



CLASE 8.^a



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SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
and subsidiaries

Independent audit report, Consolidated annual
accounts as of 31 December 2017 and
Consolidated Management Report for fiscal
year 2017

**AUDIT REPORT ON CONSOLIDATED ANNUAL ACCOUNTS
ISSUED BY AN INDEPENDENT AUDITOR**

To the shareholders of SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.:

Opinion

We have audited the consolidated annual accounts of SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A. (the Parent Company, formerly SOLARPACK CORPORACIÓN TECNOLÓGICA, S.L.), and its Subsidiaries (the Group), which include the balance sheet on 31 December 2017, the profit and loss account, the statement of global performance, the statement of changes in equity, the statement of cash flow and the report, all consolidated, corresponding to the fiscal year ended on that date.

In our opinion, the attached consolidated annual accounts express, in all significant aspects, the true image of the equity and financial situation of the Group on 31 December 2017, as well as its performance and cash flows, all consolidated, corresponding to the fiscal year ended on that date, in accordance with the International Financial Reporting Standards, adopted by the European Union (UE-IFRS), and all other provisions of the regulatory framework for financial reporting applicable in Spain.

Basis of opinion

We have carried out our audit in accordance with the rules on the activity of accounts audit existing in Spain. Our responsibilities in accordance with these standards are described later in the Auditor's Responsibilities section in relation to the audit of the consolidated annual accounts in our report.

We are independent from the Group in accordance with all ethical requirements, including those of independence, applicable in Spain to our audit of the consolidated annual accounts, as required by the regulatory framework for accounts auditing. In this sense, we have not provided services other than the accounts audit, and no situations or circumstances have concurred that, under the provisions of the aforementioned regulatory framework, may have affected and compromised the necessary independence.

We consider that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, are deemed to be the most significant material misstatement risks in our audit of the consolidated annual accounts for the current period. These risks have been addressed in the context of our audit of the consolidated annual accounts as a whole, as well as during the formation of our opinion thereon, and we do not state a separate opinion on those risks.

[left margin:] AUREN AUDITORES SP, SLP. C.I.F.: B-87352357 registered at the Mercantile Register of Madrid, on volume 33.829 sheet 89. Section 8, Page number M-60879, 1st entry, ROAC. S2347, Avda. General Perón, 38 28020 MADRID





Stock valuation

The main activity of the Group is the design, construction and sale of photovoltaic parks. The magnitude of the inventory heading at year-end is determined by the number of parks that the Group is developing, and the stage in which they are at the date. The Group evaluates the recoverable value of the costs incurred in each park, in order to identify and determine possible impairment, based on the estimation of the value of cash flows derived from it, while considering also existing acquisition offers, if any. The estimation of cash flows requires the use of significant judgements by the Group's management. This fact together with the relative importance of these assets has led us to consider stock valuation as a significant aspect in our audit.

Our audit procedures to address this issue have included an understanding of the criteria of cost allocation to stock valuation implanted by the Group, as well as the judgements by the management to estimate its recoverable value. Additionally, we have carried out substantive procedures for, among others, verifying reasonableness and correct imputation, to each of the parks, of the costs incurred. We have also evaluated the reasonableness of the criteria used by the Group to estimate possible impairment, by reviewing and analysing the reasonableness of future cash flows, the discount rate used and the main key assumptions used in its determination, and by comparing projected annual flows with those actually obtained in fiscal year 2017.

Likewise, we have evaluated that the information disclosed in the consolidated annual accounts complies with the requirements of the regulatory framework for financial reporting applicable to the company.

Other issues

As indicated in Note 1.1 of the accompanying report, the consolidated annual accounts for fiscal year 2017 were drawn up by the Board of Directors of Solarpack Corporación Tecnológica, S.A. on 4 April 2018 and approved by the General Meeting on 29 June 2018. Subsequent to this date, the Board of Directors drew up consolidated interim financial statements for the six-month period ended on 30 June 2018. In this process, certain issues that have required the modification of certain amounts for the year 2017 were revealed, as it was deemed convenient to include certain information and additional breakdowns. As a result of the aforementioned situation, on 6 October 2018 the Board of Directors proceeded to the reformulation of the accompanying consolidated annual accounts and consolidated management report for 2017, which completely replace those initially formulated by the Board of Directors on 4 April 2018. Likewise, this audit report completely replaces the audit report we issued on 4 June 2018, in relation to the initial consolidated annual accounts.

As indicated in Note 1.1 of the accompanying report, the accompanying consolidated reformulated annual accounts for fiscal year 2017 include amendments from previous years. Given this circumstance, on the one hand, the figures for the years 2016 and 2015, included for comparative purposes in these consolidated annual accounts, do not coincide with those corresponding to the annual accounts for 2016 and 2015, formulated by the Board of Directors on 31 March 2017 and 31 March 2016, respectively, and on the other hand, under the International Financial Reporting Standards, they include the opening balance for fiscal year 2015.

Further information: Consolidated management report

The other information comprises exclusively the consolidated management report for the year 2017, the formulation of which is the responsibility of the directors of the Parent Company and is not an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility for the consolidated management report, under the requirements of the regulating framework regulatory framework for accounts auditing, is evaluating and reporting on the consistency of the consolidated management report with the consolidated annual accounts, based on our knowledge of the Group obtained while preparing the audit for the aforementioned accounts and without including other information than that obtained as evidence during the audit. Likewise, our responsibility is to evaluate and report on whether the content and presentation of the consolidated management report are in accordance with the applicable regulations. If, based on the work we have done, we conclude that there are material misstatements, we are obliged to report it.

Based on the work carried out, as described in the previous paragraph, the information contained in the consolidated management report agrees with the consolidated annual accounts for fiscal year 2017 and both the content and presentation in accordance with the applicable regulations.

Responsibility of the directors of the Parent Company in relation to the consolidated annual accounts

The Directors of the Parent Company are responsible for formulating the accompanying consolidated annual accounts, in such a way that they express a true and fair view of the equity, the financial situation and consolidated performance of the Group, in accordance with the UE-IFRS and other provisions of the regulatory framework on financial information applicable to the Group in Spain, and with the internal control deemed necessary to enable the preparation of consolidated annual accounts without material misstatement due to fraud or error.

In the preparation of the consolidated annual accounts, the directors of the Parent Company are responsible for assessing the Group's ability to continue as a going concern, revealing, as appropriate, the issues related to the going concern and using the accounting principle of going concern unless the directors of the parent company intend to liquidate the Group or cease operations, or there is no other realistic alternative.

Responsibilities of the auditor in relation to the audit of the consolidated annual accounts

Our purpose is to obtain reasonable assurance that the consolidated annual accounts as a whole are free from material misstatement, due to fraud or error, and issue an audit report that contains our opinion.

Reasonable security is a high degree of security, but it does not guarantee that an audit carried out in accordance with the regulatory framework for accounts auditing in force in Spain will always detect any material misstatement when they exist. Misstatements may be due to fraud or error and are considered material if, individually or in an aggregate manner, they can reasonably be expected to influence the economic decisions that users make based on the consolidated annual accounts.

As part of an audit in accordance with the regulatory framework for accounts auditing in force in Spain, we apply our professional judgement and maintain an attitude of professional scepticism throughout the audit. Additionally:





- We identify and assess the risks of material misstatement in the consolidated annual accounts, due to fraud or error, we design and apply audit procedures to respond to such risks and we obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of accounting estimates and the corresponding information disclosed by the directors of the Parent Company.
- We make conclusions on whether the utilisation by the directors of the Parent Company of the principle of going concern is adequate and, we conclude whether or not there is material uncertainty related to events or conditions that may generate significant doubts about the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the consolidated annual accounts or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the evidence obtained to date from our audit report. However, future events or conditions may cause the Group to cease to be a going concern.
- We evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosed information, and whether the consolidated annual accounts represent the underlying transactions and events in a way that is able to express a true image.
- We obtain sufficient and adequate evidence in relation to the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and preparation of the Group's audit. We bear full responsibility for our audit opinion.

We communicate with the directors of the Parent Company regarding, among other matters, the planned scope and timing of the audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the significant risks that have been reported to the directors of the Parent Company, we determine those that have been of the greatest significance in the audit of the consolidated annual accounts for the current period as they are, consequently, the most significant risks.

We describe these risks in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

AUREN AUDITORES SP, SLP
Registered in ROAC No. S2347

[illegible signature]

Juan Ignacio Irígoras Olabarria
Registered in ROAC No. 18810
8 November 2018

[Corporate stamp of the Institute of Sworn Independent Accountants of Spain, stating it is subject to the Spanish and International Audit Law]

AUREN AUDITORES SP, SLP
2018 No. 03/18/03675

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Antea

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AUDIT AND ASSURANCE



I, Enrique Íñiguez Rodríguez, Sworn Translator of the English language, certified by the Spanish Ministry of Foreign Affairs, do hereby certify this is a full and faithful translation of a certificate written in the Spanish language. Witness my hand and seal on this 20th day of November, 2018.

Don Enrique Íñiguez Rodríguez, Traductor-Intérprete Jurado de inglés nombrado por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

En Bristol, 20 de noviembre de 2018



Enrique Íñiguez Rodríguez
Nº 7926

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.



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SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A. and Subsidiaries

Consolidated annual accounts for
the fiscal year finishing on
31 December 2017

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SOLARPACK CORPORACION TECNOLOGICA, S.A. AND SUBSIDIARIES

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CONSOLIDATED BALANCE AS OF 31 DECEMBER 2017, 2016, 2015 AND 1 JANUARY 2015
(In Euros)

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	Note	As of 31 December		As of 1
		2017	2016 (*)	January 2015 (*)
ASSETS				
Non-current assets				
Tangible fixed assets	6	5.196.459	5.572.208	5.568.950
Fixed assets material-photovoltaic solar plants		4.767.131	5.086.536	5.451.734
Tangible fixed assets-rest		429.328	485.673	117.216
Goodwill		0	0	714.027
Other intangible assets		85.762	2.592	277
Non-current financial assets	7	4.485.072	2.710.440	2.454.123
Investments in associates	7	2.115.409	3.107.769	975.815
Deferred tax assets	20	4.143.075	2.342.859	7.557.531
Other non-current assets	8	453.247	1.009.826	1.266.470
		16.479.024	14.745.695	18.537.193
Current assets				
Inventories	10	117.958.115	34.069.549	136.097.971
Inventories-photovoltaic solar plants		117.958.115	34.069.549	135.078.460
Inventories-rest		0	0	1.019.512
Trade and other receivables	9	6.105.008	2.807.635	3.394.007
Other current assets	9	357.237	3.217.943	664.087
Derived financial instruments	7 & 17	267.516	0	0
Current tax assets		2.186.940	1.174.061	3.379.675
Other non-current financial assets	7	4.647.917	6.494.953	4.916.271
Cash and cash equivalents	11	19.528.750	16.473.715	16.337.510
		151.051.482	64.237.855	164.789.523
Total assets		167.530.506	78.983.550	183.326.716

(*) Figures restated for comparative purposes.

CONSOLIDATED PROFIT AND LOSS ACCOUNT CORRESPONDING TO FISCALS YEARS ENDED ON
31 DECEMBER 2017, 2016 & 2015
(In Euros)

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		Fiscal year ended on 31 December		
	Note	2017	2016 (*)	2015 (*)
OPERATING INCOME		32.286.419	42.300.111	58.288.731
Net sales figure	23	13.159.714	152.933.781	16.987.577
Other operating income	23	1.959.372	628.458	38.483
Change in inventory finished and semi-finished products	23	17.167.332	(111.262.128)	41.262.671
Change in inventory		17.167.332	(111.262.128)	41.262.671
OPERATING EXPENSES		(27.007.713)	(19.922.152)	(48.415.881)
Consumption of raw and secondary materials	10	(14.157.722)	(7.412.616)	(37.563.606)
Employee benefits expenses	24	(7.621.598)	(5.433.745)	(4.515.104)
Depreciation and impairment		(415.834)	(367.321)	(361.994)
Other operating income/(expense)	22	(4.812.559)	(6.708.470)	(5.975.177)
OPERATING PROFIT		5.278.705	22.377.959	9.872.850
Financial income	25	539.291	447.161	542.796
Financial expense	25	(2.370.891)	(4.652.686)	(6.415.539)
Variation in fair value of financial instruments	25	7.326.368	(652.220)	()
Net differences on exchange	25	(3.575.700)	2.715.773	4.200.801
Equity in income of associates	7	(1.214.846)	131.021	690.855
PERFORMANCE BEFORE TAXES	26	5.982.928	20.367.009	8.891.763
Income taxes	26	(622.552)	(5.358.168)	(1.494.273)
PROFIT FOR CONTINUED ACTIVITIES AFTER TAXES		5.360.376	15.008.841	7.397.490
PROFIT FOR THE YEAR		5.360.376	15.008.841	7.397.490
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		634.799	1.342.200	1.230.810
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	27	4.725.578	13.666.641	6.166.680
Profits from the equity in discontinued activities attributable to the shareholders of the Parent Company (expressed in Euros per share)				
Basic	27	11	32	1.542
From continued operations				

(*) Figures restated for comparative purposes.

