maintenance of the electric transmission line, according to the terms of the contract and the applicable law.

The laws and regulations of Peru establish the key parameters of the concession contract, the price indexation mechanism, the rights and obligations of the operator and the procedure that has to be followed in order to fix the applicable tariff, which occurs through a regulated bidding process. Once the bidding process is complete and the operator is granted the concession, the pricing of the power transmission service is established in the concession agreement. ATS has a 30-year concession agreement with fixed-price tariff base denominated in U.S. dollars that is adjusted annually after COD of each line, in accordance with the U.S. Finished Goods Less Food and Energy Index published by the U.S. Department of Labor.

Quadra 1 & Quadra 2

Transmisora Mejillones, or Quadra 1, is a 49-miles transmission line project and Tranmisora Baquedano, or Quadra 2, is a 32-miles transmission line project, each connected to the Sierra Gorda substations.

Both projects have concession agreements with Sierra Gorda SCM. The agreements are denominated in U.S. dollars and are indexed mainly to CPI. The concession agreements each have a 21-year term that began on COD, which took place in April 2014 and March 2014 for Quadra 1 and Quadra 2, respectively.

Quadra 1 and Quadra 2 belong to the Northern Interconnected System (SING), one of the two interconnected systems into which the Chilean electricity market is divided and structured for both technical and regulatory purposes.

As part of the SING, Quadra 1 and Quadra 2 and the service they provide are regulated by several regulatory bodies, in particular: the Superintendent's office of Electricity and Fuels (Superintendencia de Electricidad y Combustibles, SEC), the Economic Local Dispatch Center (Centro de Despacho Economico de Cargas, CDEC), the National Board of Energy (Comision Nacional de Energia, CNE) and the National Environmental Board (Comision Nacional de Medio Ambiente, CONAMA) and other environmental regulatory bodies.

In all these concession arrangements, the operator has all the rights necessary to manage, operate and maintain the assets and the obligation to provide the services defined above, which are clearly defined in each concession contract and in the applicable regulations in each country.

Helioenergy 1&2

The Helioenergy 1/2 project is located in Ecija, Spain. Abengoa started the construction of Helioenergy in 2010, and reached COD in 2011. Since COD, the projects have obtained good generation results achieving systematically year after year results aligned or above the target productions defined.

Helioenergy relies on a Conventional parabolic trough Concentrating Solar Power system to generate electricity. Helioenergy evacuates its electricity through an aerial underground line 220 kV from the substation of the plant to a 220 kV line that ends in SET Villanueva del Rey (owned by Red Eléctrica de España), where the connection point of the plant is located.

Renewable energy plants in Spain, like Helionergy 1 and Helionergy 2, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Helionergy 1 and Helionergy 2 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Helios 1&2

The Helios 1/2 project is a 100 MW Concentrating Solar Power facility known as Plataforma Solar Castilla la Mancha, located in the municipality of Arenas de San Juan, Puerto Lápice and Villarta de San Juan, Spain. Helios 1 COD was reached in 2Q 2012, Helios 2 COD was reached in 3Q 2012. Since COD, the projects have obtained good generation results aligned or above the production targets.

Helios 1/2 relies on a Conventional parabolic trough Concentrating Solar Power system to generate electricity. The technology is identical to the one used at Solaben 2/3 and Solacor 1/2.

Renewable energy plants in Spain, like Helios 1 and Helios 2, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Helios 1 and Helios 2 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Solnova 1,3&4

The Solnova 1/3/4 project is a 150 MW Concentrating Solar Power facility, part of the Sanlucar Solar Platform, located in the municipality of Sanlucar la Mayor, Spain. Solnova 1 COD was reached in 2Q 2010, Solnova 3 COD was reached in 2Q 2010 and Solnova 4 COD was reached in 3Q 2010. Since COD, the projects have obtained good generation results achieving results aligned with the target production numbers.

Solnova 1/3/4 relies on a Conventional parabolic trough Concentrating Solar Power system to generate electricity. The technology is identical to the one used at Solaben 2/3 and Solacor 1/2.

Solnova 1/3/4 evacuates its electricity through an aerial-underground line 66 kV from the substation of the plant to a 220 kV line that ends in SET Casaquemada, where the connection point of the plant is located.

Renewable energy plants in Spain, like Solnova 1, Solnova 3 and Solnova 4, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Solnova 1, Solnova 3 and Solnova 4 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Honaine

The Honaine project is a water desalination plant located in Taffsout, Algeria, near three important cities: Oran, to the northeast, and Sidi Bel Abbés and Tlemcen, to the southeast. Myah Bahr Honaine Spa, or MBH, is the vehicle incorporated in Algeria for the purposes of owning the Honaine project. Algerian Energy Company, SPA, or AEC, owns 49% and Sociedad Anonima Depuracion y Tratamientos, or Sadyt, a subsidiary of Sacyr, S.A., owns the remaining 25.5% of the Honaine project.

AEC is the Algerian agency in charge of delivering Algeria’s large-scale desalination program. It is a joint venture set up in 2001 between the national oil and gas company, Sonatrach, and the national gas and electricity company, Sonelgaz. Each of Sonatrach and Sonelgaz owns 50% of AEC.

The technology selected for the Honaine plant is currently the most commonly used in this kind of project. It consists of desalination using membranes by reverse osmosis. Honaine has a capacity of seven M ft3 per day of desalinated water and it is under operation since July 2012. The project represents approximately 9.0% of Algeria’s total desalination capacity and serves a population of 1.0 million.

The water purchase agreement is a U.S. dollar indexed 25-year take-or-pay contract with Sonatrach / Algérienne des Eaux, or ADE. The tariff structure is based upon plant capacity and water production, covering variable cost (water cost plus electricity cost). Tariffs are adjusted monthly based on the indexation mechanisms that include local inflation, U.S. inflation and the exchange rate between the U.S. dollar and local currency.

Skikda

The Skikda project is a water desalination plant located in Skikda, Algeria. Skikda is located 510 km east of Alger. Aguas de Skikda, or ADS, is the vehicle incorporated in Algeria for the purposes of owning the Skikda project. AEC owns 49% and Sadyt owns the remaining 16.83% of the Skikda project.

AEC is the Algerian agency in charge of delivering Algeria's large-scale desalination program. It is a joint venture set up in 2001 between the national oil and gas company, Sonatrach, and the national gas and electricity company, Sonelgaz. Each of Sonatrach and Sonelgaz owns 50% of AEC.

The technology selected for the Skikda plant is currently the most commonly used in this kind of project. It consists of the use of membranes to obtain desalinated water by reverse osmosis. Skikda has a capacity of 3.5 M ft3 per day of desalinated water and is in operation since February 2009. The project represents approximately 4.5% of Algeria's total desalination capacity and serves a population of 0.5 million.

The water purchase agreement is a U.S. dollar indexed 25-year take-or-pay contract with Sonatrach / ADE. The tariff structure is based upon plant capacity and water production, covering variable cost (water cost plus electricity cost). Tariffs are adjusted monthly based on the indexation mechanisms that include local inflation, U.S. inflation and the exchange rate between the U.S. dollar and local currency.

ATN 2

ATN 2, in Peru, is part of the Complementary Transmission System, or Sistema Complementario de Transmision, SCT, and is comprised of the following facilities:

(i) The approximately 130km, 220kV line from SE Cotaruse to Las Bambas;

(ii) The connection to the gate of Las Bambas Substation

(iii) The expansion of the Cotaruse 220kV substation (works assigned to Consorcio Transmantaro)

The Client is Las Bambas Mining Company, a company owned by a partnership conformed by a subsidiary of China Minmetals Corporation (62.5%), a wholly owned subsidiary of Guoxin International Investment Co. Ltd (22.5%) and CITIC Metal Co. Ltd (15.0%). China Minmetals Corporation is the fifth largest metals company included in the Fortune Global 500 list.

Abengoa started the permitting phase of ATN2 Project in May 2011; construction is already completed and completed formalities for COD during May 2015.

The ATN2 Project has a 18-year contract period, after that, ATN2 assets will remain as property of the SPV and therefore it is likely a new contract could be negotiated. The ATN2 Project has a fixed-price tariff base denominated in U.S. dollars, partially adjusted annually in accordance with the U.S. Finished Goods Less Food and Energy Index as published by the U.S. Department of Labor. The receipt of the tariff base is independent from the effective utilization of the transmission lines and substations related to the ATN2 Project. The tariff base is intended to provide the ATN2 Project with consistent and predictable monthly revenues sufficient to cover the ATN2 Project's operating costs and debt service and to earn an equity return. Peruvian law requires the existence of a definitive concession agreement to perform electricity transmission activities where the transmission facilities cross public land or land owned by third parties. On May 31, 2014, the Ministry of Energy granted the project a definitive concession agreement to the transmission lines of the ATN2 Project.

Kaxu

Kaxu Solar One, or Kaxu, is a 100MW solar Conventional Parabolic Trough Project located in Paulputs in the Nothern Cape Province of South Africa, aproximatly 30 km north east of the small town of Pofadder. Atlantica Yield, through Abengoa Solar South Africa (Pty) Ltd., owns 51% of the Kaxu Project. The Project Company, named Kaxu Solar One (Pty) Ltd., is owned by a consortium composed by Abengoa Solar South Africa (51%), Industrial Development Corporation of South Africa (29%) and Kaxu Community Trust (20%).

The project reached COD in February 2015.

Kaxu has a 20-year PPA with Eskom SOC Ltd., or Eskom, under a take or pay contract for the purchase of electricity up to the contracted capacity from the facility. Eskom purchases all the output of the Kaxu Plant under a fixed price formula in local currency subject to indexation to local inflation which protects the Company from potential devaluation over the long term. Being the project COD February 2015, the PPA expires on February 2035.

Solaben 1&6

The Solaben 1&6 is a 100MW Concetrated Solar Power facility part of the Extremadura Solar Platform, located in the municipality oof Logrosán, Spain. Solaben 1/6 COD was reached on September 1, 2013. Since COD, the projects have obtained good generation aligned with the target profuction figures.

Solaben 1&6 relies on a Conventional Parabolic through Concentrating Solar Power system to generate electricity. The technology is identical to the one used at Solaben 2/3 and Solacor 1/2 projects.