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SOLARPACK CORPORACION TECNOLOGICA, S.A. AND SUBSIDIARIES

CONSOLIDATED COMPREHENSIVE INCOME CORRESPONDING TO FISCAL YEARS ENDED ON 31
DECEMBER 2017, 2016 & 2015
(In Euros)

	Fiscal year ended on 31 December		
	2017	2016 (*)	2015 (*)
PROFIT FOR THE YEAR	5.360.376	15.008.841	7.397.490
OTHER COMPREHENSIVE INCOME			
Items that can be subsequently classified			
Foreign currency translation differences	(3.835.226)	937.393	373.313
COMPREHENSIVE INCOME FOR THE YEAR NOT OF TAX	1.525.151	15.946.234	7.770.804
Attributable to:			
Owners of the parent	1.615.845	14.415.437	6.404.426
Non-controlling interests	(90.694)	1.530.798	1.366.378
COMPREHENSIVE INCOME FOR THE YEAR NOT OF TAX	1.525.151	15.946.234	7.770.804

(*) Figures restated for comparative purposes

SOLARPACK CORPORACION TECNOLOGICA, S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY CORRESPONDING TO FISCAL YEARS ENDED ON 31 DECEMBER 2017, 2016 & 2015
(In Euros)

	Share capital (Note 12)	Share premium (Note 12)	Accumulated exchange rate difference	Accumulated profit (Note 13)	Profit for the year	Interim dividend	Non- controlling interests (Note 15)	Total equity
Balance as of 1 January 2015 (*)	4.000	100.000	656.427	39.251.579	988.111	-	9.947.605	44.947.721
Total comprehensive income for 2015	-	-	237.745	-	6.166.680	-	1.366.378	7.770.804
Distribution of the income of 2014	-	-	-	988.111	(988.111)	-	-	-
Dividends (Note 13.b))	-	-	-	(4.514.134)	-	-	-	(4.514.134)
Changes in the consolidation perimeter (Note 1)	-	-	289.215	(28.698)	-	-	1.189.332	1.449.849
Other movements (**)	-	-	-	(6.084)	-	-	(745.504)	(751.587)
Balance as of 31 December 2015 (*)	4.000	100.000	1.183.387	35.690.774	6.166.680	-	5.757.811	48.902.652
Total comprehensive income for 2016	-	-	748.796	-	13.666.641	-	1.530.798	15.946.234
Distribution of the income of 2015	-	-	-	6.166.680	(6.166.680)	-	-	-
Capital increase (Note 12)	422.650	5.113.067	-	(296.000)	-	-	-	5.239.717
Dividends (Note 13.b))	-	-	-	(10.055.549)	-	-	-	(10.055.549)
Changes in the consolidation perimeter (Note 1)	-	-	(1.674.381)	(5.126)	-	-	(1.590.186)	(3.669.693)
Other changes	-	-	1.510	7.071	-	-	1.526	10.108
Balance as of 31 January 2016 (*)	426.650	5.213.067	259.312	31.507.850	13.666.641	-	5.99.949	56.375.668
Total comprehensive income for 2017	-	-	(3.109.733)	-	4.725.578	-	(9.694)	1.525.151
Distribution of the income of 2016	-	-	-	13.666.641	(13.666.641)	-	-	-
Dividends (Note 13.b))	-	-	-	(349.905)	-	-	-	(349.905)
Changes in the consolidation perimeter (Note 1)	-	-	(326.063)	(1.251.286)	-	-	1.420.905	(156.445)
Other changes in Equity (Note 13)	-	-	52.296	(1.703.133)	-	-	(460.049)	(2.110.886)
Other movements (***)	-	-	90.911	-	-	(262.900)	(2.149.851)	(2.321.841)
Balance as of 31 January 2017	426.650	5.213.067	(3.033.277)	41.870.166	4.725.578	(262.900)	4.020.259	52.959.542

(*) Figures restated for comparative purposes.

(**) Essentially, they correspond to the distribution of dividends to non-controlling interests in fiscal year 2015.

(***) Essentially, they correspond to the distribution of dividends to non-controlling interests in fiscal year 2017 and to the contributions made by non-controlling interests in subsidiaries in 2017.

SOLARPACK CORPORACION TECNOLOGICA, S.A. AND SUBSIDIARIES

CONSOLIDATED CASHFLOW CORRESPONDING TO FISCAL YEARS ENDED ON 31 DECEMBER
2017, 2016 & 2015
(In Euros)

	Note	Fiscal year ended on 31 December		
		2017	2016 (*)	2015 (*)
Cash flows from operating activities				
Cash generated by continued and discontinued operations	28	(71.563.411)	(5.442.237)	(30.617.648)
Interest paid		(2.875.393)	4.125.937	(5.836.539)
Interest collected		212.919	118.702	428.809
Tax paid		(92.037)	(1.171.963)	(375.223)
Net cash generated by operating activities		(74.317.922)	(2.369.560)	(36.400.601)
Cash flows from investment activities				
Acquisition/withdrawal of subsidiaries, net of cash acquired	1 & 7	(5.783.945)	21.554.079	(548.040)
Acquisition of material assets	6	(63.209)	(369.764)	(36.663)
Acquisition of intangible assets		(85.162)	(2.666)	-
Acquisition of shares from minority shareholders	1	-	-	-
Acquisition/withdrawal of investments in companies of the group and:	7	84.639	(49.605)	769.789
Acquisition/withdrawal of financial assets	7 & 8	482.626	331.301	5.269.295
Net cash used in investment activities		(5.365.052)	21.463.345	5.454.382
Cash flows from financing activities				
Income from the issue of ordinary shares		-	5.239.716	-
Income from granted external resources	16 & 19	92.109.606	3.994.554	20.963.547
Income (net of refunds) from external resources with high turnover		-	(18.380.396)	-
Amortisation of loans	16 & 19	(4.043.225)	(271.848)	(1.880.719)
Dividends paid to Parent Company partners	13	(349.905)	(10.055.549)	(4.514.134)
Other payment/income to/from non-controlling interests	15	(4.151.254)	-	(745.504)
Net cash used in financing activities		83.565.222	(19.473.524)	13.823.190
Differences on cash exchange and other cash equivalents		(827.214)	515.944	2.955.512
Net (decrease)/increase of cash, cash equivalents and bank overdrafts		3.055.035	136.204	(14.167.517)
Cash, cash equivalents and bank overdrafts at the start of the year	11	16.473.715	16.337.510	30.505.027
Cash, cash equivalents and bank overdrafts at the end of the year	11	19.528.750	16.473.715	16.337.510

(*) Figures restated for comparative purposes.

1. General information and regulatory framework

1.1 Solarpack Group and activity

Line of business

Solarpack Corporación Tecnológica, S.A., hereinafter the Parent Company, was incorporated on 1 April 2005 as a limited company for an indefinite period. Its Tax Identification Code is B-95.363.859. Its registered office is located in Avenida Algorta, 16 3º in Getxo, Biscay, wherein its activity is developed.

Solarpack Corporación Tecnológica, SA and Subsidiaries (hereinafter, the "Group" or "Solarpack Group"), have as their corporate purpose and main activity the promotion, management and administration of renewable energy producers, including the supply, installation and assembly of equipment and installations for energy-producing plants and the construction and sale of photovoltaic parks, as well as the production and sale of photovoltaic solar energy from solar parks owned by the Group.

Solarpack Corporación Tecnológica, SA is 75% owned by Beraunberri, SL, thus forming, together with other companies, a group in accordance with the provisions of article 42 of the Code of Commerce. However, the directors of Solarpack Corporación Tecnológica, SA, in compliance with the regulations in force, formulate consolidated annual accounts for the subgroup they control, in order to present a true and fair view of the financial situation and the income thereof, which they present, voluntarily, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (IFRS-EU), approved by the Regulations of the European Commission and in force as of 31 December 2017.

The Solarpack Group develops its activities in the photovoltaic solar energy sector.

The operational geographical area of the Group at present is mainly Spain and Latin America (Chile, Peru, Uruguay and Colombia mainly), the United States of America, the Republic of South Africa, as well as India and Southeast Asia.

On 17 September 2018 the Board of Solarpack Corporación Tecnológica SA decided in a Extraordinary General Meeting the transformation from a Limited Company to a Public Corporation, which was made public on 25 October 2018 and was registered in the Mercantile Registry of Biscay on 30 October 2018.

None of the Group Companies is listed on the Stock Exchange.

Group structure

The list of all subsidiaries, associates and joint agreements as of 31 December 2017 and the information relating thereto, as well as the method whereby they have been integrated in the consolidation perimeter, is detailed in Appendix I to these consolidated annual accounts.

The parent company has direct or indirect holding in certain companies that have been excluded from consolidation. The main magnitudes of these companies as of 31 December 2017, 2016 and 2015, as well as the reasons wherefore they have been excluded are the following:

SOLARPACK CORPORACION TECNOLOGICA, S.A. AND SUBSIDIARIES

31 December 2017

Company:	Country	Net book value of the investment (Note 7)	Direct %	Indirect %	Total asset	Total liabilities	Equity	Theoretical Asset value	
Solarpak, SARL	France	0	1,00	-	8.608	87.493	(78.885)	(78.885)	(1)
Gestión Solar Perú, S.A.C.	Peru	49.943	(*)	0,50	916.015	307.125	608.890	304.445	(1)
Solarges Perú, S.L.	Spain	1.503	0,50	-	43.079	39.071	4.009	2.004	(1)
Ecuador Solar Holdco, S.L.	Spain	901.654	0,50	-	1.803.308	-	1.803.308	901.654	(2)
Itok Solar Incorporated, S.L.	Spain	(*)	(*)	0,38	1.796.832	842.392	954.440	357.915	(2)
Generación de Energía Solar Sol	Ecuador	(*)	(*)	0,38	392.362	46.984	345.378	129.517	(2)
Condorsolar, S.A.	Ecuador	(*)	(*)	0,38	1.368.156	341.940	1.026.216	384.831	(2)
Energía Regional, S.A. de C.V.	El Salvador	0	0,90	-	40.919	2.710	38.209	34.388	(3)
Tricahue Solar, SpA,	Chile	0	(*)	1,00	657	2.258	(1.602)	(1.602)	(1)
Tamarugal Solar 1, S.A.	Chile	0	(*)	1,00	1.258	4.164	(2.906)	(2.906)	(1)
Taltal Solar, S.A.	Chile	0	(*)	1,00	257	-	257	257	(1)
Diego Almagro Solar 2, S.A.	Chile	0	(*)	1,00	255	-	255	255	(1)
Diego Almagro Solar 3, S.A.	Chile	0	(*)	1,00	583	1.407	(824)	(824)	(1)
Los libertadores Solar, SpA.	Chile	0	0,20	0,80	389	963	(573)	(573)	(1)
		953.099							

(1) The company is not included into the consolidation because it is inactive and/or largely irrelevant

(2) In January 2014, 50% of the holdings in Ecuador Solar Holdco SL was disposed of to a third party without generating any income in the operation. These companies are not integrated given that these companies have had activity until mid-2014, although they have not started their operating activity, having been taken on that date the decision not to continue their activity in Ecuador and to dispose of said companies. These investments have been subject to impairment (Note 7) and if they were included into the consolidation perimeter, since this is a joint venture, its fundamental impact would have involved to reclassify the holdings whereby Ecuador Solar Holdco SL is assigned to Investments and move them to Associates.

(3) The company is in the development phase and does not represent a significant interest.

(*) Shareholding in these companies is indirect and, therefore, the value of the investment in them is shown in the companies that are direct shareholders.