Renewable energy plants in Spain, like Solaben 1 and Solaben 6, are regulated by the Government through a series of laws and rulings which guarantee the owners of the plants a reasonable remuneration for their investments. Solaben 1 and Solaben 6 sell the power they produce into the wholesale electricity market, where offer and demand are matched and the pool price is determined, and also receive additional payments from the Comisión Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Appendix III-2

Projects subject to the application of IFRIC 12 interpretation based on the concession of services as of December 31, 2016

Project name	Country	Status[(1)]	% of Nominal Share[(2)]	Period of Concession[(4)(5)]	Offtaker[(7)]	Financial/ Intangible[(3)]	Assets/ Investment	Accumulated Amortization	Operating Profit/ (Loss)[(8)]	Arrangement Terms (price)	Description of the Arrangement
Renewable energy:											
Solana	USA	(O)	100.0	30 Years	APS	(I)	2,034,335	(215,987)	7,324	Fixed price per MWh with annual increases of 1.84% per year	30-year PPA with APS regulated by ACC
Mojave	USA	(O)	100.0	25 Years	PG&E	(I)	1,585,159	(130,348)	50,460	Fixed price per MWh without any indexation mechanism	25-year PPA with PG&E regulated by CPUC and CAEC
Palmatir	Uruguay	(O)	100.0	20 Years	UTE, Uruguay Administration	(I)	146,274	(22,362)	1,238	Fixed price per MWh in USD with annual increases based on inflation	20-year PPA with UTE, Uruguay state-owned utility
Cadonal	Uruguay	(O)	100.0	20 Years	UTE, Uruguay Administration	(I)	120,411	(28,616)	(14,443)	Fixed price per MWh in USD with annual increases based on inflation	20-year PPA with UTE, Uruguay state-owned utility
Solaben 2	Spain	(O)	70.0	25 Years	Kingdom of Spain	(I)	286,577	(34,792)	11,128	Regulated revenue base[(6)]	Regulated revenue established by different laws and rulings in Spain
Solaben 3	Spain	(O)	70.0	25 Years	Kingdom of Spain	(I)	286,824	(37,014)	12,536	Regulated revenue base[(6)]	Regulated revenue established by different laws and rulings in Spain
Solacor 1	Spain	(O)	87.0	25 Years	Kingdom of Spain	(I)	284,835	(41,011)	12,327	Regulated revenue base[(6)]	Regulated revenue established by different laws and rulings in Spain
Solacor 2	Spain	(O)	87.0	25 Years	Kingdom of Spain	(I)	295,146	(41,688)	12,008	Regulated revenue base[(6)]	Regulated revenue established by different laws and rulings in Spain
Solnova 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	292,417	(58,869)	16,975	Regulated revenue base[(6)]	Regulated revenue established by different laws and rulings in Spain
Solnova 3	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	274,736	(53,280)	15,168	Regulated revenue base[(6)]	Regulated revenue established by different laws and rulings in Spain
Solnova 4	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	255,078	(48,649)	16,333	Regulated revenue base[(6)]	Regulated revenue established by different laws and rulings in Spain
Helios 1	Spain	(O)	100.0	25 Years	Kingdom of	(I)	289,739	(38,111)	12,935	Regulated	Regulated

					Spain				revenue base(6)	revenue established by different laws and rulings in Spain
Helios 2	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	282,015	(35,631)	12,755	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Helioenergy 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	284,492	(41,603)	14,087	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain

Project name	Country	Status(1)	% of Nominal Share(2)	Period of Concession(4)(5)	Offtaker(7)	Financial/ Intangible(3)	Assets/ Investment	Accumulated Amortization	Operating Profit/ (Loss)(8)	Arrangement Terms (price)	Description of the Arrangement
Renewable energy:											
Helioenergy 2	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	285,288	(39,025)	14,354	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solaben 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	277,563	(26,392)	11,952	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solaben 6	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	274,643	(26,090)	12,358	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Kaxu	South Africa	(O)	51.0	20 Years	Eskom	(I)	546,861	(52,126)	36,708	Take or pay contract for the purchase of electricity up to the contrated capacity from the facility.	20-year PPA with Eskom SOC Ltd. With a fixed price formula in local currency subject to indexation to local inflation
Conventional power:											
ACT	Mexico	(O)	100.0	20 Years	Pemex	(F)	646,962	(35)	110,792	Fixed price to compensate both investment and O&M costs, established in USD and adjusted annually partially according to inflation and partially according to a mechanism agreed in contract	20-year Services Agreement with Pemex, Mexican oil & gas state-owned company
Electric transmission lines:											
ATS	Peru	(O)	100	30 Years	Republic of Peru	(I)	530,871	(51,019)	25,610	Tariff fixed by contract and adjusted annually in accordance with the US Finished Goods Less Food and Energy inflation index	30-year Concession Agreement with the Peruvian Government
ATN	Peru	(O)	100	30 Years	Republic of Peru	(I)	319,958	(59,839)	1,134	Tariff fixed by contract and adjusted annually in accordance with the US Finished Goods Less Food and Energy inflation index	30-year Concession Agreement with the Peruvian Government
Quadra I	Chile	(O)	100	21 Years	Sierra Gorda	(F)	41,595	0	4,188	Fixed price in USD with annual adjustments indexed mainly to US CPI	21-year Concession Contract with Sierra Gorda regulated by CDEC and the Superentendencia de Electricidad, among others

Quadra II	Chile	(O)	100	21 Years	Sierra Gorda	(F)	55,417	0	5,049	Fixed price in USD with annual adjustments indexed mainly to US CPI	21-year Concession Contract with Sierra Gorda regulated by CDEC and the Superentendencia de Electricidad, among others
ATN 2	Peru	(O)	100	18 Years	Las Bambas Mining	(F)	86,238	(14)	14,497	Fixed-price tariff base denominated in U.S. dollars with Las Bambas	18 years purchase agreement
Water:											
Skikda	Argelia	(O)	34.2	25 Years	Sonatrach & ADE	(F)	93,170	(140)	14,416	U.S. dollar indexed take-or-pay contract with Sonatrach / ADE	25 years purchase agreement

Honaine	Argelia	(O)	25.5	25 Years	Sonatrach & ADE	(F)	N/A(9)	N/A(9)	N/A(9)	U.S. dollar indexed take-or-pay contract with Sonatrach / ADE	25 years purchase agreement

(1) In operation (O), Construction (C) as of December 31, 2016.

(2) Liberty Interactive Corporation agreed to invest $300 million in Class A membership interests in exchange for a share of the dividends and the taxable loss generated by Solana on October 2, 2013. Itochu Corporation holds 30% of the economic rights to each of Solaben 2 and Solaben 3. JGC Corporation holds 13% of the economic rights to each Solacor 1 and Solacor 2. Algerian Energy Company, SPA, or AEC, owns 49% and Sociedad Anonima Depuracion y Tratamientos, or Sadyt, a subsidiary of Sacyr, S.A., owns the remaining 25.5% of the Honaine project. AEC owns 49% and Sadyt owns the remaining 16.83% of the Skikda project. Industrial Development Corporation of South Africa (29%) & Kaxu Community Trust (20%) for the Kaxu Project

(3) Classified as concessional financial asset (F) or as intangible assets (I).

(4) The infrastructure is used for its entire useful life. There are no obligations to deliver assets at the end of the concession periods, except for ATN and ATS.

(5) Generally, there are no termination provisions other than customary clauses for situations such as bankruptcy or fraud from the operator, for example.

(6) Sales to wholesale markets and additional fixed payments established by the Spanish government.

(7) In each case the offtaker is the grantor.

(8) Figures reflect the contribution to the consolidated financial statements of Atlantica Yield Plc. as of December 31, 2016.

(9) Recorded under the equity method.

The Appendices are an integral part of the notes to the consolidated financial statements.

Projects subject to the application of IFRIC 12 interpretation based on the concession of services as of December 31, 2015

Project name	Country	Status(1)	% of Nominal Share(2)	Period of Concession(4)(5)	Offtaker(7)	Financial/ Intangible(3)	Assets/ Investment	Accumulated Amortization	Operating Profit/ (Loss)(8)	Arrangement Terms (price)	Description of the Arrangement
Renewable energy:											
Solana	USA	(O)	100.0	30 Years	APS	(I)	2,034,409	(149,222)	6,016	Fixed price per MWh with annual increases of 1.84% per year	30-year PPA with APS regulated by ACC
Mojave	USA	(O)	100.0	25 Years	PG&E	(I)	1,587,093	(67,664)	42,889	Fixed price per MWh without any indexation mechanism	25-year PPA with PG&E regulated by CPUC and CAEC
Palmatir	Uruguay	(O)	100.0	20 Years	UTE, Uruguay Administration	(I)	146,274	(11,929)	5,798	Fixed price per MWh in USD with annual increases based on inflation	20-year PPA with UTE, Uruguay state-owned utility
Cadonal	Uruguay	(O)	100.0	20 Years	UTE, Uruguay Administration	(I)	120,469	(5,356)	3,888	Fixed price per MWh in USD with annual increases based on inflation	20-year PPA with UTE, Uruguay state-owned utility
Solaben 2	Spain	(O)	70.0	25 Years	Kingdom of Spain	(I)	295,732	(27,523)	13,264	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solaben 3	Spain	(O)	70.0	25 Years	Kingdom of Spain	(I)	294,406	(30,017)	13,751	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solacor 1	Spain	(O)	74.0	25 Years	Kingdom of Spain	(I)	294,105	(33,973)	12,796	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solacor 2	Spain	(O)	74.0	25 Years	Kingdom of Spain	(I)	304,728	(34,363)	12,482	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solnova 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	302,003	(52,273)	9,704	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solnova 3	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	283,735	(47,271)	9,974	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solnova 4	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	263,431	(42,929)	10,362	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Helios 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	298,979	(30,942)	8,950	Regulated revenue base(6)	Regulated revenue established by different laws

											and rulings in Spain
Helios 2	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	291,025	(28,556)	8,867	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Helioenergy 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	293,822	(35,177)	9,221	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain

Project name	Country	Status(1)	% of Nominal Share(2)	Period of Concession(4)(5)	Offtaker(7)	Financial/ Intangible(3)	Assets/ Investment	Accumulated Amortization	Operating Profit/ (Loss)(8)	Arrangement Terms (price)	Description of the Arrangement
Renewable energy:											
Helioenergy 2	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	294,604	(32,422)	9,389	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solaben 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	286,406	(19,077)	2,420	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solaben 6	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	295,732	(27,523)	13,264	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Kaxu	South Africa	(O)	51.0	20 Years	Eskom	(I)	483,124	(22,198)	10,295	Take or pay contract for the purchase of electricity up to the contrated capacity from the facility.	20-year PPA with Eskom SOC Ltd. With a fixed price formula in local currency subject to indexation to local inflation
Conventional power:											
ACT	Mexico	(O)	100.0	20 Years	Pemex	(F)	649,502	(23)	110,524	Fixed price to compensate both investment and O&M costs, established in USD and adjusted annually partially according to inflation and partially according to a mechanism agreed in contract	20-year Services Agreement with Pemex, Mexican oil & gas state-owned company
Electric transmission lines:											
ATS	Peru	(O)	100	30 Years	Republic of Peru	(I)	531,460	(33,400)	23,412	Tariff fixed by contract and adjusted annually in accordance with the US Finished Goods Less Food and Energy inflation index	30-year Concession Agreement with the Peruvian Government
ATN	Peru	(O)	100	30 Years	Republic of Peru	(I)	320,163	(49,163)	1,574	Tariff fixed by contract and adjusted annually in accordance with the US Finished Goods Less Food and Energy inflation index	30-year Concession Agreement with the Peruvian Government
Quadra I	Chile	(O)	100	21 Years	Sierra Gorda	(F)	41,734	0	4,145	Fixed price in USD with	21-year Concession

										annual adjustments indexed mainly to US CPI	Contract with Sierra Gorda regulated by CDEC and the Superentendencia de Electricidad, among others
Quadra II	Chile	(O)	100	21 Years	Sierra Gorda	(F)	55,510	0	5,894	Fixed price in USD with annual adjustments indexed mainly to US CPI	21-year Concession Contract with Sierra Gorda regulated by CDEC and the Superentendencia de Electricidad, among others
ATN 2	Peru	(O)	100	18 Years	Las Bambas Mining	(F)	84,709	(7)	8,094	Fixed-price tariff base denominated in U.S. dollars with Las Bambas	18 years purchase agreement
Water:											
Skikda	Argelia	(O)	34.2	30 Years	Sonatrach & ADE	(F)	96,547	(136)	14,617	U.S. dollar indexed take-or-pay contract with Sonatrach / ADE	30 years purchase agreement
Honaine	Argelia	(O)	25.5	30 Years	Sonatrach & ADE	(F)	N/A(9)	N/A(9)	N/A(9)	U.S. dollar indexed take-or-pay contract with Sonatrach / ADE	30 years purchase agreement

(1) In operation (O), Construction (C) as of December 31, 2015.
(2) Liberty Interactive Corporation agreed to invest $300 million in Class A membership interests in exchange for a share of the dividends and the taxable loss generated by Solana on October 2, 2013. Itochu Corporation holds 30% of the economic rights to each of Solaben 2 and Solaben 3. JGC Corporation holds 26% of the economic rights to each Solacor 1 and Solacor 2. Algerian Energy Company, SPA, or AEC, owns 49% and Sociedad Anonima Depuracion y Tratamientos, or Sadyt, a subsidiary of Sacyr, S.A., owns the remaining 25.5% of the Honaine project. AEC owns 49% and Sadyt owns the remaining 16.83% of the Skikda project. Industrial Development Corporation of South Africa (29%) & Kaxu Community Trust (20%) for the Kaxu Project
(3) Classified as concessional financial asset (F) or as intangible assets (I).
(4) The infrastructure is used for its entire useful life. There are no obligations to deliver assets at the end of the concession periods, except for ATN and ATS.
(5) Generally, there are no termination provisions other than customary clauses for situations such as bankruptcy or fraud from the operator, for example.
(6) Sales to wholesale markets and additional fixed payments established by the Spanish government.
(7) In each case the offtaker is the grantor.
(8) Figures reflect the contribution to the consolidated financial statements of Atlantica Yield Plc. as of December 31, 2015.
(9) Recorded under the equity method.

The Appendices are an integral part of the notes to the consolidated financial statements.

Appendix IV

Additional Information of Subsidiaries including material Non-controlling interest as of December 31, 2016

Subsidiary name	Non-controlling interests name	% of non-controlling interests held	Dividends paid to non-controlling interests	Profit/(Loss) of non-controlling interests in AY consolidated net result 2016	Non-controlling interests in AY consolidated equity as of December 31, 2016	Non-current assets*	Current Assets*	Non-curent liabilities*	Current liabilities*	Net Profit /(Loss)*	Total Comprehensive income*
Kaxu Solar One (Pty) Ltd.	Industrial Development Corporation of South Africa (IDC) Kaxu Community Trust	29% 20%	-	(3,244)	8,529	495,946	54,717	111,264	421,993	(7,513)	(4,744)
Aguas de Skikda S.P.A.	Algerian Energy Company S.P.A.	49%**	4,141	7,284	47,796	96,052	29,769	36,591	7,304	13,800	-

* Stand-alone figures as of December 31, 2016

** Atlantica Yield Plc. owns 67% of the shares in Geida Skikda, S.L., which in its turn owns 51% of Aguas de Skikda S.P.A., so that indirectly Atlantica Yield Plc. owns 34.17% of Aguas de Skikda S.P.A. The table only shows information related to the Non-Controlling interests of the SPV, Aguas de Skikda S.P.A.

Additional Information of Subsidiaries including material Non-controlling interest as of December 31, 2015

Subsidiary name	Non-controlling interests name	% of non-controlling interests held	Dividends paid to non-controlling interests	Profit/(Loss) of non-controlling interests in ABY consolidated net result 2015	Non-controlling interests in ABY consolidated equity as of December 31, 2015	Non-current assets*	Current Assets*	Non-curent liabilities*	Current liabilities*	Net Profit /(Loss)*	Total Comprehensive income*
Kaxu Solar One (Pty) Ltd.	Industrial Development Corporation of South Africa (IDC) Kaxu Community Trust	29% 20%	-	(2,434)	5,585	456,795	34,068	102,079	377,387	(21,323)	(4,350)
Aguas de Skikda S.P.A.	Algerian Energy Company S.P.A.	49%**	3,624	8,338	47,157	96,705	31,519	42,538	7,467	13,778	-

* Stand-alone figures as of December 31, 2015

** Atlantica Yield Plc. owns 67% of the shares in Geida Skikda, S.L., which in its turn owns 51% of Aguas de Skikda S.P.A., so that indirectly Atlantica Yield Plc. owns 34.17% of Aguas de Skikda S.P.A. The table only shows information related to the Non-Controlling interests of the SPV, Aguas de Skikda S.P.A.

Appendix V (Schedule I)

Condensed Financial Statements of Atlantica Yield plc

Condensed statements of financial position of Atlantica Yield Plc.
– Amounts in thousands of usd –

	As of December 31,	
	2016	**2015**
Assets		
Investment in affiliates	2,035,598	2,014,487
Loans to affiliates	704,916	822,436
Cash and cash equivalents	122,154	45,487
Other assets	23,936	5,431
Total assets	2,886,604	2,887,841
Liabilities and Equity		
Borrowings	412,839	410,289
Notes and bonds	255,362	254,205
Intercompany liabilities	54,687	26,996
Other Liabilities	10,296	38,330
Total Liabilities	733,184	729,820
Common Stock	10,022	10,022
Additional paid-in capital	1,981,881	1,981,881
Distributable reserves	116,375	381,388
Other reserves	13,879	4,345
Accumulated gains (losses)-net	31,263	(219,615)
Total shareholders's equity	2,153,420	2,158,021
Total liabilities and equity	2,886,604	2,887,841

Condensed income statements of Atlantica Yield, Plc.

– Amounts in thousands of usd –

	For the year ended December 31,		
	2016	**2015**	**2014**
Income from			
Services	114,653	65,170	65,006
Other financial income	8	194	7
Total income	114,661	65,364	65,013
Expenses			
Other operating expenses	(26,132)	(10,005)	(3,668)
Interest	(35,615)	(27,783)	(2,319)
Other financial expenses	(21,651)	(246,982)	(9,821)
Total expenses	(83,398)	(284,770)	(15,808)
Income before income taxes	31,263	(219,406)	49,205
Income tax benefits (expense)	-	(209)	209
Profit for the year	31,263	(219,615)	49,414

Other comprehensive income statement of Atlantica Yield, Plc.

– Amounts in thousands of usd –

	For the year ended December 31,		
	2016	**2015**	**2014**
Profit/(loss) for the year	**31,263**	**(219,615)**	**49,414**
Items that may be subject to transfer to income statement			
Change in fair value of cash flow hedges	7,213	3,683	-
Net income/(expenses) recognized directly in equity	**7,213**	**3,683**	-
Cash flow hedges	2,321	662	-
Transfer to income statement	**2,321**	**662**	-
Other comprehensive income/(loss) for the year	**9,534**	**4,345**	-
Total comprehensive income/(loss) for the year	**40,797**	**(215,270)**	**49,414**

Condensed cash flow statements of Atlantica Yield, Plc.

– Amounts in thousands of usd –

	For the year ended December 31,		
	2016	**2015**	**2014**
Cash Flow from operating activities	5,911	(15,943)	6,900
Cash Flow—investing activities			
Decrease (increase) in investment and advance to affiliates	97,341	(939,503)	(196,849)
Net decrease (increase) in other assets	-	(157)	(34,053)
Cash used for investing activities	97,341	(939,660)	(230,902)
Cash Flow—financing activities			
Net increases in borrowings and other liabilities	-	310,462	376,747
Dividend paid to shareowner	(26,585)	(128,859)	(23,696)
Capital increase and other	-	664,120	664,120
Cash from financing activities	(26,585)	845,723	379,369
Increase (decrease) in cash and cash equivalents during the year	76,667	(109,880)	155,367
Cash and cash equivalent at the beginning of the year	45,487	155,367	-
Cash and cash equivalent at the end of the year	122,154	45,487	155,367

Notes to the Condensed Financial Statements

Schedule I has been provided pursuant to the requirements of Rule 12- 04(a) of Regulation S-X, of the US Securities and Exchange Commission (SEC) which require condensed financial information as to the financial position, change in financial position, results of operations of Atlantica Yield plc, other comprehensive income statement and cash flow statement as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with International Financial Reporting Standards have been condensed or omitted. The footnote disclosures contain supplemental information only and, as such, these statements should be read in conjunction with the notes to the accompanying consolidated financial statements.