(Figures obtained from the Financial Statements of the unaudited companies).

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31 December 2016

Company:	Country	Net book value of the investment (Note 7)	Ownership		Total asset	Total liabilities	Equity	Theoretical Asset value	
			Direct %	Indirect %					
Solarpak, SARL	France	-	100,00%		17.297	94.807	-77.510	-77.510	(1)
Solarpack Development, Inc.	USA	-	100,00%		99.412	54.249	45.163	45.163	(1)
Gestión Solar Perú, S.A.C.	Peru	56.822	40,00%		1.236.639	634.081	602.558	241.023	(1)
Solarges Perú, S.L.	Spain	1.503	50,00%		43.079	39.071	4.009	2.004	(1)
Ecuador Solar Holdco, S.L.	Spain	1.053.573	50,00%		2.286.398	3.467	2.282.931	1.141.465	(2)
Itok Solar Incorporated, S.L.	Spain	(*)	(*)	37,50%	2.741.124	304.587	2.436.538	913.702	(2)
Generación de Energía Solar Sol	Ecuador	(*)	(*)	37,50%	903.123	140.185	762.938	286.102	(2)
Condorsolar, S.A.	Ecuador	(*)	(*)	37,50%	1.710.540	133.646	1.576.894	591.335	(2)
Energía Regional, S.A. de C.V.	El Salvador	27.629	90,00%		40.919	2.710	38.209	34.388	(3)
SpK Energías Renov. Mexico	Mexico	160	100,00%		845	22.273	-21.428	-21.428	(3)
Alvarado SL	Spain	3.000	100,00%		3.000	0	3.000	3.000	(1)
Solarpack Monclova SL Spk	Spain	3.000	100,00%		3.000	0	3.000	3.000	(1)
Tricahue Solar, SpA,	Chile	-	(*)	80,00%	589	2.039	-1.450	-1.450	(1)
Tamarugal Solar 1, S.A.	Chile	-	(*)	80,00%	1.317	4.362	-3.044	-3.044	(1)
Taltal Solar, S.A.	Chile	-	(*)	80,00%	129	415	-286	-286	(1)
Maria Elena Solar, S.A.	Chile	709	(*)	80,00%	95.994	98.094	-2.100	-2.100	(1)
Diego de Almagro Solar 2, S.A.	Chile	-	(*)	80,00%	129	415	-286	-286	(1)
Diego de Almagro Solar 3, S.A.	Chile	-	(*)	80,00%	522	1.873	-1.351	-1.351	(1)
Los libertadores Solar, SpA.	Chile	-	(*)	80,00%	142	0	142	142	(1)
		1.146.396							

(1) The company is not included into the consolidation because it is inactive and/or largely irrelevant

(2) In January 2014, 50% of the holdings in Ecuador Solar Holdco SL was disposed of to a third party without generating any income in the operation. These companies are not integrated given that these companies have had activity until mid-2014, although they have not started their operating activity, having been taken on that date the decision not to continue their activity in Ecuador and to dispose of said companies. These investments have been subject to impairment in fiscal year 2014 (Note 7) and if they were included into the consolidation perimeter, since this is a joint venture, its fundamental impact would have involved to reclassify the holdings whereby Ecuador Solar Holdco SL is assigned to Investments and move them to Associates

(3) The company is in the development phase and does not represent a significant interest.

(*) Shareholding in these companies is indirect and, therefore, the value of the investment in them is shown in the companies that are direct shareholders.

(Figures obtained from the Financial Statements of the unaudited companies).

SOLARPACK CORPORACION TECNOLOGICA, S.A. AND SUBSIDIARIES

31 December 2015		Net book value of the investment (Note 7)	Direct %	Indirect %	Total asset	Total liabilities	Equity	Theoretical Asset value	_____
Solarpak, SARL	France	-	100,00%		474	9.490	-9.016	-9.016	(1)
Solarpack Development, Inc.	USA	-	100,00%		99.412	54.249	45.163	45.163	(1)
Gestión Solar Perú, S.A.C.	Peru	54.933	(*)	40,00%	832.458	487.767	344.692	137.877	(1)
Solarges Perú, S.L.	Spain	1.503	50,00%		43.079	39.071	4.009	2.004	(1)
Ecuador Solar Holdco, S.L.	Spain	1.009.217	50,00%		2.029.863	11.429	2.018.435	1.009.217	(2)
Itok Solar Incorporated, S.L.	Spain		(*)	37,50%	3.920.635	1.666.625	2.254.010	845.254	(2)
Solarconnection, S.A.	Ecuador		(*)	37,50%	941.674	111.863	829.811	311.179	(2)
Condorsolar, S.A.	Ecuador		(*)	37,50%	1.801.080	99.216	1.701.864	638.199	(2)
Energia Regional, S.A. de C.V	El Salvador	27.629	90,00%		40.919	2.710	38.209	34.388	(3)
SpK Energías Renov. Mexico	Mexico	160	100,00%		16Q	0	160	160	(3)
		<u>1.093.443</u>							

(1) The company is not included into the consolidation because it is inactive and/or largely irrelevant

(2) In January 2014, 50% of the holdings in Ecuador Solar Holdco SL was disposed of to a third party without generating any income in the operation. These companies are not integrated given that these companies had activity until mid-2014, although they did not start their operating activity, having been taken on that date the decision not to continue their activity in Ecuador and to dispose of said companies. These investments have been subject to impairment as of 31 December 2015 (Note 7) and if they were included into the consolidation perimeter, since this is a joint venture, its fundamental impact would have involved to reclassify the holdings whereby Ecuador Solar Holdco SL is assigned to investments and move them to Associates.

(3) The company is in the development phase and does not represent a significant interest.

(*) Shareholding in these companies is indirect and, therefore, the value of the investment in them is shown in the companies that are direct shareholders

(Figures obtained from the Financial Statements of the unaudited companies).

Had these companies been included in the consolidation perimeter in fiscal year 2017, their approximate effect, with the figures of their unaudited Financial Statements, in the main magnitudes of the Financial Statements of the Consolidated Annual Accounts would have been a variation of around 0.3% in total assets, 0.2% in total liability and 0.4% in total consolidated equity, which would mean a variation of around 0.25% on the profit for the fiscal year.

Had these companies been included in the consolidation perimeter in fiscal year 2016, their approximate effect, with the figures of their unaudited Financial Statements, in the main magnitudes of the Financial Statements of the Consolidated Annual Accounts would have been a variation of around 1.0% in total assets, 2.1% in total liability and 0.4% in total consolidated equity, which would mean a variation of around 0.6% on the profit for the fiscal year.

Had these companies been included in the consolidation perimeter in fiscal year 2015, their approximate effect, with the figures of their unaudited Financial Statements, in the main magnitudes of the Financial Statements of the Consolidated Annual Accounts would have been a variation of around 0.3% in total assets, 0.3% in total liability and 0.2% in total consolidated equity, which would mean a variation of around 0.2% on the profit for the fiscal year.

Changes in the scope of consolidation**Fiscal year 2017**

In fiscal year 2017, the subsidiaries Solarpack Colombia SAS, Ekialde Solar Private Limited, Pedroso Solar SL, Sol de Alvarado SL and Penafiel Solar SL were incorporated and the Parent Company subscribed 100% of the share capital. These are included in the consolidation perimeter in this fiscal year.

Nonetheless, although the companies Spk Alvarado SL, Solarpack Monclova SL and Maria Elena Solar SA were incorporated during 2016 and the Group controlled them, they were not included in the consolidation perimeter until fiscal year 2017.

Likewise, two foreign companies (Spk Energías renovables México 1 and Solarpack Development, Inc.) incorporated in previous years have been added to the consolidation perimeter in fiscal year 2017, the parent company subscribing 100% of their share capital. These companies have been inactive until fiscal year 2017 and they have not been included in the consolidation perimeter until this period. Their inclusion has not had a significant effect on the consolidated figures for fiscal year 2017.

In January 2017, the Group made contributions to equity capital in the following subsidiaries: Padmajiwadi Solar Pte Ltd, Renjal Solar Pte Ltd, Gummadidala Solar Pte Ltd, Ghanpur Solar Pte Ltd, Thukkapur Solar Pte Ltd and Achampet Solar Pte Ltd, located in India. These generated a variation in the percentages of holding thereon lower than 3% in all cases, based on the capital contributed. The contributions made amounted to a total of 356 245 Indian rupees, equivalent to approximately 4 929 thousand euros. As a result of this contribution and those of the other associates of these subsidiaries, there has been a 3.36% reduction in the percentage of the group's holding in these companies.

In March 2017, the Group made capital contributions to its subsidiary Solarpack India LLP for a total amount of 17 200 thousand Indian rupees (equivalent to approximately 234 thousand euros) and during the second half of 2017 the Group made new capital contributions for a total amount of 772 thousand US dollars (equivalent to 656 thousand euros, approximately).

Between 1 January 2017 and 30 June 2017, the Group made capital contributions in foreign subsidiaries, located in Chile, without variation of the percentage of holding in them for a total amount of 8613 thousand US dollars, and an increase in non-controlling interests, amounting to 1121 thousand euros, mainly originated by the contributions made in the subsidiary PMGD Holdco Chile SpA. (Note 15).

In April 2017 the subsidiary Solarpack Chile Ltda sold Diego Almagro Solar SpA. Its exit from the perimeter has not had any significant impact on the consolidated figures.

Additionally, during fiscal year 2017 there were certain operations that have led to variations in the percentage of holdings in the subsidiaries Solarpack Chile Ltda and Solarpack Perú SAC, companies wherein the Group has gone on to hold 100% of the capital, which has also involved variations in the percentages of holdings in their subsidiaries. The operations performed are summarised below:

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- On 23 October 2017, through an extraordinary shareholders' meeting, it was agreed to convert the company into a limited liability company whose name was "Solarpack Chile Ltda".
- On 5 December 2017 the Group acquired the shares of Solarpack Chile Ltda that belonged to non-controlling interests.
- On 5 December 2017 the capital was reduced to carry on the partial exit from the Group of non-controlling interests, reducing to 99.5% the share they held in Solarpack Chile Ltda, equivalent to a 19.9% of the total share capital of Solarpack Chile Ltda at face value, i.e. 20 915 thousand Chilean pesos (equivalent to approximately 26 thousand euros).
- On 5 December 2017 the Group acquired 20% of shares in Solarpack Peru SA, that belonged to non-controlling interests, for an amount of 65 thousand US dollars (equivalent to approximately 55 thousand euros). This operation has not generated any results in the consolidation, since the amount paid corresponded to equity values at that date.

Fiscal year 2016

On 29 January 2016 the parent company acquired from a third party 86% of the shares of the companies Padmajiwadi Solar Pte Ltd, Renjal Solar Pte Ltd, Gummadidala Solar Pte Ltd, Ghanpur Solar Pte Ltd, Thukkapur Solar Pte Ltd and Achampet Solar Pte Ltd, domiciled in India at its face value of 516 thousand rupees, whose equivalent value in euros amounted to 7 thousand euros. As of 31 December 2015, these investments were pending disbursement. Since these subsidiaries in fiscal year 2015 were only incorporated, they were not included in the consolidation perimeter. During 2016, the Company made successive contributions to them that have been disbursed, with a slight variation in the percentage of holdings and, given that the companies have started their activity, they were included in the consolidation perimeter in the current fiscal year.

On 1 April 2016 the parent company acquired 100% of the share capital of Solarpack Asia SDN BHD, for an amount of 100 Malaysian ringgit, whose equivalent value in euros amounted to 23.42 euros, being incorporated to the consolidation perimeter on that date. On 21 April 2016, the parent company subscribed 499 900 shares through a capital increase amounting to 500 thousand Malaysian ringgit, whose equivalent value in euros amounted to 117 thousand euros.

On 28 February 2016, the parent company incorporated Solarpack India LLP, subscribing 99.99% of the share capital amounting 100 000 thousand rupees (equivalent value in euros: 1321 thousand euros). As of 31 December 2016, the company disbursed 230 thousand US dollars, whose equivalent value in euros amounted to 204 thousand euros. This company was included into the consolidation perimeter on the date of incorporation.

On 20 September 2016 the parent company incorporated Spk Services Singapore Pte Ltd, subscribing 100% of the share capital for an amount of 40 thousand dollars, whose equivalent value in euros amounted to 36 thousand euros and was included on that date into the consolidation perimeter.

On 29 April 2016, the company PMGD Holdco Chile SpA was incorporated, with the parent company subscribing the entire share capital at its nominal value. This subsidiary was included into the consolidation perimeter on said date. During the second half of 2016, the subsidiaries Solarpack Chile SA and PMGD Holdco SL made several contributions, now owning 84% and 16% of said subsidiary, respectively.

Dated 17 August 2015 Amunche Solar SpA was incorporated, the subsidiary Solarpack Chile SA subscribing 100% of the shares at their nominal value, whose equivalent value in euros amounted to 1 thousand euros. Since the subsidiary in fiscal year 2015 was only incorporated, it was not included in the consolidation perimeter, and it was included into the consolidation perimeter in fiscal year 2016.

In fiscal year 2008, the subsidiaries Calama Solar 1 SpA and Calama Solar 2 SpA were incorporated. They have been inactive until fiscal year 2016, and therefore they have not been included in the consolidation perimeter for the previous years. As of 31 December 2016, the shareholder PMGD Holdco Chile SpA holds 100% of the share of both companies, amounting to a total of 2324 thousand euros.

The companies Diego Almagro Solar SpA and Arica Solar 1 SA were incorporated on 1 September 2009 and 2 February 2011, respectively, the subsidiary Solarpack Chile SA subscribing 50% of the share capital of both companies at their nominal value. On 23 January 2015 the parent company acquired the remaining 50% of the share capital of both companies. In the second half of fiscal year 2016, Solarpack Chile SA has made capital contributions to them, now owning 99.97% of each of them. These companies were only incorporated, therefore they were not included in the consolidation perimeter, and were included into the consolidation perimeter in fiscal year 2016.

On 8 April 2016, the parent company sold its entire stake in the subsidiary Alto Cielo SA, losing control over it, which left the consolidation perimeter. This change, in turn, has led to the removal from the balance sheet of all its assets and liabilities, which has meant, fundamentally, the removal of the photovoltaic plant classified under inventories (Note 10) held by the company.

Additionally, during fiscal year 2016, the Group partially disposed its holdings in the subsidiaries Ataca Solar Holdco Spa y Pampul Holdco SL, in 61% and 36% respectively, retaining a stake in the share capital of both amounting to 19%. This change implies the loss of control over them, therefore in fiscal year 2016 are consolidated using the equity method instead of the method of global integration (Note 7.c)). This disposition is part of the agreement reached in 2016 with an external investor, which has acquired a stake in the equity of the parent company in the fiscal year, as indicated in Note 11. Ataca Solar Holdco Spa owns 99% of the companies Calama Solar 3 SA, Pozo Almonte Solar 2 SA and Pozo Almonte Solar 3 SA, and Pampul Holdco SL owns 99.99% of the company Moquegua FV SAC, therefore this operation has caused the loss of control by the Group over these companies, wherein the Group maintains significant influence. As a result, this fact causes the removal of all the assets and liabilities of these companies: essentially, plants registered in Inventories (Note 10) and the external resources guaranteed thereby (Note 16).

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Fiscal year 2015

On 23 February 2015, the subsidiary PMGD Holdco, S.L. was incorporated, the parent company subscribed 80% of the share capital and the subsidiary was included into the consolidation perimeter on said date. In April 2015, the parent company made contributions to the subsidiary, without changing the percentage of holding.

The parent company of the Group, on 6 March 2015, acquired 100% of the capital of Solarpack Uruguay SA at the nominal value of the shares, for a value of 20 thousand Uruguayan pesos (amount in euros: 735.46). This subsidiary was included into the consolidation perimeter on said date.

On 17 December 2015 the parent company acquired 80% of shares in the company Ataca Solar Holdco SpA at face value (1 thousand euros) and on 23 December 2015 the subsidiary Solarpack Chile SA sold and transferred its holdings in the subsidiaries Calama Solar 3 SA, Pozo Almonte Solar 2 SA and Pozo Almonte Solar 3 SA, all of them already included in the consolidation perimeter in fiscal year 2014.

On 9 October 2014, the parent company acquired 100% of the share capital of Alto Cielo SA for a total amount of 825 thousand US dollars, recording as of 31 December 2014 only the investment for the amount disbursed at that date (166 thousand euros). In fiscal year 2015, the parent company disbursed the amount of the pending investment, which generated a goodwill on consolidation amounting to 714 thousand euros (Note 2.7 (c)).

On 13 April 2009, Pozo Almonte Solar 1 SA was incorporated, the subsidiary Solarpack Chile SA subscribing 80% of the shares for a value of 572.07 euros. This company was inactive until fiscal year 2015, therefore it was not included in the consolidation perimeter in fiscal year 2014. On 15 April 2015, the subsidiary Solarpack Chile SA, holder of the shares of this company, sold and transferred them to the also subsidiary PMGD Holdco SL, without this transaction generating any income for the Group. Pozo Almonte Solar 1 SA was included into the consolidation perimeter on said date.

As of 31 December 2014, under the consolidated balance sheet Non-Current Financial Assets, there was recorded the investment on 60% of the company Kabi Energy Limited for an amount of 14.33 euros, which the parent company did not include into the consolidation perimeter on said date, and which was incorporated in 2015. Given that it was a joint agreement, the Group evaluated the nature of this joint agreement, determining that it was a joint venture and incorporating it, under the provisions of IFRS 11 (Note 2.3.d)), using the equity method (Note 7.c)). Their fact did not have a significant effect on the consolidated figures for fiscal year 2015.

Formulation of accounts

The Board of Directors of the Parent Company held on 4 April 2018, formulated the consolidated annual accounts of the Group as of 31 December 2017, which were approved by the General Shareholders' Meeting on 29 June 2018 and have not been published since they were not deposited in the Mercantile Registry. Subsequently, the Board of Directors drew up consolidated interim financial statements for the six-month period ended on 30 June 2018. In this process, certain issues that have required the modification of certain amounts for the year 2017 included in the Group's consolidated annual accounts as of 31 December 2017 were revealed, as it was deemed convenient to restate the comparative figures and to include certain information and additional breakdowns, such as segment information (Note 5). As a result of the situation described, the Parent Company's directors have restated the Group's Consolidated Annual Accounts as of 31 December 2017, on 6 November 2018, which completely replace those initially formulated by the Board of Directors on 4 April 2018, wherein the modifications indicated in Note 2.2 are made, in certain amounts for fiscal year 2017, restating the comparative figures for 2016, as well as those for fiscal year 2015 presented in the consolidated annual accounts in order to include more complete comparative information.

1.2 Regulatory Framework

Both Solarpack Corporación Tecnológica SA and some of the subsidiaries consolidated by the global integration method or equity method carry out photovoltaic activities in Spain and abroad (see Annex I to these Consolidated annual accounts), heavily influenced by regulatory schemes. This is the fundamental regulatory framework that affects the Solarpack Group:

Sectoral Regulation in Spain

On 27 December 2012, Law 15/2012 on tax measures for energy sustainability was issued, coming into force on 1 January 2013, and establishing, among other measures, a tax on the value of electricity: 7% on activities of production and incorporation of electric power into the electrical system.

On 2 February 2013, Royal Decree-Law 2/2013, of 1 February, on urgent measures in the electricity system and in the financial sector, was issued. It automatically, with effect from 1 January, changed the energy sale option chosen by the special regime facilities as all facilities went to the tariff option. At the same time it abolished the reference premiums and the limits that were applied in the put to market option and it introduced, for compensation, tariff and premium updates, the Consumer Price Index with constant taxes without unprocessed food or energy products.

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On 13 July 2013, Royal Decree-Law 9/2013, of 12 July, on urgent measures to guarantee the financial stability of the electricity system was issued. This Royal Decree-Law abolished the regulations that, to date, governed the legal and economic regime applicable to existing installations for the production of electric energy from renewable energy sources, cogeneration and waste with a premium, while mandating the Government so that, on the proposal of the Minister of Industry, Energy and Tourism, approve a Royal Decree establishing the new remuneration model of these facilities, in order to adjust it to the principles established in the new wording given to article 30.4 LSE, namely (i) participation in the market, (ii) reasonable profitability and (iii) efficient and well-managed company. For these purposes, it was established that for facilities that, at the date of entry into force of Royal Decree-Law 9/2013, were entitled to a premium economic regime, the reasonable profitability shall be based, before taxes, on the average performance of the Obligations of the State in the secondary market in the ten years prior to the entry into force of said Royal Decree-Law, increased by 300 basis points, and revisable every six (6) years.

The starting point for the compensation of electric power production facilities in the special regime is the definition of standard facilities that shall serve, for each technology, as a model for the calculation of that compensation.

This remuneration shall take into account: (i) the standard revenues from the sale of generated energy valued at the market price, (ii) a compensation to the investment composed of a term per unit of installed power that may, if necessary, hedge investment costs that are not recovered in the market for the sale of energy, compared to the standard value of the initial investment and (iii) a compensation to the operation that may hedge, if applicable, the difference between the standard operating costs and the income from the market share of said standard installation.

The regulations provided for the automatic assignment of each specific installation to the standard installation applicable.

The new tariff model for these facilities was applicable since the entry into force of Royal Decree-Law 9/2013, i.e. from 14 July 2013. However, until the approval of the necessary provisions for the full application of the Royal Decree on the new legal and economic regime applicable to the installations, the regulations repealed by said Royal Decree-Law continued to be applied, with the revenues during this transitory period being considered as received on account.

On 27 December 2013 the Law 24/2013, of 26 December, on the Electricity Sector was issued. After multiple and continuous regulatory changes distorting the normal functioning of the sector, it provided the necessary regulatory stability while rushing structural reforms to ensure the sustainability of the system in the long term. The law, among others, introduced generally the concepts of temporary imbalances in closing settlements and temporary deviations in monthly settlements, as well as adjustment mechanisms in the event that the revenues of the system are lower than their costs. For the purposes of renewable energy production facilities, the law reflects what had already been approved in the aforementioned Royal Decree-Law 9/2013, clarifying aspects related to the regularisation of income received on account.

In February 2014, the National Commission for Markets and Competition sent a draft Ministerial Order that developed the regulations contained in said Royal Decree Law, and established the new allowances for these facilities from 14 July 2013. At the date of preparation of the consolidated annual accounts for fiscal year 2013, this Ministerial Order, together with other regulatory developments, were pending approval, but the Group considered them when estimating their impacts on the consolidated balance sheet and on the consolidated Profit And Loss Account for the consolidated annual accounts as of 31 December 2013.

On 6 June 2014 the Council of Ministers approved Royal Decree 413/2014 on the production of electricity from renewable energy sources, cogeneration and waste. This Royal Decree developed the economic regime that was established by Royal Decree-Law 9/2013 of 12 July. On 20 June 2014, the Order IET/1045/2014, of 16 June, on the allowances for standard installations applicable to certain facilities of electricity production from renewable energy sources, cogeneration and waste was issued, applicable from the first regulatory half-period ending on 31 December 2016. From this moment, new compensation and regularisation of the income received on account began to be applied, although the general liquidation procedure is still pending approval.

On 7 July 2014, Order IET/1168/2014, of 3 July, on the date of automatic registration of certain facilities in the register of specific remuneration regime provided for in Royal Decree 413/2014, of 9 July, was issued.

Sectoral Regulation in Peru. Electricity Concession Law Peru- Decree Law No. 25844

In Peru, the electric power sector is governed by the Electricity Concessions Law, under Decree Law No. 25844, Supreme Decree No. 009-93-EM and the amendments and extensions thereof. According to this law, the electric power sector in Peru is divided into three main segments: generation, transmission and distribution. As of October 2000, the Peruvian electricity system comprises the National Interconnected Electric System - SEIN, as well as other related systems. The Group supplies renewable electricity in the segment belonging to the SEIN. In 2006, Law No. 28832, which ensures the efficient development of electric power generation, introduced important changes in the sectoral regulation.

In accordance with the Electricity Concessions Law, the operation of power generation plants and transmission systems is subject to the regulation of the National Economic Operation Committee - COES-SEIN, so that their operations can be coordinated at a minimum cost, thus ensuring the safe supply of electricity, as well as the best use of energy resources. The COES-SEIN regulates the prices of electricity and transmission between power generators and the compensation for the owners of the transmission systems.