Basis of Presentation.

a) The presentation of Atlantica Yield plc separate condensed financial statement has been prepared using the same accounting policies as set out in the accompanying consolidated financial statements except that, the Company records its investment in subsidiaries under the cost method of accounting and that financial income from credits to companies in the group are recorded under Income from services, given that the company is a holding and this type of service is part of its primary activity. Such investments are presented on the statements of financial position as "Investment in and loans to affiliates" at cost less any identified impairment loss.

b) As of December 31, 2016, 2015 and 2014 there were no material contingencies, significant provisions of long-term obligations, mandatory dividend or redemption requirements of redeemable stocks or guarantees of the Company, except for those which have been separately disclosed in the Consolidated Financial Statements, if any.

c) For the year ended December 31, 2016, 2015 and 2014, cash dividend of $29,737 thousand, $18,400 thousand and $9,200 thousand were declared to the Company by its consolidated subsidiaries or associates, respectively.

Reconciliation of the separate to consolidated financial statements of Atlantica Yield Plc.

Profit/(Loss) Reconciliation	For the year ended december 31, 2016	2015	2014
Stand-alone—IFRS profit/(loss) for the period	31,263	(219,615)	49,414
Additional profit/(loss) if subsidiaries had been accounted for using the equity method of accounting as opposed to cost method	(36,118)	10,610	(81,026)
Consolidated IFRS profit/(loss) for the period attributable to Atlantica Yield plc	(4,855)	(209,005)	(31,612)

Equity Reconciliation	As of December 31, 2016	2015	2014
Stand-alone—IFRS shareholders equity	2,153,420	2,158,021	1,847,550
Additional shareholders equity if subsidiaries had been accounted for using the equity method of accounting as opposed to cost method	(194,309)	(134,520)	(7,919)
Consolidated IFRS shareholders equity	1,959,111	2,023,501	1,839,631

Please refer to note 14 of these consolidated financial statements for detail of maturities of the Corporate debt of Atlantica Yield, plc.

ITEM 19. EXHIBITS

The following exhibits are filed as part of this annual report:

Exhibit No.	Description
1.1	Articles of Association of Atlantica Yield plc (incorporated by reference to Exhibit 3.1 to Atlantica Yield plc's Form 6-K filed with the SEC on May 26, 2016 – SEC File No. 001-36487).
4.1	Amended and Restated Right of First Offer Agreement by and between Abengoa Yield plc (now Atlantica Yield plc) and Abengoa, S.A., dated December 9, 2014 (incorporated by reference to Exhibit 10.1 to Atlantica Yield plc's Registration Statement on Form F-1 filed with the SEC on December 11, 2014 – SEC File No. 333-200848).
4.2	Financial Support Agreement by and between Abengoa Yield plc (now Atlantica Yield plc) and Abengoa, S.A. (incorporated by reference to Exhibit 10.4 to Atlantica Yield plc's draft registration statement on Form F-1 submitted to the SEC on February 28, 2014 – SEC File No. 377-00503).
4.3	Amended Deed between Abengoa Yield plc (now Atlantica Yield plc) and Abengoa Concessions Investments Limited (incorporated by reference to Exhibit 4.6 to Atlantica Yield plc's annual report on Form 20-F submitted to the SEC on March 1, 2016 – SEC File No. 001-36487).
4.4	Amended and Restated Shareholders Agreement by and among Abengoa Construcao Brasil Ltd., Sociedad Inversora Lineas de Brasil S.L., Abengoa Concessions, S.L. and Abengoa Concessao Brasil Holding, S.A. (incorporated by reference to Exhibit 4.7 to Atlantica Yield plc's annual report on Form 20-F submitted to the SEC on March 1, 2016 – SEC File No. 001-36487).
4.5	Operation and Maintenance Agreement between Abengoa Solar Espana, S.A. and Solaben Electricidad Dos, S.A., dated December 10, 2012 (incorporated by reference to Exhibit 10.8 to Atlantica Yield plc's draft registration statement on Form F-1 submitted to the SEC on February 28, 2014 – SEC File No. 377-00503).
4.6	Operation and Maintenance Agreement between Abengoa Solar Espana, S.A. and Solaben Electricidad Tres, S.A., dated December 10, 2012 (incorporated by reference to Exhibit 10.9 to Atlantica Yield plc's draft registration statement on Form F-1 submitted to the SEC on February 28, 2014 – SEC File No. 377-00503).
4.7	Indenture dated November 17, 2014, by and among Abengoa Yield plc (now Atlantica Yield plc), as issuer, Abengoa Concessions Peru, S.A., Abengoa Solar US Holdings Inc. and Abengoa Solar Holdings USA Inc., as guarantors, The Bank of New York Mellon, as trustee, registrar, paying agent and transfer agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and Luxembourg transfer agent, relating to the issuance and sale by Abengoa Yield plc (now Atlantica Yield plc) of $255,000,000 aggregate principal amount of 7.000% Senior Notes due 2019 (incorporated by reference to Exhibit 10.10 to Atlantica Yield plc's Registration Statement on Form F-1 filed with the SEC on December 11, 2014 – SEC File No. 333-200848).
4.8	Form of Global Notes relating to the issuance and sale by Abengoa Yield plc (now Atlantica Yield plc) of $255,000,000 aggregate principal amount of 7.000% Senior Notes due 2019 (incorporated by reference to Exhibit 10.10 to Atlantica Yield plc's Registration Statement on Form F-1 filed with the SEC on December 11, 2014 – SEC File No. 333-200848).

Exhibit No.	Description
4.9	The Amended and Restated Credit and Guaranty agreement, dated June 26, 2015, among Abengoa Yield plc (now Atlantica Yield plc), the guarantors from time to time party thereto, HSBC Bank plc, HSBC Corporate Trust Company (UK) Limited, Bank of America, N.A., Banco Santander, S.A., Citigroup Global Markets Limited, RBC Capital Markets, Barclays Bank plc and UBS AG, London Branch (incorporated by reference to Exhibit 4.13 to Atlantica Yield plc's annual report on Form 20-F submitted to the SEC on March 1, 2016 – Sec File No. 001-36487).
4.10ǂ	The Note Issuance Facility, dated February 10, 2017, among Atlantica Yield plc, HSBC Corporate Trust Company (UK) Limited as collateral agent, Elavon Financial Services DAC, UK Branch as agent, and a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder (incorporated by reference to Exhibit 4.10 to Atlantica Yield plc's amendment to the annual report on Form 20-F/A submitted to the SEC on March 29, 2017 – SEC File No. 001-36487).
4.11	Amendment No. 1 to the Note Issuance Facility Agreement among Atlantica Yield plc, HSBC Corporate Trust Company (UK) Limited as collateral agent, Elavon Financial Services DAC, UK Branch as agent and a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder, dated March 28, 2017 (incorporated by reference to Exhibit 4.11 to Atlantica Yield plc's amendment to the annual report on Form 20-F/A submitted to the SEC on March 29, 2017 – SEC File No. 001-36487).
4.12	Registration Rights Agreement dated March 28, 2017 among Atlantica Yield plc, Abengoa S.A., ACIL Luxco1 S.A. and GLAS Trust Corporation Limited as security agent (incorporated by reference to Exhibit 4.12 to to Atlantica Yield plc's Form 6-K filed with the SEC on April 12, 2017 – SEC File No. 001-36487).
8.1	Subsidiaries of Atlantica Yield plc. (incorporated by reference to Exhibit 8.1 to Atlantica Yield plc's amendment to the annual report on Form 20-F/A submitted to the SEC on March 29, 2017 – SEC File No. 001-36487).
12.1*	Certification of Santiago Seage, Chief Executive Officer of Atlantica Yield plc, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2*	Certification of Francisco Martinez-Davis, Chief Financial Officer of Atlantica Yield plc, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1*	Consent of Deloitte S.L.
15.2*	Consent of Deloitte Algerie S.ár.l.
99.1*	Audited financial statements of Honaine as of and for the year ended December 31, 2016.

* Indicates documents filed herewith.

ǂ Confidential treatment has been requested with respect to certain portions of this exhibit. The omitted portions have been filed separately with the Securities and Exchange Commission.

Exhibit 12.1

ATLANTICA YIELD PLC

Sarbanes-Oxley Certification under Section 302 of the Act

I, Santiago Seage, Chief Executive Officer of Atlantica Yield plc (the “Company”), certify that:

1. I have reviewed the annual report on Form 20-F, as amended on March 29, May 16 and as of the date hereof (the “Annual Report”) of the Company;

2. Based on my knowledge, the Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included the Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in the Annual Report;

4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the Annual Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in the Annual Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the Annual Report based on such evaluation; and

   (d) Disclosed in the Annual Report any change in the Company’s internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of Company’s board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

IN WITNESS WHEREOF, I have signed this certificate.

Date: September 13, 2017

/s/ Santiago Seage

Name: Santiago Seage

Title: Chief Executive Officer

Exhibit 12.2

ATLANTICA YIELD PLC

Sarbanes-Oxley Certification under Section 302 of the Act

I, Francisco Martinez-Davis, Chief Financial Officer of Atlantica Yield plc (the "Company"), certify that:

1. I have reviewed the annual report on Form 20-F, as amended on March 29, May 16 and as of the date hereof (the "Annual Report") of the Company;

2. Based on my knowledge, the Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included the Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in the Annual Report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the Annual Report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in the Annual Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the Annual Report based on such evaluation; and

    (d) Disclosed in the Annual Report any change in the Company's internal control over financial reporting that occurred during the period covered by the Annual Report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of Company's board of directors (or persons performing the equivalent function):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

IN WITNESS WHEREOF, I have signed this certificate.

Date: September 13, 2017

/s/ Francisco Martinez-Davis

Name: Francisco Martinez-Davis

Title: Chief Financial Officer

Exhibit 13.1

ATLANTICA YIELD PLC

Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Santiago Seage, the Chief Executive Officer, and Francisco Martinez-Davis, the Chief Financial Officer, of Atlantica Yield plc (the "**Company**"), hereby certify, that, to their knowledge:

The annual report on Form 20-F for the year ended December 31, 2016 as amended on March 29, May 16 and as of the date hereof (the "**Report**") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

[Signature Page Follows]

IN WITNESS WHEREOF, I have signed this certificate.

Date: September 13, 2017

/s/ Santiago Seage

Name: Santiago Seage
Title: Chief Executive Officer

/s/ Francisco Martinez-Davis

Name: Francisco Martinez-Davis
Title: Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos. 333-205433, 333-205435, 333-205436 and 333-216253 on Form F-3 of our reports dated February 28, 2017, relating to the consolidated financial statements of Atlantica Yield plc and subsidiaries, and the effectiveness of Atlantica Yield plc and subsidiaries' internal control over financial reporting, appearing in this Amendement No.3 to the Annual Report on Form 20-F of Atlantica Yield plc for the year ended December 31, 2016.