Regulatory Framework in Chile

With regard to the subsidiaries located in Chile, Pozo Almonte Solar 1 SpA, Calama Solar 1 SpA and Calama Solar 2 SpA, the sale of energy is made directly to the Interconnected System of Norte Grande (SING) under a Stabilised Node Price associated with Small Means of Distributed Generation (PMGD), set by the National Energy Commission on a semi-annual basis.

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With respect to the subsidiary Arica Solar 1 SA, the Group's management will seek to commercialise the energy produced by the photovoltaic solar plant via a power purchase agreement (PPA) with a free consumer of the electricity system.

Regarding the companies, located in Chile, which are valued from the year 2016 by the equity method, Calama Solar 3 SA, Pozo Almonte Solar 2 SA and Pozo Almonte Solar 3 SA, they have established agreements for the supply of the energy produced by the photovoltaic solar plants for the period of their estimated useful life with sales prices agreed in US dollars, subject to an indexation formula based on the variation of the consumer price index of the United States of America. In addition, the agreements contemplate mechanisms to define the charges that must be borne by the parties in the event that extra costs may arise as a result of the application of binding regulatory requirements established in the future by competent authorities. Therefore, the effect of the regulatory framework in Chile to date has a limited impact.

With regard to the company Diego Almagro Solar SpA, the sale of energy is made directly to the Interconnected Central System (SIC) under a Stabilised Node Price associated with Small Means of Distributed Generation (PMGD), set by the National Energy Commission on a semi-annual basis.

Regulatory Framework in India

As regards the subsidiaries located in India: Achampet Solar Private Limited, Ghanpur Solar Private Limited, Gummadidala Solar Private Limited, Thukkapur Solar Private Limited, Padmajiwadi Solar Private Limited and Renjal Solar Private have established agreements for the supply of the energy produced by the photovoltaic solar plants for the period of their estimated useful life with sale prices agreed in Rupees (India), fixed for the whole life of the agreement.

2. Summary of the main accounting policies

The main accounting policies adopted in the preparation of these consolidated annual accounts are described below. Except as provided in Note 2.1.1 below, the accounting policies have been applied consistently for all the years presented.

2.1 Basis of presentation

The Group's consolidated annual accounts as of 31 December 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (IFRS-EU) and approved by the Regulations of the European Commission, effective as of 31 December 2017.

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The consolidated annual accounts of the Solarpack Group as of 31 December 2014 were the first consolidated annual accounts that the Group led by Solarpack Corporación Tecnológica, S.A. presented under IFRS-EU, with the transition date on 1 January 2013. Until the fiscal year ended on 31 December 2013, inclusive, the consolidated annual accounts of the Group had been prepared in accordance with the provisions of the current commercial legislation, contained in the amended Code of Commerce according to Law 16/2007, of 4 July, on the reform and adaptation of commercial legislation in accounting matters for its international harmonisation based on European Union regulations, Royal Decree 1514/2007, of 20 November, approving the General Accounting Plan, and Royal Decree 1159/2010, of 17 September, establishing the regulations for the formulation of consolidated annual accounts, in everything that does not contradict the provisions of the aforementioned mercantile reform. In the fiscal year ended on 31 December 2014, the Group's management evaluated the differences in criteria between these standards and the IFRS, and restated, if necessary, the figures for fiscal year 2013 for the purpose of presenting comparative information under IFRS. The Group in its consolidated annual accounts for 2014 included information about the transition from the previous PGC to IFRS, meeting the requirements of IFRS 1 in this regard.

The consolidated annual accounts have been prepared under the historic cost approach.

The preparation of consolidated annual accounts in accordance with IFRS-EU requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Note 4 discloses the areas that imply a higher degree of judgement or complexity or the areas where the hypotheses and estimates are significant for the consolidated annual accounts.

With the entry into force on 1 January 2017 of certain International Financial Reporting Standards, the Company has adapted its consolidated annual accounts to these standards. The rules that have come into force are detailed below.

The consolidated annual accounts are not affected by any aspect that may contravene the applicable basis of presentation.

2.1.1. Relation and summary of standards, amendments to standards and interpretations published to date

a) Standards, amendments and mandatory interpretations for all fiscal years from 1 January 2016

IAS 7 (Amendment) "Disclosure Initiative"

Any entity is required to disclose information that allows users to understand changes in liabilities arising from financing activities. This includes changes arising from:

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- Cash flows, such as provisions and loan repayment; and
- Non-monetary changes, such as acquisitions, disposals and unrealised exchange differences.

The liabilities arising from financing activities are liabilities for which the cash flows were, or will be, classified in the statement of cash flows as cash flows from financing activities. In addition, changes in financial assets should also be included under the new disclosure requirement if the cash flows of those financial assets are included in the cash flows from financing activities.

The amendment suggests the inclusion of reconciliation between the initial and final balances in the balance sheet for the liabilities arising from financing activities would meet the information requirement, although it does not establish any specific format.

This modification has been considered in the breakdown included in these consolidated annual accounts.

IAS 12 (Amendment) "Recognition of deferred tax assets for unrealised losses"

The amendments to IAS 12 clarify the requirements to recognise assets for deferred tax on unrealised losses. The amendments clarify the accounting treatment of deferred tax when an asset is valued at fair value and this fair value is lower than the tax base of the asset. It also clarifies other aspects of the accounting for deferred tax assets.

The application of this amendment to IAS 12 did not had a significant effect on the Group.

b) Standards, amendments and interpretations that have not yet entered into force, but can be adopted in advance.

At the date of the signing of these consolidated annual accounts, the IASB and the IFRS Interpretation Committee had published the standards, amendments and interpretations detailed below, although the Group has not adopted them in advance.

IFRS 4 (Amendment) "Application of IFRS 9 "Financial instruments" with IFRS 4 "insurance contracts"

Given the Group's activity, this amendment has not affected its consolidated annual accounts.

IFRS 9 "Financial Instruments"

It addresses the classification, valuation and recognition of financial assets and financial liabilities. The full version of IFRS 9 was published in July 2014 and replaces the guidance in IAS 39 on classification and valuation of financial instruments. IFRS 9 is kept, although simplifying the mixed valuation model and establishing three main categories of valuation for financial assets: amortised cost, at fair value through profit or loss, and at fair value with changes in other comprehensive income. The classification basis depends on the business model of the entity and the characteristics of the contractual cash flows of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at the beginning of presenting changes in fair value in other non-recyclable comprehensive income, provided that the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented through profit or loss. Regarding financial liabilities, there have been no changes with respect to classification and valuation, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. Under IFRS 9 there is a new model for impairment loss, the model of expected credit losses, which replaces the impairment loss model incurred in IAS 39 and which will result in an acknowledgment of losses before than it was commonly done under IAS 39. IFRS 9 relaxes the requirements for the effectiveness of hedge. Under IAS 39, a hedge must be highly effective, both prospectively and retrospectively. IFRS 9 replaces this by requiring an economic relationship between the hedged item and the hedging instrument and that the hedged ratio be the same as the one actually used by the entity for risk management.

Finally, extensive information is required, including a reconciliation between the initial and final amounts of the provision for expected credit losses, assumptions and data, and a reconciliation in the transition between the categories of the original classification under IAS 39 and the new ones under IFRS 9.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, and the Group has not applied it in advance. The Group has opted not to restate previous fiscal years and recognise the effect of the application of IFRS 9 at the beginning of the year 2018, the date of initial application, in the opening balance of the reserves for accumulated profit for this fiscal year, and whose amount is deemed not significant. The expected impact of the application of the new standard on 1 January 2018 may be summarised in the following aspects:

The Group does not expect the new standard to have a significant effect on the valuation of its financial assets that are valued at amortised cost. However, certain amounts now presented under the denomination of financial assets held to maturity may have to be classified as loans and receivables, without any effect on their valuation.

No significant effect is expected in the accounting for financial liabilities by the Group given that the same requirements only affect financial liabilities that are designated at fair value through profit or loss.

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Deregistration regulations have not changed with respect to those established in the previous IAS 39.

On the other hand, although the new hedge accounting rules could result in certain hedge situations where the hedge accounting criteria were not applied after the conclusion of their analysis, but can be deemed to allow application of such hedge accounting under this new regulations, the amounts of the derivative instruments related are not significant in any case, and therefore their potential effect would also be not significant.

The new impairment model is based on expected losses instead of just credit losses incurred (model of the current IAS 39). This impact mainly affects the financial assets and the assets of agreements under IFRS 15 (commercial debtors) held by the Group at year-end

Given that investments in financial assets are mostly in the short term and with financial institutions with a full credit guarantee rating or, as the case may be, they are already allocated to the total non-recoverable portion (Note 7), there is no expected significant effect in this section.

In relation to the credit risks of commercial debtors, it is not expected that the application of the new standard will result in a significant increase in impairment provisions since in all cases they are short-term receivables related to companies of very high credit quality, or else collection is guaranteed by credit institutions of such total guarantee.

Of all the points described above, the Group has estimated the amount to be recorded against the initial balance of accumulated profit for fiscal year 2018, amounting to 76 thousand euros.

IFRS 15 "Revenue from agreements with customers"

In May 2014, IASB and the FASB jointly issued a convergent standard in relation to the recognition of ordinary income from agreements with customers. Under this rule, income is recognised when a customer takes control of the goods or service sold, i.e. when it has both the capacity to direct the use and to obtain the benefits from the goods or service. This IFRS includes a new guide to determine if income should be recognised over time or at a specific time. The 15 IFRS requires information both recognised revenues and revenues expected to be recognised in the future in relation to existing agreements. Likewise, it requires quantitative and qualitative information on the significant judgements made by the management to determine the income recognised, as well as on the changes in these judgements.

Subsequently, in April 2016, IASB published amendments to this standard that, although do not modify the fundamental principles, clarify some of the more complex aspects.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018, and the Group has not applied it in advance.

The Group intends to adopt the standard by using the modified retrospective approach, which means that the cumulative impact of the adoption will be recognised in the accumulated profit as of 1 January 2018 and that the comparative figures will not be restated.

The Group's management is currently evaluating the possible effects of the application of the new standard, considering the different lines of activity and types of agreement with existing customers.

The Group, for the time being, does not expect significant effects in its consolidated financial statements derived from the application of IFRS 15.

IFRS 15 (Amendment) "Clarification to IFRS 15 "Revenue from agreements with customers"

IASB has amended IFRS 15 in order to:

- Clarify the guide for the identification of performance obligations, the accounting for industrial property licenses and principal versus agent evaluation (presentation of net ordinary income versus gross income)
- Include new illustrative examples and modifications for each of these areas of the guide.
- Provide additional practical resources related to the transition to the new standard.

These changes do not change the fundamental principles of IFRS 15, but they do clarify some more complex aspects of this standard.

This amendment will be effective for annual periods beginning after 1 January 2018. The impacts of this change have been analysed together with the application of the IFRS 15.

IFRS 16 "Leasing"

In January 2016, IASB published this new standard, the result of a joint project with FASB, which repeals IAS 17 "Leases".

IASB and FASB have reached the same conclusions in many areas related to agreements of lease accounting, including the definition of a lease, the requirement, as a general rule, reflect the leases in the balance sheet and the valuation of liabilities for leases. Under the new standard, an asset (right of use) and a financial liability for the payment of rentals are recognised, except in short-term or low-value agreements.

There are still differences between IASB and FASB regarding the recognition and presentation of expenses related to leasing in the income statement and in the statement of cash flows.

This standard will be effective for annual periods beginning after 1 January 2019. Its application is allowed in advance if at the same time IFRS 15 "Ordinary income from agreements with customers" is also adopted.

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At present, the Group does not intend to adopt the standard in advance and deems that it will apply the simplified approach in the transition and will not restate the comparative figures for the year prior to the first adoption.

Management is currently analysing the main existing operating lease agreements in order to carry out a preliminary assessment of the impacts that the future application of this standard could have on its consolidated financial statements. Note 29 discloses the non-cancellable operating lease commitments (which correspond mainly to leases of land whereon solar plants are installed in Spain, with maturities between 2031 and 2046). This preliminary assessment indicates that these agreements will comply with the definition of lease in accordance with IFRS 16, and, therefore, the Group will recognise an asset for right of use and the corresponding liability.

c) Standards, amendments and interpretations to existing standards that cannot be adapted in advance or have been adopted by the European Union.