/s/ Deloitte, S.L.

Madrid, Spain

September 12, 2017

Exhibit 15.2

Independent Auditors´ Consent

We consent to the incorporation by reference in Registration Statements No. 333-205433, 333-205435, 333-205436 and 333-216253 on Form F-3 of our report dated May 5, 2017, relating to the financial statements of Myah Bahr Honaine S.p.a. for the year ended December 31, 2016 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the fact that the accompanying statement of financial position of Myah Bahr Honaine S.p.a. as of December 31, 2015 and January 1, 2015, and the related statements of income, comprehensive income, changes in equity and cash flows for the periods then ended were not audited, reviewed, or compiled by us and, accordingly, we do not express an opinion or any other form of assurance on them) appearing in this Amendment No.3 to the Annual Report on Form 20-F of Atlantica Yield plc for the year ended December 31, 2016.

/s/ Deloitte Algérie Sarl
Algiers, Algeria
September 12, 2017

Exhibit 99.1

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Atlantica Yield plc:

We have audited the accompanying financial statements of Myah Bahr Honaine S.p.a. (the "Company"), which comprise the statement of financial position as of December 31, 2016, and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Myah Bahr Honaine S.p.a. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying statement of financial position of Myah Bahr Honaine S.p.a. as of December 31, 2015 and January 1, 2015, and the related statements of income, comprehensive income, changes in equity and cash flows for the periods then ended were not audited, reviewed, or compiled by us and, accordingly, we do not express an opinion or any other form of assurance on them.

/s/ Deloitte Algérie Sarl

Algiers, Algeria

May 5, 2017

Statement of financial position
Amounts in thousands of Usd

	Notes (1)	As of December 31, 2016	As of December 31, 2015 (unaudited)	As of January 1, 2015 (unaudited)
Non-current assets				
Contracted concessional assets	5	196,161	196,166	239,562
Financial investments	6	382	392	481
Total non-current assets		**196,543**	**196,558**	**240,043**
Current assets				
Inventories		3	6	1
Trade and other receivables	6&7	9,369	4,693	20,219
Prepayments	6	305	295	288
Financial investments	5&6	25,359	34,510	41,509
Cash and cash equivalents	6&8	29,214	34,367	32,431
Total current assets		**64,250**	**73,871**	**94,447**
Total assets		**260,793**	**270,429**	**334,490**
Equity and liabilities				
Share capital	9	45,989	45,989	45,989
Legal reserve	9	4,457	3,484	2,165
Retained earnings		99,853	88,618	111,801
Profit/(loss) for the year		24,967	33,530	-
Currency translation differences		(33,933)	(30,346)	-
Total equity		**141,333**	**141,275**	**159,955**
Non-current liabilities				
Provisions		979	1,005	2,366
Long-term project debt		102,861	116,291	153,535
Total non-current liabilities	6&10	**103,840**	**117,296**	**155,900**
Current liabilities				
Related parties	6&14	4,302	2,073	5,165
Short-term project debt	6&10	11,207	9,644	11,495
Trade and other payables	6&10	110	141	1,974
Total current liabilities		**15,620**	**11,857**	**18,634**
Total equity and liabilities		**260,793**	**270,428**	**334,490**

(1) Notes 1 to 16 are an integral part of the financial statements

Income Statement
Amounts in thousands of Usd

	Notes (1)	For the year ended December 31, 2016	For the year ended December 31, 2015 (unaudited)
Revenue	12	47,828	54,409
Other operating income		12	2,462
Employee benefit expenses		(453)	(430)
Depreciation, amortization and impairment charges		(21)	(16)
Other operating expenses	12	(17,898)	(17,601)
Operating profit		**29,468**	**38,823**
Financial income	12	37	251
Financial expenses	12	(4,538)	(5,545)
Financial expenses, net		**(4,501)**	**(5,294)**
Profit before income tax		**24,967**	**33,530**
Income tax		-	-
Profit for the year		**24,967**	**33,530**

(1) Notes 1 to 16 are an integral part of the financial statements

Statements of comprehensive income
Amounts in thousands of Usd

	For the year ended December 31, 2016	For the year ended December 31, 2015 (unaudited)
Profit for the year	**24,967**	**33,530**
Items that may be subject to transfer to income statement		
Currency translation differences	(3,587)	(30,346)
Total comprehensive income for the year	**21,380**	**3,184**

Statements of changes in equity
Amounts in thousands of Usd

	Notes (1)	Share capital	Retained earnings	Legal reserve	Profit for the year	Currency translation differences	Total Equity
Balance as of January 1, 2015		**45,989**	**111,801**	**2,165**	**-**	**-**	**159,955**
Dividend distribution		-	(21,864)	-	-	-	**(21,864)**
Allocation to legal reserves		-	(1,319)	1,319	-	-	-
Profit for the year		-	-	-	33,530	-	**33,530**
Currency translation differences		-	-	-	-	(30,346)	**(30,346)**
Balance at December 31, 2015		**45,989**	**88,618**	**3,484**	**33,530**	**(30,346)**	**141,275**
Distribution of prior year result		-	32,557	973	(33,530)	-	-
Dividend distribution		-	(21,322)	-	-	-	**(21,322)**
Profit for the year		-	-	-	24,967	-	**24,967**
Currency translation differences		-	-	-	-	(3,587)	**(3,587)**
Balance at December 31, 2016		**45,989**	**99,853**	**4,457**	**24,967**	**(33,933)**	**141,333**

(1) Notes 1 to 16 are an integral part of the financial statements

Statements of cash flow
Amounts in thousands of Usd

	Notes (1)	For the year ended December 31, 2016	For the year ended December 31, 2015 (unaudited)
I. Profit for the year		**24,967**	**33,530**
Non-monetary adjustments			
Depreciation, amortization and impairment charges		21	16
Finance (income)/expenses		4,501	5,294
Other non-monetary items		3,336	(1,677)
II. Profit for the year adjusted by non-monetary items		**32,825**	**37,163**
III. Variations in working capital		**(3,391)**	**1,334**
Net interest paid		(4,535)	(5,313)
A. Net cash provided by operating activities		**24,899**	**33,184**
Investment in contracted concessional assets		(67)	(35)
B. Net cash used in investing activities		**(67)**	**(35)**
Repayment of Project debt		(8,659)	(9,120)
Dividends paid to company´s shareholders		(21,322)	(21,864)
C. Net cash provided by/ (used in) financing activities		**(29,982)**	**(30,985)**
Net increase/(decrease) in cash and cash equivalents		**(5,150)**	**2,165**
Cash and cash equivalents at beginning of the year		34,367	32,431
Translation differences on cash and cash equivalents		(4)	(228)
Cash and cash equivalents at end of the year		**29,214**	**34,367**

(1) Notes 1 to 16 are an integral part of the financial statements

Note 1.- Nature of the business

Myah Bahr Honaine S.p.a. ("MBH" or "the Company"), was incorporated in Algeria as a Société par actions on September 16, 2006.

The main activity of the Company is the operation of a water desalination plant located in Taffsout, Algeria, near three important cities: Oran, to the northeast, and Sidi Bel Abbés and Tlemcen, to the southeast. The offices are located in Dely Ibrahim, Alger (Algeria).

The technology selected for the Honaine plant is currently the most commonly used in this kind of project. It consists in desalination using membranes by reverse osmosis. MBH has a capacity of seven million of cubic feet (M ft3) per day of desalinated water and has been in operation since July 2012. The project serves a population of approximately 1 million.

The water purchase agreement is a U.S. dollar indexed 25-year take-or-pay contract with Sonatrach/Algerienne des Eaux ("ADE"), from Commercial Operation Date ("COD"). The tariff structure is based upon plant capacity and water production, covering variable cost (water cost plus electricity cost). Tariffs are adjusted monthly based on the indexation mechanisms that include local inflation, U.S. inflation and the exchange rate between the U.S. dollar and local currency.

The following table provides an overview of the concessional asset:

Asset	Type	Location	Capacity (Gross)	Counterparty Credit Ratings	COD(1)	Contract Years Left(2)
Honaine	Water	Algeria	7 M ft3/ day	Not rated	3Q 2012	21

(1) Commercial Operation Date ("COD").
(2) As of December 31, 2016.

On February 3, 2015, Atlantica Yield Plc ("Atlantica") completed the acquisition of 25.5% of MBH held by Abengoa. The Company is currently 49% owned by Algerian Energy Company, SPA ("AEC")[1] and 51% by Geida Tlemcen, S.L. At the same time, Geida Tlemcen S.L. is 50% owned by Sociedad Anonima Depuracion y Tratamientos ("Sadyt"), a subsidiary of Sacyr, S.A., and 50% by ABY Concessions Infrastructures, S.LU., a subsidiary of Atlantica (see Note 9).

Atlantica is a public limited company listed on the NASDAQ Global Select Market and incorporated in England and Wales. It is a total return company that owns, manages, and acquires renewable energy, conventional power, electric transmission lines and water revenue-generating assets, focused on North America (United States and Mexico), South America (Peru, Chile, Brazil and Uruguay) and Europe and Middle East (EMEA).

These financial statements of MBH as of and for the year ended December 2016, have been prepared in connection with Rule 3-09 of Regulation S-X, of the US Securities and Exchange Commission (SEC) which requires to file with the SEC, the separate financial statements of a significant equity method investee (see Note 2.2).

These financial statements were approved and authorized for issuance by Francisco Martinez Davis, Chief Executive Officer of Atlantica, on May 5, 2017.

[1] AEC is the Algerian agency in charge of delivering Algeria's large-scale desalination program. It is a joint venture set up in 2001 between the national oil and gas company, Sonatrach, and the national gas and electricity company, Sonelgaz. Each of Sonatrach and Sonelgaz owns 50% of AEC.

Note 2.- Basis of preparation

2.1. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standard (IAS) Board (hereinafter, IFRS-IASB) and show the equity and financial situation at December 31, 2016 and 2015, and January 1, 2015, as well as the gains and losses on its operations, changes in its equity and cash flow statement for the reporting period ended as of December 31, 2016 and 2015.