At the date of the signing of these consolidated annual accounts, the IASB and the IFRS Interpretation Committee had published the standards, amendments and interpretations detailed below, although the Group has not adopted them in advance.

IFRS 10 (Amendment), and IAS 28 (Amendment) "Sale or contributions of assets between an investor and its associates or joint ventures"

These amendments clarify the accounting treatment of the sales and contributions of assets between an investor and its associates and joint ventures that will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business". The investor will recognise the full profit or loss when the non-monetary assets constitute a "business". If the assets do not meet the "business" definition, the investor recognises the profit or loss to the extent of the interests of other investors. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture.

At present, a broader review is being considered that may result in the simplification of the accounting for these transactions and other aspects of the accounting of associates and joint ventures.

Given the situation of the Group with respect to these situations, it is not expected that the amendments may, in any case, have a significant effect for the Group.

IFRS 2 (Amendment) "Rating and valuation of transactions with share-based payments"

The amendment to IFRS 2, developed through the IFRS Interpretations Committee, clarifies how to account for certain types of transactions with share-based payments. In this sense, it provides requirements for the accounting of:

- The effects of the conditions for irrevocability and of the non-determinant conditions for irrevocability of the concession in the valuation of share-based payments settled in cash;
- Transactions with share-based payment with a net settlement feature for tax withholding obligations; and
- A modification of the terms and conditions of a share-based payment that changes whether the transaction is classified as settled in cash or liquidated through equity.

The amendment is effective for annual periods beginning on or after 1 January 2018, although it may be adopted in advance.

The Group does not have, and does not expect to have, share-based payment transactions, so no effect is expected for the Group when this IFRS is adopted by the European Union.

Annual Improvements to IFRS. Cycle 2014-2016

The amendments affect IFRS 1, IFRS 12 and IAS 28 and will apply to annual periods beginning as of 1 January 2018 in the case of amendments to IFRS 1 and IAS 28 and 1 January 2017 for the amendments to IFRS 12, all of which are subject to adoption by the EU. The main amendments refer to:

- IFRS 1, "Adoption for the first time of the International Financial Reporting Standards": Elimination of short-term exemptions for entities that adopt IFRS for the first time.
- IFRS 12, "Disclosure of interests in other entities": Clarification on the scope of the Standard.
- IAS 28, "Investments in associates and joint ventures": Valuation of an investment in an associate or a joint venture at fair value.

It is not deemed that these improvements will have an effect on the Group when they are adopted by the European Union.

IAS 40 (Amendment) "Transfers of real estate investments"

This amendment clarifies that when transferring to, or from, real estate investments there must be a change in use. To conclude if there has been a change in use there must be an evaluation on whether the property meets the definition of a real estate investment.

This amendment will be effective for annual periods beginning after 1 January 2018. It may be applied in advance.

The Group does not have, nor expects to have, assets classified as real estate investments of significant amount.

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IFRIC 22 "Anticipated transactions and considerations in foreign currency"

This IFRIC addresses how to determine the date of the transaction when the standard on transactions in foreign currency, IAS 21, is applied. This interpretation applies when an entity pays or receives a consideration in advance for agreements denominated in foreign currency.

This interpretation is effective for annual periods beginning on or after 1 January 2018, although it may be applied in advance.

In the current situation of the Group and its accounting policies, this interpretation is not expected to have significant effects when adopted by the European Union.

IFRS 17 "Insurance Contracts"

In May 2017, IASB finalised its long-term project to develop an accounting standard on insurance contracts and IFRS 7 "Insurance Contracts" was published. IFRS 17 replaces IFRS 4 "Insurance Contracts", which currently allows for a wide variety of accounting practices. IFRS 17 will fundamentally change accounting for all entities that issue insurance contracts and investment agreements with discretionary participation components.

This standard will be applicable for annual periods beginning after 1 January 2021. IFRS 17 is pending approval by the European Union.

Given the Group's activity, this new IFRS will have no effect on the Group when it is adopted by the European Union.

IFRIC 23, "Uncertainty about the treatment of income tax"

The interpretation provides requirements in addition to those in IAS 12 "Income Tax", specifying how to reflect the effects of uncertainty in the accounting for income tax. This interpretation clarifies how the recognition and measurement requirements of IAS 12 are applied when there is uncertainty in their accounting treatment.

This interpretation is effective for annual periods beginning on or after 1 January 2019, although it may be applied in advance.

It is not expected to have significant effects for the Group.

IFRS 9 (Amendment) "Prepayment Features with Negative Compensation"

The terms of instruments with prepayment features with negative compensation, where the lender could be forced to accept an amount of prepayment substantially less than the unpaid amounts of principal and interests, were incompatible with the notion of "reasonable additional compensation" for the anticipated recession of an agreement according to IFRS 9. As a result, these instruments would not have contractual cash flows that are only payments of principal and interest, which would lead them to be accounted for at fair value with changes in the profit and loss account. The amendment to IFRS 9 clarifies that a party can be paid or receive a reasonable compensation when an agreement is terminated in advance, which could allow these instruments to be valued at amortised cost or at fair value with changes in other comprehensive income. This amendment is effective for annual periods beginning on or after 1 January 2019, although it may be applied in advance.

The Group does not usually have instruments subject to these clauses, therefore it is deemed that this amendment will have no significant effects.

IAS 28 (Amendment) "Long-term Interests in Associates and Joint Ventures"

This limited-scope amendment clarifies that long-term interests in an associate or joint venture that, in substance, form part of a net investment in the associate or joint venture, but where the equity method is not applied, are to be accounted for in accordance with the requirements of IFRS 9 "Financial instruments". This amendment is effective for annual periods beginning on or after 1 January 2019, although it may be applied in advance.

It is not expected that such modification will have a significant impact for the Group.

Annual Improvements to IFRS. Cycle 2015-2017

These improvements, which will apply to the periods beginning on or after 1 January 2019, always subject to their adoption by the EU, refer to:

- IFRS 3 "Business combinations": A previously held share in a joint operation is re-measured when the control of the business is taken.
- IFRS 11 "Joint agreements": A previously held share in a joint operation is not re-measured when the control of the business is obtained.
- IFRS 12 "Income Taxes": All the tax consequences of dividend payments are accounted for in the same way.
- IFRS 23 "Borrowing costs": Any specific loan originally made to develop a qualifying asset is considered part of the generic loans when the asset is ready for use or sale.

The Group does not expect to have significant impacts in relation to these improvements when they come into force.

2.2 Correction of errors and comparative information

The main issues that led to changes in the amounts for fiscal year 2017 included in the consolidated annual accounts of the Group for fiscal year 2017 approved by the General Shareholders' Meeting on 29 June 2018, and that have led to the reformulation thereof, as indicated in Note 1.1, are as follows:

1. The photovoltaic solar plants destined for sale, and which, therefore, were classified as inventories, were valued with the same criteria as the solar plants built for own use, recorded in the tangible fixed assets, being subject to amortisation from its put in operation condition in correlation with the generation of income, and included the external financial expenses borne until such time as they were in operating conditions. When classified as inventories, these plants should have been valued according to the criteria for inventories recording and valuation described in Note 2.13 at their cost or at their net realisable value, whatever is the lesser, not being subject to amortisation despite the fact that these plants are in operation and generating income. In the reformulation of these consolidated annual accounts, the Group has valued these solar plants according to the valuation criteria for inventories. The non-amortisation thereof has the effect of increasing inventories (2309 thousand euros), deferred tax liabilities (621 thousand euros), net assets (1598 thousand euros), and decreasing deferred tax assets (90 thousand euros). The effect on the income of the fiscal year was an increase in the profit amounting to 1230 thousand euros (1708 thousand euros before tax).

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Additionally, the net book value of the photovoltaic solar plants destined for sale, at a consolidated level, was reduced by:

- i) financial expenses caused by derivative financial instruments related to debt associated with PV plants, the effect whereof is a reduction in inventories (322 thousand euros) and net equity (232 thousand euros) and an increase in deferred tax assets (90 thousand euros). The effect on the income of the fiscal year was a decrease in the profit amounting to 232 thousand euros.
- ii) a result obtained by supervising the project of the PV plants in India that should have been eliminated at the consolidated level, with a reduction in inventories (1,023 thousand euros) and equity (849 thousand euros) and an increase of deferred tax assets (174 thousand euros). The effect on the profit and loss for the fiscal year was a decrease in the benefit of 849 thousand euros (1023 thousand euros before tax, which resulted in a lower volume of business and a greater change in inventories amounting to 1670 thousand euros and 647 thousand euros, respectively).
- iii) an excess in the estimate of costs incurred pending invoicing of one of the plants. the effect whereof is a reduction in inventories and suppliers and other accounts payable for an amount of 760 thousand euros, without effect on the income of the fiscal year.

Consequently, the total effect of these corrections related to photovoltaic solar plants for sale, has led to an increase in inventories amounting to 204 thousand euros, its counterpart being a reduction of suppliers and other accounts payable by amount of 760 thousand euros and an increase in equity amounting to 517 thousand euros (net of the tax effect, which amounted to 447 thousand euros). The effect on the income of the fiscal year was an increase in the profit amounting to 149 thousand euros.

2. The net amount of the volume of business and other operating expenses for fiscal year 2017 included 9054 thousand euros and 1437 thousand euros, respectively, corresponding to the results derived from an agreement for the assumption of an exchange rate evolution risk with an unrelated entity, which at the individual level were considered as operating income but in the consolidated income of the Group, according to their nature, should have been reclassified to financial income, as they were not part of the main activity of the Group. In addition, the reasonable value of the derivative financial instrument, which had not been recorded, was recorded at the end of fiscal year 2017 and resulted in an income for the year in the amount of 222 thousand euros, net of tax (268 thousand euros before tax. Note 7.d).
3. Under Other current financial assets, the Group had a loan granted to Ataca Solar Holdco, for an amount of 2080 thousand euros. This loan has a contractual maturity of 12 months that may be extended and was recorded as current assets. The Directors consider that it will not be collected for the most part in the short term, therefore an amount of 1899 thousand euros has been classified herein to non-current financial assets (Note 7.a)).
4. Additionally, certain reclassifications have been made for various items, which affect certain items of the balance sheet and the profit and loss account, in order to improve the understanding of future financial statements.

The changes made to the balance sheet as of 31 December 2017 cause the modification of the following headings and amounts:

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Section	Reformulated 2017 Annual Accounts	2017 Annual Accounts	Difference
Non-current assets			
Non-current financial assets	4.485.072	2.585.603	1.899.469
Deferred tax assets	4.143.075	3.968.938	174.137
Current assets			
Inventories	117.958.115	117.754.177	203.938
Investments in associates	-	168.464	(168.464)
Derived financial instruments	267.516		267.516
Other non-current financial assets	4.647.917	6.378.921	(1.731.005)
Non-current liabilities			
Deferred tax liabilities	1.133.037	467.066	665.971
Current liabilities			
Short-term external resources	88.842.815	88.483.741	359.074
Trade and other payables	9.874.150	10.633.768	(759.618)
Other non-current financial liabilities	5.271.994	5.631.067	(359.074)
Equity			
Accumulated profit	46.595.744	45.988.332	607.412
Accumulated exchange rate difference	(3.033.277)	(2.849.721)	(183.556)
Non-controlling interests	4.020.259	3.704.877	315.382

The aforementioned corrections caused changes in the Net Equity, for a total amount of 739 thousand euros, and correspond to those described in sections 1 and 2 above, with an increase in the profit of 371 thousand euros in the result of fiscal year 2017. Additionally, the changes made to the profit and loss account for fiscal year 2017 caused the modification of the following headings and amounts:

Section	Reformulated 2017 Annual Accounts	2017 Annual Accounts	Difference
Net sales figure	13.159.714	23.883.270	(10.723.556)
Change in inventory	17.167.332	16.520.805	646.527
Amortisation of inventories-solar plants	-	(1.708.463)	1.708.463
Depreciation and impairment	(415.834)	(422.404)	6.570
Other operating income/(expense)	(4.812.559)	(6.249.400)	1.436.841
Operating profit	5.278.705	12.203.860	(6.925.155)
Financial expense	(2.370.891)	(3.150.414)	779.523
Variation in fair value of financial instruments	7.326.368	(229.386)	7.555.754
Equity in income of associates	(1.214.846)	(435.323)	(779.523)
Profit before taxes	5.982.928	5.352.329	630.599
Income tax	(622.552)	(362.832)	(259.720)
Profit for the year	5.360.376	4.989.497	370.879

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Likewise, as required by IAS 8, in the consolidated annual accounts of the Group as of 31 December 2018, the figures corresponding to 31 December 2017 and 2015 and 31 January 2015, presented for comparative purposes, have been restated, to evidence the effects of the modifications derived from the issue mentioned in point 1 above, in relation to the amortisation of solar plants. This modification meant a greater benefit in fiscal years 2016 and 2015 (and higher equity at the beginning of 2015) due to the elimination of the expense for the amortisation of the solar plants. Additionally, in 2016 when certain solar plants were sold, it had an opposite effect: higher expense due to the variation in inventories derived from the higher accumulated cost of these sold plants, as a consequence of the elimination of amortisation.

As a result of said restatement, the balance sheet as of 31 December 2016 and the profit and loss account for the year ended on 31 December 2016 presented for comparative purposes, together with those corresponding to 31 December 2017, do not coincide with those approved by the General Meeting of Shareholders for fiscal year 2016, in the following chapters and amounts:

Section	Restated 2016 Annual Accounts	2016 Annual Accounts	Difference
Non-current assets			
Deferred tax assets	2.342.859	2.291.845	51.014
Current assets			
Inventories	34.069.549	33.173.670	895.878
Non-current liabilities			
Deferred tax liabilities	1.657.657	1.374.528	283.129
Equity			663.764
Accumulated profit	45.174.491	44.696.999	477.493
Accumulated exchange rate difference	259.312	205.793	53.519
Non-controlling interests	5.299.949	5.167.196	132.753

Corrections in Net Equity had a total impact of 664 thousand euros, which correspond to the effect on the income for fiscal year 2016 due to the decrease in profit (3628 thousand euros), the positive adjustment in equity from previous years (4826 thousand euros), as well as the negative effects derived from variations in the exchange rate generated in 2016 (534 thousand euros, whereof 106 thousand euros correspond to non-controlling interests). The changes made to the profit and loss account for fiscal year 2016 caused the modification of the following headings and amounts:

Section	Restated 2016 Annual Accounts	2016 Annual Accounts	Difference
Operative income			
Changes in inventory	(111.262.128)	(102.893.414)	(8.368.715)
Inventory amortisation-PV plants		(3.330.172)	3.330.172
Profit before tax	20.367.009	25.405.551	(5.038.542)
Income tax	(5.358.168)	(6.768.960)	1.410.792
Profit for the year	15.008.841	18.636.592	(3.627.750)
Profit attributable to non-controlling interests	1.342.200	2.067.750	(725.550)
Profit attributable to shareholders of the Parent	13.666.641	16.568.841	(2.902.200)
Basic profit per share	32,03	38,83	(6,80)



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As a result of said restatement, the balance sheet as of 31 December 2015, the statement of changes in equity and the profit and loss account for the year ended on 31 December 2015 presented for comparative purposes, together with those corresponding to 31 December 2017, do not coincide with those approved by the General Meeting of Shareholders for fiscal year 2015, under the following headings and amounts:

Section	Restated 2015 Annual Accounts	2015 Annual Accounts	Difference
Non-current assets			
Deferred tax assets	7.557.531	7.244.464	313.067
Current assets			
Inventories	136.097.971	129.629.381	6.468.590
Non-current liabilities			
Deferred tax liabilities	3.654.562	1.698.589	1.955.974
Equity			4.825.684
Accumulated profit	41.857.454	38.477.761	3.379.693
Accumulated exchange rate difference	1.183.387	702.533	480.854
Non-controlling interests	5.757.811	4.792.674	965.137

Corrections in Net Equity for a total amount of 4826 thousand euros correspond to the effect on the income for fiscal year 2015 due to the increase in profit (2886 thousand euros), the positive adjustment in equity from previous years (1590 thousand euros), as well as the negative effects derived from variations in the exchange rate generated in 2015 (350 thousand euros, whereof 70 thousand euros correspond to non-controlling interests). The changes made to the profit and loss account for fiscal year 2015 caused the modification of the following headings and amounts:

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Section	Restated 2015 Annual Accounts	2015 Annual Accounts	Difference
Operative income			
Changes in inventory	41.262.671	41.262.671	-
Inventory amortisation-PV plants	-	(4.008.231)	4.008.231
Profit before tax	8.891.763	4.883.532	4.008.231
Income tax	(1.494.273)	(371.969)	(1.122.305)
Profit for the year	7.397.490	4.511.564	2.885.926
Profit attributable to non-controlling interests	1.230.810	653.625	577.185
Profit attributable to shareholders of the Parent	6.166.680	3.857.939	2.308.741
Basic profit per share	15.417	9.645	5.772

Additionally, the effect at the beginning of 2015 of said modifications in the balance sheet is as follows:

Section	1 January 2015 restated	2014 Annual Accounts	Difference
Non-current assets			
Deferred tax assets	9.368.062	9.270.372	97.690
Current assets			
Inventories	84.084.310	81.973.219	2.111.091
Non-current liabilities			
Deferred tax liabilities	5.447.183	4.828.892	618.291
Equity			1.590.490
Accumulated profit	40.239.690	39.168.738	1.070.952
Accumulated exchange rate difference	656.427	454.987	201.440
Non-controlling interests	3.947.605	3.629.507	318.098

2.3 Consolidation policies

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed, or is entitled, to obtain variable returns due to its involvement in the investee and has the ability to use its power over it to influence those returns.

Subsidiaries are consolidated as of the date on which control is transferred to the Group, and are excluded from consolidation on the date on which control ceases.

To account for business combinations, the Group applies the acquisition method. The consideration transferred for the acquisition of a subsidiary corresponds to the fair value of the assets transferred, the liabilities incurred with the previous owners of the acquired company and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability arising from a contingent consideration agreement.

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are initially valued at their fair value at the acquisition date. For each business combination, the Group may choose to recognise any non-controlling interest in the acquired company for the fair value or for the proportional part of the non-controlling interest of the recognised amounts in the net identifiable assets of the acquired company.

Acquisition-related costs are recognised as expenses in the year wherein they are incurred.

If the business combination is carried out in stages, the carrying amount on the date of acquisition of the equity interest in the acquired company previously held by the acquiring company is re-measured at fair value at the acquisition date; any profit or loss arising from this new valuation is recognised through profit or loss for the fiscal year.

Any contingent consideration to be transferred by the Group is recognised at fair value on the date of acquisition. Subsequent changes in the fair value of the contingent consideration considered an asset or a liability are recognised in accordance with IAS 39 through profit or loss. The contingent consideration that is classified as equity is not valued again and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired company and the fair value at the acquisition date of any prior holdings in the net equity in the acquired company over the fair value of the net identifiable assets acquired is recorded as goodwill. If the total consideration transferred, the non-controlling interest recognised and the previously held interest is less than the fair value of the net assets of the subsidiary acquired in the case of an acquisition under very advantageous conditions, the difference is recognised directly in the profit and loss account

Inter-company transactions, balances and unrealised profits in transactions between Group entities are eliminated. Unrealised losses are also eliminated. When necessary, the amounts presented by the subsidiaries have been adjusted to adapt them to the Group's accounting policies.

The identification data of the subsidiaries is broken down in the accompanying Appendix I.

The annual accounts/financial statements used in the consolidation process are, in all cases, those corresponding to the year ended on 31 December of each year.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - i.e. as transactions with owners in their capacity as owners. The difference between the fair value of the consideration paid and the corresponding proportion of the carrying amount of the net assets of the subsidiary is recorded in equity. Profit or loss on disposal of non-controlling interests is also recognised in equity.

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(c) Disposals of subsidiaries

When the Group ceases to have control, any interest retained in the entity is revalued at its fair value on the date when control is lost, recognising the change in the carrying amount through profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognised in the other comprehensive income in relation to said entity is accounted for as if the Group had directly sold the related assets or liabilities.

This could mean that the amounts previously recognised in other comprehensive income are to be reclassified in the income statement.

(d) Joint agreements

The Group applies IFRS 11 to all joint agreements. Investments in joint arrangements under IFRS 11 are classified as joint operations or as joint ventures, depending on the contractual rights and obligations of each investor. The Group has evaluated the nature of its joint arrangements and determined that they are joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method, interests in joint ventures are initially recognised at cost and thereafter adjusted to recognise the Group's share in the profits and losses subsequent to the acquisition, and any movements in other comprehensive income. When the Group's share in losses in a joint venture equals or exceeds its interests in joint ventures (including any long-term interest that, in essence, forms part of the Group's net investment in joint ventures), the Group does not recognise additional losses, unless it has incurred obligations or made payments on behalf of joint ventures.

Unrealised profit on transactions between the Group and its joint ventures are eliminated to the extent of the Group's participation in joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss on the value of the transferred asset. The accounting policies of joint ventures have been modified when necessary to ensure uniformity with the policies adopted by the Group.

See detailed information on these joint ventures in Note 31.

(e) Associates

Associates are all entities over which the Group exercises significant influence but has no control, which is generally accompanied by a holding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share in the results of the investee after the acquisition date. The Group's investment in associates includes the goodwill identified at the acquisition.

If the ownership interest in an associate is reduced, but significant influence is maintained, only the proportional holding of the amounts previously recognised in the other comprehensive income is reclassified to results when appropriate.

The Group's share in profit or loss subsequent to the acquisition of its associates is recognised in the income statement, and its share in subsequent movements in the other comprehensive income is recognised in the other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Group's share in the losses of an associate is equal to or greater than its holding therein, including any other unsecured account receivable, the Group does not recognise additional losses, unless it has incurred legal or implicit obligations or made payments on behalf of the associate.

At each reporting date, the Group determines whether there is any objective evidence that the value of the investment in the associate has deteriorated. Were this the case, the Group shall calculate the amount of the impairment loss as the difference between the amount recoverable from the associate and its carrying amount and recognise the amount adjacent to "the profit/(loss) of a associate" in the income statement.

Profit and loss from the ascending and descending transactions between the Group and its associates are recognised in the Group's financial statements only to the extent that they correspond to investments in the associates of other investors not related to the investor. Unrealised losses are eliminated unless the transaction provides evidence of an impairment loss on the value of the transferred asset. The accounting policies of associates have been modified when necessary to ensure uniformity with the policies adopted by the Group.

Dilution profit and loss arising from investments in associates is recognised in the income statement.

2.4 Foreign currency exchange

(a) Functional and presentation currency

The items included in the annual accounts of each of the Group's entities are valued using the currency of the main economic environment in which the entity operates ("functional currency"). Group companies have as their functional currency the currency of the country where they are located, with the exception of companies located in Chile and Peru, whose functional currency is the US dollar. The Chilean company Solarpack Chile SA, however, has the country's currency defined as its functional currency. In addition, Pampul Holdco, S.L. and PMGD Holdco, S.L., with registered office in Spain, have adopted the US dollar as their functional currency.

The consolidated annual accounts are presented in euros, except when the contrary explanatory notes expressly indicate otherwise, since the euro is the functional and presentation currency of the Parent.

(b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of transactions or valuations, in the case of items that have been revaluated. All profit or loss in foreign currency resulting from the settlement of such transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies is recognised in the income statement, except when deferred in equity as qualified cash flow hedges and qualified net investment hedges.

Profit and loss from exchange differences is presented in the consolidated profit and loss account in the line "Exchange differences (net)".

(c) Group entities

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The results and the financial position of all Group entities (none of which has the currency of a hyperinflationary economy) whose functional currency is different from the presentation currency are converted into the presentation currency as follows:

- (i) The assets and liabilities of each presented balance sheet are converted at the year end exchange rate on the date of balance sheet;
- (ii) The income and expenses of each income statement are converted at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the existing rates on the dates of the transaction, in which case the income and expense are converted on the date of the transactions); and
- (iii) All resulting exchange differences are recognised in other comprehensive income.

The adjustments to goodwill and fair value that arise in the acquisition of a foreign entity are considered assets and liabilities of the foreign entity and are converted at the year end exchange rate. Other exchange differences are recognised in other comprehensive income.

2.5 Tangible fixed assets

The elements of tangible fixed assets, which are wholly for own use, are recognised at cost less amortisation and accumulated impairment losses, except in the case of land except for land which is not depreciated.