Although the Company has reported a reporting package under IFRS to Atlantica in the past in order to allow Atlantica to record the Company under the equity method in its consolidated financial statements following consistent accounting standards, these financial statements are prepared in accordance with IFRS 1, "First time adoption of IFRS". The Company has adopted all IFRS standards and the adoption was carried out in accordance with IFRS 1. The transition was carried out from accounting principles generally accepted in Algeria ("Algerian GAAP") which is considered as the Previous GAAP. An explanation of the effect of the transition from Previous GAAP to IFRS on the Company's equity as of January 1, 2015 and results of operations for the year 2015 is provided in Note 16.

Accounting policies have been applied consistently to all periods presented in these financial statements including the preparation of the IFRS opening statement of financial position as at January 1, 2015 ("Transition Date") for the purpose of the transition to IFRS and as required by IFRS 1.

In general, these financial statements have been prepared on a historical cost basis, except for those headings for which the aforementioned standards expressly mention a different mandatory measurement criterion. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These financial statements have been prepared under the going-concern assumption.

The Company does not have any subsidiary as of and for any period presented and the financial information presented herein only reflects the transactions related to MBH.

2.2. First-time application of IFRSs

These Company´s financial statements were prepared in accordance with IFRSs for the first time, although the Company has reported a reporting package under IFRS to Atlantica in the past in order to allow Atlantica to record the Company under the equity method in its consolidated financial statements following consistent accounting standards,

The Company´s financial statements under Previous GAAP for the years ended December 31, 2016, 2015 and 2014 were approved by the shareholders on April 19, 2017, April 11, 2016 and April 20, 2015, respectively. These are prepared in accordance with Algerian GAAP and, therefore, differ from the amounts included in these financial statements, which were prepared in accordance with IFRS-IASB.

MBH is considered a significant equity investment for Atlantica for the year ended December 31, 2016, based on Regulation S-X 210.3-09 Separate Financial Statements of Subsidiaries Not Consolidated and 50 Percent or Less Owned Persons. Therefore, Atlantica must prepare these separate financial statements prepared under IFRS-IASB. The Company will continue to prepare its annual financial statements in accordance with Algerian GAAP for local purposes and will continue to report to Atlantica under IFRS for consolidation purposes.

The Company selected January 1, 2015, as the Transition Date to IFRS, and applied IFRS 1 "First-time Adoption of International Financial Reporting Standards" at that date. Despite the fact that the acquisition of the Company was completed by Atlantica on February 3, 2015, the Company has applied all IFRSs effective to the opening statement of financial position on January 1, 2015. The effect of this assumption in financial statements is not material.

Adjustments to convert financial statements to IFRS are the same as the ones used in the reporting under IFRS the Company has historically been performing to Atlantica, and those applied in the preparation of the consolidated accounts of Atlantica, prepared under IFRS-IASB, and included within the 20-F filed with the SEC.

In accordance with IFRS 1, Note 16 includes the reconciliation of equity at the date of transition as well as of the results of operations for the year 2015 between Algerian GAAP and IFRS-IASB.

2.3. Application of new accounting standards

a) Standards, interpretations and amendments effective from January 1, 2016 under IFRS-IASB, applied by the Company in the preparation of these financial statements:

- Annual Improvements to IFRSs 2012-2014 cycles;

- IAS 1 (Amendment) ‘Presentation of Financial Statements’ under the disclosure initiative;

- IAS 27 (Amendment) ’Separate financial statements’ regarding the reinstatement of the equity method as an accounting option in separate financial statements;

- IAS 16 (Amendment) ’Property, Plant and Equipment’ and IAS 38 ’Intangible Assets’, regarding acceptable methods of amortization and depreciation;

- IFRS 11 (Amendment) ‘Joint Arrangements’ regarding acquisition of an interest in a joint operation;

- IAS 16 ‘Property, Plant and Equipment’ and 41 ‘Agriculture’ (Amendment) regarding bearer plants.

The impact of the application of these standards, amendments and interpretations is not significant.

b) Standards, interpretations and amendments published by the IASB that will be effective for periods beginning on or after January 1, 2017:

- IFRS 9 ’Financial Instruments’. This Standard will be effective from January 1, 2018 under IFRS-IASB, earlier applications is permitted;

- IFRS 15 ’Revenues from contracts with Customers’. IFRS 15 is applicable for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted;

- IFRS 16 ’Leases’. This Standard is applicable for annual periods beginning on or after January 1, 2019 under IFRS-IASB, earlier application is permitted, but conditioned to the application of IFRS 15;

- IAS 12 (Amendment) ‘Recognition for Deferred Tax for Unrealised Losses’. This amendment is mandatory for annual periods beginning on or after January 1, 2017 under IFRS-IASB, earlier application is permitted;

- IAS 7 (Amendment) ‘Disclosure Initiative’. This amendment is mandatory for annual periods beginning on or after January 1, 2017 under IFRS-IASB, earlier application is permitted;

- IFRS 15 (Clarifications) ’Revenues from contracts with Customers’. This amendment is mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted;

- IFRS 2 (Amendment) ‘Classification and Measurement of Share-based Payment Transactions’. This amendment is mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted;

- IFRS 4 (Amendment). Applying IFRS 9 ‘Financial Instruments’ with IFRS 4 ‘Insurance Contracts’. This amendment is mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted;

- IFRIC Interpretation 22 ’Foreign Currency Transactions and Advance Consideration’, mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted;

- IAS 40 (Amendment) ’Transfers of Investment Property’. This amendment is mandatory for annual periods beginning on or after January 1, 2018 under IFRS-IASB, earlier application is permitted;

Although the application of the afore mentioned standards is still under analysis, the Company does not anticipate the effect of the application of any of the above standards, interpretations or amendments to have a significant effect in the financial statements of the Company.

2.4. Critical accounting policies and estimates

Some of the accounting policies applied require the application of significant judgment by management to select the appropriate assumptions to determine these estimates. These assumptions and estimates are based on historical experience, advice from experienced consultants, forecasts and other circumstances and expectations as of the close of the financial period. The assessment is considered in relation to the global economic situation of the industry and region where the Company operates, taking into account future development of the businesses. By their nature, these judgments are subject to an inherent degree of uncertainty; therefore, actual results could materially differ from the estimates and assumptions used. In such cases, the carrying values of assets and liabilities are adjusted.

The most critical accounting policies, which reflect significant management estimates and judgment to determine amounts in these financial statements, are Contracted concessional agreements (see Note 3.1.).

As of the date of preparation of these financial statements, no relevant changes in the estimates made are anticipated and, therefore, no significant changes in the value of the assets and liabilities recognized at December 31, 2016, are expected.

Although these estimates and assumptions are being made using all available facts and circumstances, it is possible that future events may require management to amend such estimates and assumptions in future periods. Changes in accounting estimates are recognized prospectively, in accordance with IAS 8, in the income statement of the year in which the change occurs.

2.4.1. Useful lives of contracted concessional assets items

The useful lives of contracted concessional assets are estimated in accordance with the foreseeable life cycles for the use of desalination plants. The Company reviews the useful lives of the plant every year. In the case of technical innovations and changes in the cycles of the sector in which it operates, the Company determine whether it is necessary to correct that estimate, and if the estimate differs from that previously performed, the effect of the change is accounted on a prospective basis beginning from the year in which the change is made.

2.4.2. Revenue recognition

As mentioned in Note 1, MBH signed a "public-to-private" arrangement to build, operate and transfer of a concessional infrastructure for a 25 year period which includes the design of the infrastructure, as well as the services related to its operation and maintenance for the period agreed.

Consequently, as per the provisions of International Financial Reporting Interpretations Committee 12 ("IFRIC 12"), the Company recognized a financial asset at the fair value of the construction services and measured revenue and costs for providing construction services during the period of construction of the infrastructure in accordance with IAS 11 "Construction Contracts".

Project name	Country	Period of Concession	Offtaker	Arrangement Terms (price)	Description of the Arrangement
Honaine	Algeria	25 Years	Sonatrach & ADE	U.S. dollar indexed take-or-pay contract with Sonatrach / ADE	25 years purchase agreement

The financial asset is subsequently recorded at amortized cost calculated according to the effective interest method. Revenue from operations and maintenance services is recognized in each period according to IAS 18 "Revenue". The remuneration of managing and operating the asset resulting from the valuation at amortized cost is also recorded in revenue.

2.5. Functional currency and presentation currency

The financial statements are presented in thousands of US Dollars (Usd). The functional currency of the Company is the Dinar (Dzd).

The conversion to the presentation currency from the functional currency has been performed using the following procedures:

- Assets and liabilities for each statement of financial position presented were translated at the closing rate;
- For each period presented, income and expenses in the period were translated at the average exchange rate of the period;
- All resulting exchange differences were recognized in the other comprehensive income.

The conversion to the presentation currency has a negative impact in equity, within the line Other comprehensive income, of $33,933 thousand and $30,346 thousand as of December 31, 2016 and 2015, respectively.

Note 3.- Significant accounting policies

These are the principal accounting policies used in preparing these financial statements:

3.1. Contracted Concessional Assets

Contracted concessional assets include fixed assets financed through project debt, related to service concession arrangements recorded in accordance with IFRIC 12.

The application of IFRIC 12 requires extensive judgment in relation with, among other factors, (i) the identification of certain infrastructures and 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 timing and recognition of the revenue from construction and concessionary activity.

The Company recognizes a financial asset as the demand risk is assumed by the grantor, to the extent that the concession holder has an unconditional right to receive payments for the asset and the only substantial risk of non-recovery of the initial investment is credit deterioration of the counterparty.

This asset was initially recognized at the fair value of the construction services provided, in accordance with IAS 11. The financial asset is subsequently recorded at amortized cost calculated according to the effective interest method. Revenue from operations and maintenance services is recognized in each period according to IAS 18 “Revenue”. The remuneration of managing and operating the asset resulting from the valuation at amortized cost is also recorded in revenue.

3.2. Financial investments

Financial investments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

The classification of financial investments depends on the nature and purpose for which they were acquired. Management determines the classification of its financial assets at initial recognition.

Financial investments held by the Company other than Contracted concessional assets are classified as ‘Trade and other receivables’.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments, not listed on an active market. After initial recognition, they are measured at amortized cost in accordance with the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade and other receivables are assessed for indicators of impairment at the end of each reporting period. Trade receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company’s past experience of collecting payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Pursuant to IAS 39, an impairment loss is recognized if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial effective interest rate.

3.3. Financial liabilities

Financial liabilities include project debt and trade and other payables, which are further described in Note 10.

Borrowings and trade and other payables are initially measured at fair value, net of transaction costs incurred. They are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds initially received (net of transaction costs incurred in obtaining such proceeds) and the repayment value is recognized in the income statement over the duration of the borrowing using the effective interest rate method.

3.4. Related party transactions

In general, operations with related parties are initially recorded at their fair value. The subsequent valuation is made in accordance with the terms set out in the corresponding regulations (refer to Note 14).

3.5. Cash and cash equivalents

Cash and cash equivalents include cash in 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.

3.6. Classification of assets and liabilities as current or non-current.

The Company presents the statement of financial position classifying assets and liabilities between current and non-current. For these purposes, assets and liabilities are considered current if they meet the following criteria:

- Assets are classified as current if it is expected that they will be realized, sold or consumed within twelve months from the date of close;

- Liabilities are classified as current if it is expected that they will be settled within twelve months from the date of close, or the Company does not have the unconditional right to defer the cancellation of the liabilities during the twelve months following the date of close.

Note 4.- Financial risk management

Financial risk factors

The activities carried out by the Company are exposed to different financial risks: market risk, credit risk and liquidity risk.

Management of the Company seeks to minimize the potential adverse effects of these risks on the Company’s financial profitability.

Market risk

The Company is not exposed to interest rate risk considering its debt is at a fixed interest rate. Tariffs of the water purchase agreement are adjusted monthly based on the indexation mechanisms that include local inflation, U.S. inflation and the exchange rate between the U.S. dollar and the local currency.

Credit risk

The Company considers that it has limited credit risk with clients as revenues are derived from revenue contracted agreement with state-owned entities.

Liquidity risk

The aim of the Company’s liquidity and financing policy is to ensure that the Company has sufficient availability of funds to meet its financial commitments.

The Company aims to have adequate capacity for the repayment of its debt in relation to its cash generation capacity.

The Company has a project financing in place. The repayment profile of this debt is established on the basis of the projected cash flow generation of the business. This ensures that sufficient financing is available to meet deadlines and maturities, which mitigates the liquidity risk significantly.

Note 5.- Contracted concessional assets

The amounts and variations registered during the 2016 and 2015 financial year for Contracted concessional assets were:

	Balance as of December 2015 (unaudited)	Additions	Disposals/Other movement	Currency translation differences	Balance as of December 2016
Property plant and equipment - gross	205	7	(9)	(5)	197
Accumulated depreciation	(136)	(4)	9	3	(127)
Property plan equipment, net	**69**	**3**	**-**	**(2)**	**70**
Financial assets	**196,097**	**4,973**	**-**	**(4,979)**	**196,091**
Total contracted concessional assets	**196,166**	**4,975**	**-**	**(4,980)**	**196,161**

	Balance as of January 1, 2015 (unaudited)	Additions	Disposals/Other movement	Currency translation differences	Balance as of December 2015 (unaudited)
Property plant and equipment - gross	214	32	-	(42)	205
Accumulated depreciation	(148)	(16)	-	28	(136)
Property plan equipment, net	**66**	**16**	**-**	**(13)**	**69**
Financial assets	**239,496**	**953**	**-**	**(44,352)**	**196,097**
Total contracted concessional assets	**239,562**	**969**	**-**	**(44,365)**	**196,166**

Contracted concessional assets include mainly the water plant financed through project debt which is accounted for as a financial liability (see Note 10), and relating to service concession arrangements, which is accounted for as a financial asset in accordance with IFRIC 12. The current portion of this financial asset amounts to $ 25.4 million and $ 34.5 million as of December 31, 2016 and 2015 respectively (Note 6.1.).

Property plan and equipment primarily include surface rights, furniture, information processing and transportation equipment's.

No losses from impairment of "Contracted concessional assets" were recorded during 2016 and 2015.

Note 6.- Breakdown of financial instruments

6.1. The breakdown of the financial assets as of December 31, 2016, 2015 and January 1, 2015 is as follows:

	Balance as of December 31, 2016	Balance as of December 31, 2015 (unaudited)	Balance as of January 1, 2015 (unaudited)
Clients (Note 7)	9,271	4,389	20,219
Prepayments	305	295	288
IRS supported VAT (Note 11)	99	304	-
Financial investments	25,741	34,902	41,990
Of which, non-current portion	382	392	481
Of which, current portion	25,359	34,510	41,509
Cash and cash equivalents (Note 8)	29,214	34,367	32,431
Total	**64,630**	**74,256**	**94,927**

As of December 31, 2016, financial investments include the current portion of contracted concessional assets (Note 5).

6.2. The breakdown of long-term financial liabilities as of December 31, 2016, 2015 and January 1, 2015 is as follows:

	Balance as of December 31, 2016	Balance as of December 31, 2015 (unaudited)	Balance as of January 1, 2015 (unaudited)
Long-term project debt (Note 10)	102,861	116,291	153,535
Provisions (Note 10)	979	1,005	2,366
Total	**103,840**	**117,296**	**155,900**

The breakdown of short-term financial liabilities as of December 31, 2016, 2015 and January 1, 2015 is as follows:

	Balance as of December 31, 2016	Balance as of December 31, 2015 (unaudited)	Balance as of January 1, 2015 (unaudited)
Related parties (Note 14)	4,302	2,073	5,165
Short-term project debt (Note 10)	11,207	9,644	11,495
Trade accounts payable and other (Note 10)	110	141	1,974
Total	**15,620**	**11,857**	**18,634**

6.3. Analysis by maturities

Amounts of financial instruments with a maturity which is defined or which may be defined classified by year of maturity are as follows:

As of December 31, 2016:

Financial assets	**2017**	**Subsequent years**	**Total**
Clients	9,271	-	9,271
Prepayments	305	-	305
IRS supported VAT	99	-	99
Financial investments	25,359	382	25,741
Total	**35,033**	**382**	**35,415**

Financial liabilities	**2017**	**2018**	**Subsequent years**	**Total**
Debt with related parties	4,302	-	-	4,302
Project debt	11,207	9,305	93,556	114,068
Trade accounts payable and other	110	-	-	110
Provisions	-	-	979	979
Total	**15,620**	**9,305**	**94,535**	**119,460**

As of December 31, 2015 (unaudited):

Financial assets	2016	Subsequent years	Total
Clients	4,389	-	4,389
Prepayments	295	-	295
IRS Supported VAT	304	-	304
Financial investments	34,510	392	34,902
Total	**39,497**	**392**	**39,889**

Financial liabilities	2016	2017	Subsequent years	Total
Debt with related parties	2,073	-	-	2,073
Project debt	9,644	9,192	107,099	125,935
Trade accounts payable and other	141	-	-	141
Provisions	-	-	1,005	1,005
Total	**11,857**	**9,192**	**108,104**	**129,153**

As of January 1, 2015 (unaudited):

Financial assets	2015	Subsequent years	Total
Clients	20,219	-	20,219
Prepayments	288	-	288
IRS Supported VAT	-	-	-
Financial investments	41,509	481	41,990
Total	**62,016**	**481**	**62,497**

Financial liabilities	2015	2016	Subsequent years	Total
Debt with related parties	5,165	-	-	5,165
Project debt	11,495	10,859	142,676	165,030
Trade accounts payable and other	1,974	-	-	1,974
Provisions	-	-	2,366	2,366
Total	**18,634**	**10,859**	**145,042**	**174,534**

Note 7.- Trade and other receivables

The details of trade and other receivables as of December 31, 2016, 2015 and January 1, 2015 are as follows:

	Balance as of December 31, 2016	Balance as of December 31, 2015 (unaudited)	Balance as of January 1, 2015 (unaudited)
Clients	9,271	4,389	20,219
IRS Supported VAT	99	304	-
Total	**9,369**	**4,693**	**20,219**

The balance indicated in clients fully refers to collection rights with ADE and risk of its balances is minimal, as the collection period is lower than three months.

There were no provisions for impairment losses of loans and accounts receivable at December 31, 2016, 2015 and January 1, 2015.

Note 8.- Cash and cash equivalents

Cash and cash equivalents corresponds entirely to cash on hand as of December 31, 2016 and 2015.
Cash at hand represent liquid resources held in bank accounts.

Note 9.- Capital and reserves

As of December 31, 2016, and 2015 and January 1, 2015 the share capital is DZD 4,015,000 thousand comprising 401,500 ordinary shares of one single class and series, all vested with identical economic and voting rights, of a face value of DZD 10,000 each, fully subscribed and paid.

The percentage of ownership of the shareholders of the Company is as follows:

	% of shares
Algerian Energy Company, SPA	49%
Geida Tlemcen, S.L.	51%
Total	**100%**

Legal reserve

In accordance with Article 721 of the Algerian *Code de Commerce*, a figure equal to 5% of the profit of the financial year must be used to create a legal reserve until it reaches the level of at least 10% of the share capital. This reserve may not be distributed. As of December 31, 2016, the legal reserve represents a 10% of the share capital.

On April 20, 2015, the shareholders of the Company approved during the ordinary shareholder´s meeting to declare a dividend of DZD 2,188,175,000, accounting for a dividend per share of DZD 5,445.

On April 11, 2016, the shareholders of the Company approved during the ordinary shareholder´s meeting to declare a dividend of DZD 2,334,321,000, accounting for a dividend per share of DZD 5,814.

Note 10.- Project debt and other payables

The breakdown of project debt and other payables as of December 31, 2016, 2015 and January 1, 2015 are as follows:

Item	Balance as of December 31, 2016	Balance as of December 31, 2015 (unaudited)	Balance as of January 1, 2015 (unaudited)
Long-term debt and payable			
Provisions	979	1,005	2,366
Project debt	102,861	116,291	153,535
Total long-term debt and payable	**103,840**	**117,296**	**155,900**
Short-term debt and Other payables			
Project debt	11,207	9,644	11,495
Payables to related parties	4,302	2,073	5,165
Trade accounts payable and other	110	141	1,974
Total short-term debt and payable	**15,620**	**11,857**	**18,634**
Total debt and other payables	**119,460**	**129,153**	**174,534**

Long and short-term project debt corresponds to the facility agreement, signed in May 2007 and amended in November 2008 and June 2013 with Crédit Populaire d'Algerie, or CPA. The final amount of the loan drawn down was DZD 16,042 million and it accrues a fixed-rate interest of 3.75%. The repayment schedule of this debt is made up of sixty quarterly payments, ending in April 2027.

The carrying value of other liabilities such as trade payables approximates the fair value, given the nature and maturity of these liabilities.

Note 11.- Tax position

The company is registered to the ANDI "Agence Nationale de Developpement de L`investissement". This registration grants advantage for companies who invest in Algeria and register to this agency with some conditions. The Company gets from this agency the following benefits:

- Exemptions from the income tax ("IBS");

- Exemption from tax on professional activity ("TAP").

These benefits are for 10 years from the beginning of the project, being December 11, 2011. After that period, in case the exemption is not extended, a claim may be made under the water purchase agreement for compensation in the tariff.

Due to this income tax exemption, the Company has not registered any income tax asset or liability.

The detail of the current tax receivables and payables as of December 31, 2016, 2015 and January 1, 2015 is as follows:

	Balance as of December 31, 2016	Balance as of December 31, 2015 (unaudited)	Balance as of January 1, 2015 (unaudited)
VAT refundable	99	296	-
Total	**99**	**296**	**-**

As of December 31, 2016, 2015 and January 1, 2015, the Company has open-inspection with the tax authorities.

Note 12.- Revenue and Expenses

12.1. Revenue for the years ended December 31, 2016 and 2015 amount to $52,207 thousand and $54,409 thousand respectively, and fully relate to the water purchase agreement.

12.2. Breakdown of Other operating expenses for the years ended December 31, 2016 and 2015 is as follows:

Other operating expenses	**For the year ended December 31, 2016**	**For the year ended December 31, 2015 (unaudited)**
Operation and maintenance	(10,862)	(11,125)
Leases	(194)	(199)
External technical services	(102)	(198)
Insurance premiums	(638)	(665)
Customs duties	(101)	(136)
Supplies	(5,632)	(4,915)
Other expenses	(369)	(364)
Total other operating expenses	**(17,898)**	**(17,601)**
Related parties (Note 14)	(10,862)	(11,125)
Other than related parties	(7,037)	(6,477)

Other operating expenses mainly relates to operation and maintenance for which MBH signed an operation and maintenance contract and a membrane and chemical products supply contract with UTE Honaine O&M (a joint venture between Abengoa Water, S.L. and Sacyr, S.A., each holding 50%). This transaction with Abengoa Water S.L. is considered a related party transaction (see Note 14).

The O&M agreement is a 25-year contract from COD and is composed of a fixed fee and a variable component. The fixed O&M cost covers mainly structural and staff costs. The variable O&M cost covers the chemical products, filters cost and membranes costs related to the water production.

12.3. Breakdown of financial result for the years ended December 31, 2016 and 2015 is as follows:

Financial result	**For the year ended December 31, 2016**	**For the year ended December 31, 2015 (unaudited)**
Financial income	37	251
Interest related to project debt	(4,538)	(5,545)
Total financial result	**(4,501)**	**(5,294)**
Other than related parties	(4,501)	(5,294)

The decrease of the financial result is mainly due to the effect of the repayment schedule of the project debt, which has decreased by $8.7 million during the year 2016 (see Note 10).

Note 13.- Guarantees undertaken with Third Parties and Other Contingent Liabilities

The overall sum of the guarantees undertaken with third parties at December 31, 2016, 2015 and January 1, 2015 are as follows:

	Balance as of December 31, 2016	**Balance as of December 31, 2015 (unaudited)**	**Balance as of January 1, 2015 (unaudited)**
Guarantees	-	-	5,800

As of January 1, 2015, the guarantees were related to the water purchase agreement in favor of ADE to guaranty payment of potential penalties further to delays in the construction of the plant. Payment of these potential penalties was finally not due and these guarantees were cancelled on October 29, 2015.

Note 14.- Related Parties

The breakdown of balances and transactions with related parties as of December 31, 2016, 2015 and January 1, 2015 is as follows:

As of December 31, 2016:

Company		Short term payables
Geida Tlemcen, S.L.	Shareholder	1
Sadyt, S.A.	O&M	2,827
Abengoa Water, S.L.	O&M	864
Algerian Energy Company SPA	Shareholder	152
Sonelgaz SPA	Affiliate	459
Total		**4,302**

Company		Operating expenses
Sadyt, S.A.	O&M	(6,447)
Abengoa Water, S.L.	O&M	(4,414)
Total		**(10,862)**

As of December 31, 2015:

Company		Short term payables (unaudited)
Geida Tlemcen, S.L.	Shareholder	1
Sadyt, S.A.	O&M	1,257
Abengoa Water, S.L.	O&M	423
Sonelgaz SPA	Affiliate	392
Total		**2,073**

Company		Operating expenses (unaudited)
Sadyt, S.A.	O&M	(6,331)
Abengoa Water, S.L.	O&M	(4,793)
Total		**(11,125)**

As of January 1, 2015:

Company		Short term payables (unaudited)
Geida Tlemcen, S.L.	Shareholder	1
Sadyt, S.A.	O&M	1,960
Abengoa Water, S.L.	O&M	2,837
Sonelgaz SPA	Affiliate	367
Total		**5,165**

Note 15.- Subsequent Events

On April 19, 2017, the shareholders of the Company approved during the ordinary shareholder´s meeting to declare a dividend of DZD 1,359,479,000, accounting for a dividend per share of DZD 3,386.

Note 16.- Effects of the adoption of the IFRS on the financial statements

Statement of financial position as of January 1, 2015 (unaudited)
Amounts in thousands of Usd

	Previous GAAP As of January 1, 2015	Effect of adoption of IFRS	Note	IFRS As of January 1, 2015 (unaudited)
Non-current assets				
Contracted concessional assets	195,653	43,909	(a)	239,562
Financial investments	481	-		481
Total non-current assets	**196,134**	**43,909**		**240,043**
Current assets				
Inventories	1	-		1
Trade and other receivables	20,219	-		20,219
Prepayments	288	-		288
Financial investments	-	41,509	(a)	41,509
Cash and cash equivalents	32,431	-		32,431
Total current assets	**52,938**	**41,509**		**94,447**
Total assets	**249,072**	**85,418**		**334,490**
Equity and liabilities				
Share capital	45,989	-		45,989
Legal reserve	2,165	-		2,165
Retained earnings	26,383	85,418	(a)	111,801
Profit for the year	-	-		-
Total equity	**74,537**	**85,418**		**159,955**
Non-current liabilities				
Provisions	2,366	-		2,366
Long-term project debt	165,030	(11,495)	(b)	153,535
Total non-current liabilities	**167,395**	**(11,495)**		**155,900**
Current liabilities				
Related parties	5,165	-		5,165
Short-term project debt	-	11,495	(b)	11,495
Trade and other payables	1,974	-		1,974
Total current liabilities	**7,139**	**11,495**		**18,634**
Total equity and liabilities	**249,072**	**85,418**		**334,490**

Statement of financial position as of December 31, 2016
Amounts in thousands of Usd

	Previous GAAP As of December 31, 2016	Effect of adoption of IFRS	Note	IFRS As of December 31, 2016
Non-current assets				
Contracted concessional assets	141,698	54,462	(a)	196,161
Financial investments	382	-		382
Total non-current assets	**142,080**	**54,462**		**196,543**
Current assets				
Inventories	3	-		3
Trade and other receivables	9,369	-		9,369
Prepayments	305	-		305
Financial investments	-	25,359	(a)	25,359
Cash and cash equivalents	29,214	-		29,214
Total current assets	**38,891**	**25,359**		**64,250**
Total assets	**180,972**	**79,821**		**260,793**
Equity and liabilities				
Share capital	45,989	-		45,989
Legal reserve	4,373	-		4,373
Retained earnings	4	97,054	(a)	97,058
Profit/(loss) for the year	12,415	12,553	(a)	24,967
Currency translation differences	(10,220)	(20,835)		(31,055)
Total equity	**52,561**	**88,772**		**141,333**
Non-current liabilities				
Provisions	979	-		979
Long-term project debt	114,068	(11,207)	(b)	102,861
Total non-current liabilities	**115,048**	**(11,207)**		**103,840**
Current liabilities				
Related parties	4,302	-		4,302
Short-term project debt	-	11,207	(b)	11,207
Trade and other payables	9,060	(8,950)		110
Total current liabilities	**13,363**	**2,257**		**15,620**
Total equity and liabilities	**180,972**	**79,821**		**260,793**

Income Statement for the year ended December 31, 2016

Amounts in thousands of Usd

	Previous GAAP For the year ended December 31, 2016	Effect of adoption of IFRS	Note	IFRS For the year ended December 31, 2016
Revenue	51,164	(3,336)	(a)	47,828
Other operating income	12	-		12
Employee benefit expenses	(453)	-		(453)
Depreciation, amortization and impairment charges	(6,925)	6,905	(a)	(21)
Other operating expenses	(26,882)	8,984	(a)	(17,898)
Operating profit	**16,916**	**12,553**		**29,468**
Financial income	37	-		37
Financial expenses	(4,538)	-		(4,538)
Financial expenses, net	**(4,501)**	**-**		**(4,501)**
Profit before income tax	**12,415**	**12,553**		**24,967**
Income tax	-	-		-
Profit for the year	**12,415**	**12,553**		**24,967**

(a) The Company accounted for the water plant as a tangible asset under Previous GAAP, whereas it is accounted for as a financial asset in accordance with IFRIC12 under IFRS-IASB. As a tangible asset, the cost of construction of the plant is recognized when incurred, including any financial costs incurred during the construction period, and it is then amortized over the useful life of the plant. Revenue is recognized in the Income statement from COD for the plant capacity made available and water production provided in each period. As a financial asset under IFRIC 12, cost of construction of the plant is recognized when incurred, excluding any financial costs incurred during the construction period, which are expensed to the Income statement. Revenue is calculated and recognized in the Income statement according to the effective interest method.

As a result, following adjustments to the accounts of the Company prepared under Previous GAAP to obtain accounts under IFRS, are required:

- Contracted concessional assets and Financial investments short-term: net book value of the tangible asset is replaced by the amortized cost of the financial asset, and the short-term portion of the financial asset is presented within the line Financial investments;

- Revenue: revenue calculated according to the effective interest method may differ from the amounts invoiced by the Company in each period;

- Depreciation, amortization and impairment charges: depreciation of the tangible asset under Previous GAAP is reversed;

- Retained earnings: difference is primarily due to the accounting treatment of finance costs during the construction period, different revenue recognition method and depreciation charge of the tangible asset under Previous GAAP.

(b) Under Previous GAAP, there is no distinction between short-term and long-term of the Project debt. The Company reflected under IFRS the short-term part of the Project debt as such, whereas it is entirely shown as long-term under Previous GAAP.