The historical cost includes the expenses directly attributable to the acquisition of the items, as well as any other cost directly related to the commissioning of the asset for the use wherefore it is intended. In the case of components included in technical facilities, which require replacement in a different period of time than the main asset, they are recorded and depreciated separately according to their specific service life. Subsequent costs are included in the carrying amount of the asset or are recognised as a separate asset, as appropriate, only when it is probable that future economic profit associated with the elements will flow to the Group and the cost of the element can be determined in a reliable manner. The carrying amount of the replaced part is written off. The remaining expense for repairs and maintenance is charged to the income statement during the financial year wherein it is incurred.

The work carried out by the Group for its own tangible fixed assets is reflected in the cumulative cost resulting from adding the internal costs determined based on the hourly costs of the personnel dedicated thereto to the external costs, and are credited to the account "Work carried out by the Group for fixed assets" in the consolidated profit and loss account, included under "Other operating income".

The Solarpack Group amortises its tangible fixed assets using the straight-line method to allocate the difference between the cost and its residual values over the estimated service life, which is indicated below:

<u>Tangible fixed assets-Service life</u>	<u>Years of estimate service life</u>
Photovoltaic solar plants	20-25
Technical installations and other tangible fixed assets	6-10
Computer equipment	4-10

The Solarpack Group is sometimes obliged to pay significant costs in relation to the closure of its facilities registered in the tangible fixed assets, as decommissioning costs or other similar costs, for which the consolidated balance sheet includes provisions for this concept in relation thereto (Note 21). The estimation of the present value of these costs is recorded as a greater value of the asset with a credit under "Provisions" at the beginning of the operation of the asset. This estimate is revised periodically so that the provision reflects the present value of all estimated future costs. The Group applies a risk-free rate to financially update the provision given that the estimated future cash flows reflect the specific risks of the corresponding liability in order to satisfy said obligation. The risk-free rate used corresponds to the returns, at the end of the reporting period, of government bonds with sufficient depth and solvency and with a maturity similar to the maturity of the obligation. The variation in the provision originated by its financial update is recorded with a charge under "Financial expense" in the consolidated profit and loss account.

The residual value and the service life of the assets are reviewed, and adjusted if necessary, on the date of each balance.

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

Profit and loss from the sale of tangible fixed assets are calculated by comparing the income obtained with the carrying amount and are recognised in the income statement under "Other profit/(loss) – net".

2.6 Borrowing Costs

The costs for general and specific interests that are directly attributable to the acquisition, construction or production of eligible assets - those that necessarily require a substantial period of time before being prepared for the intended use - are added to the costs of these assets during the period of time that is necessary to complete and prepare the asset for the intended use.

The financial income obtained from the temporary investment of the specific loans pending their use in eligible assets is deducted from the interest costs susceptible to capitalisation.

The rest of the interest costs are recognised through profit or loss in the fiscal year wherein they are incurred.

2.7 Intangible assets

(a) Trademarks and licenses

Trademarks and licenses acquired from third parties are shown at historical cost. They have a finite useful life and are valued at cost less accumulated amortisation. Depreciation is calculated by the straight-line method to allocate the cost of trademarks and licenses over their estimated service life, between three and five years.

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(b) Software

Licenses for acquired software are capitalised based on the costs incurred for acquisition and for putting the specific software in operating conditions.

The costs associated with the development or maintenance of software are recognised as an expense as they are incurred. Expenses directly related to the production of unique and identifiable software controlled by the Group, that are likely to generate economic benefits higher than the costs for more than one year, are recognised as intangible assets. Direct costs include the expenses of the personnel that develops the software and an adequate percentage of general expenses.

Software, either acquired from third parties or from own development, recognised as assets, is amortised from the start of operation over its estimated service life, which shall not exceed five years. There are computer applications in development that will not be amortised until the start-up.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share in the identifiable net assets, liabilities and contingent liabilities of the subsidiary acquired on the date of acquisition. Goodwill related to acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment losses, is carried at cost less accumulated impairment losses, and such impairment cannot be reversed in the future. Profit and loss on the sale of an entity are included in the carrying amount of goodwill related to the entity sold.

In order to carry out the tests for impairment losses, the goodwill acquired in a business combination is assigned to each of the cash generating units, or Groups of cash generating units, that are expected to benefit from combination synergies. Each unit of a Group of units to which the goodwill is allocated represents the lowest level within the entity wherein the goodwill is controlled for internal management purposes (Note 2.8).

Revisions of impairment losses on goodwill are made annually or more frequently if events or changes in circumstances indicate any potential impairment loss. The carrying amount of the generating unit containing the goodwill is compared to the recoverable amount, which is the value in use or the fair value less selling costs, whatever amount is higher. Any impairment loss is immediately recognised as an expense and subsequently not reversed.

Goodwill on consolidation, which was included in the consolidated balance sheet at 31 December 2015 amounting to 714 thousand euros, arose when the subsidiary Alto Cielo SA was incorporated into the consolidation perimeter in fiscal year 2015.

In fiscal year 2016, this intangible asset was derecognised as a result, as indicated in Note 1 to these consolidated annual accounts, of the removal from the consolidation perimeter of this company, derived in turn from the sale on 8 April 2016 of the all the shares that the Group held in this company with an appreciation on the total investment, including goodwill on consolidation.

2.8 Losses for impairment of non-financial assets

Assets that have an indefinite service life or assets that cannot be used are not subject to amortisation and are tested annually for impairment losses. Assets subject to amortisation are reviewed for impairment losses whenever an event or change in circumstances indicates that the carrying amount may not be recoverable. An impairment loss is recognised for the amount where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset less selling costs and value in use. For the purposes of assessing impairment losses, assets are grouped at the lowest level for which there are largely independent cash inflows (cash-generating units).

Previous impairment losses on non-financial assets (other than goodwill) are reviewed for possible reversal on each date on which financial information is presented:

2.9 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or Groups of disposable items) are classified as assets held for sale when their value will be recovered mainly through their sale, provided that the sale is considered highly probable and is available for immediate sale in its current condition and is expected to be completed within one year from the date of classification. These assets are valued at the lower amount between carrying amount and fair value less necessary costs to their disposal and are not subject to amortisation.

Any component of the Group that has been sold, has been disposed of in another manner or has been classified as held for sale and represents a line of business or a significant geographical area of operation, is part of an individual plan or is a subsidiary acquired exclusively for sale is classified as discontinued operation. The result generated by the interrupted activities is presented in a single specific line in the consolidated profit and loss account, net of taxes.

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and accounts receivable, held to maturity and financial assets available for sale. The classification depends on the purpose with which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

(a) Fair value financial assets with changes through profit and loss

Financial assets at fair value with changes through profit or loss are financial assets held for trading. Any financial asset is classified in this category if it is acquired mainly for the purpose of selling it in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled in twelve months; otherwise, they are classified as non-current assets.

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(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable collections that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of negotiating with the receivable. They are included in current assets, except for maturities over 12 months from the balance sheet date which are classified as non-current assets. Loans and receivables are included in "customers and other receivables" in the balance sheet (Note 9).

(c) Financial assets held to maturity

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold until maturity. If the Group sold a non-insignificant amount of financial assets held to maturity, the entire category would be reclassified as available for sale. Financial assets held to maturity are included in non-current assets, except for those with maturities of less than 12 months.

(d) Financial assets available for sale

Financial assets available for sale are non-derivatives that are designated in this category or are not classified in any of the other categories. They are included in non-current assets unless they expire within 12 months after the date of the balance sheet or management intends to dispose of the investment within said period.

2.10.2 Recognition and valuation

The usual acquisitions and disposals of investments are recognised on the trading date, i.e. the date on which the Group undertakes to acquire or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets that are not measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially recognised at fair value, and transaction costs are charged to the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has substantially transferred all the risks and advantages derived from their ownership. Financial assets available for sale and financial assets at fair value through profit or loss are subsequently accounted for at fair value. Loans and receivables are recorded at amortised cost according to the effective interest rate method.

Profit or loss arising from changes in the fair value of the category of financial assets at fair value through profit or loss is presented in the income statement under "Income from financial instruments at fair value" in the period wherein they originated. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Unrealised profit or loss arising from changes in the fair value of non-monetary securities classified as available for sale is recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the cumulative fair value adjustments recognised in equity are included in the income statement as profit and loss on investment securities.

The equity instruments that based on their nature and the purpose of such investment are classified by the Group as financial assets available for sale. They are in turn valued at fair value and changes are recognised directly in equity until the asset is sold or impaired, at which time the profit or loss accumulated in equity to the Profit and Loss Account is recognised, provided it is possible to determine the fair value in a reliable manner. Otherwise they are recorded at cost less impairment losses.

The fair values of the investments listed are based on current purchase prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes the fair value using valuation techniques that include the use of recent free transactions between duly informed interested parties, referring to other instruments substantially equal, the analysis of discounted cash flows, and pricing models of options, using the maximum possible of market inputs and relying as little as possible on the specific inputs of the entity.

Interest on securities available for sale calculated using the effective interest rate method is recognised in the income statement as part of other income. Dividends from equity instruments available for sale are recognised in the income statement as part of other income when the Group's right to receive these payments is established.

2.10.3 Compensation of financial instruments

Financial assets and financial liabilities are offset, and presented net in the balance sheet, when there is a legally enforceable right to offset the amounts recognised, and the Group intends to settle net, or to realise the asset and cancel the liability simultaneously.

2.11 Losses for impairment of financial assets

The Group evaluates on the date of each balance whether there is objective evidence that a financial asset or a Group of financial assets may have suffered any impairment losses.

A financial asset or a Group of financial assets is impaired, and an impairment loss is incurred, if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an "event causing the loss"), and that event (or events) causing the loss have a reliably estimable impact on the estimated future cash flows of the financial asset or the Group of financial assets.

Evidence of impairment loss may include indications that debtors or a group of debtors are experiencing significant financial difficulties, unpaid or delayed payment of interest or principal, the likelihood that debtors will enter a bankruptcy situation or in any other situation of financial reorganisation, as well as indications through observable data that there is a susceptible decrease to valuation in the estimated future cash flows, such as changes in the payment conditions or economic conditions that correlate with defaults.

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For the category of loans and accounts receivable, the amount of the loss is valued as the difference between the carrying amount of the asset and the present value of the estimated future cash flows (without taking into account future credit losses that have not been incurred) discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or an investment held to maturity has a variable interest rate, the discount rate to value any impairment loss is the current effective interest rate determined in accordance with the agreement. As a practical measure, the Group can estimate value impairment based on the fair value of an instrument using an observable market price.

If in a subsequent period, the amount of the impairment loss decreases, and the decrease can be attributed objectively to an event that occurred after the impairment was recognised (such as an improvement in the debtor's credit quality), the reversal of the previously recognised impairment will be recognised in the consolidated income statement.

In the case of capital securities classified as held for sale, it will be considered if there has been a significant or prolonged decline in the fair value of the securities below their cost to determine if the securities have deteriorated. If there is any evidence of this type for financial assets available for sale, the accumulated loss - valued as the difference between the cost of acquisition and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is eliminated from equity and recognised in results. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement but will be taken directly to equity. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be attributed objectively to an event that occurred after the impairment loss was recognised through profit or loss, the impairment loss will be reverted in the consolidated income statement.

Impairment tests for the value of the accounts receivable are described in Note 2.8.

2.12. Derivative financial instruments and hedging activity

Derivatives are initially recognised at fair value on the date whereon the derivative agreement was made and are subsequently revalued at fair value. The method to recognise the resulting profit or loss depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the item being hedged.

The Group documents at the beginning of the transaction the relationship between the hedging instruments and the hedged items, as well as their purposes for risk management and the strategy to undertake several hedging transactions. The Group also documents its assessment, both at the beginning and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in the fair value or in the cash flows of the hedged items.

The fair values of certain derivative instruments used for hedging purposes are disclosed in Note 17. Movements in the hedge reserve included in equity are shown in the consolidated statement of comprehensive income. The entire fair value of a hedge derivative is classified as a non-current asset or liability if the maturity of the remaining hedged item is higher than 12 months, and as a current asset or liability if the maturity of the remaining hedged item is lower than 12 months. Trading derivatives are classified as current assets or liabilities. The Group designates certain derivatives as:

a) Fair value hedge

Changes in the fair value of the derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk. All profit or loss relating to the effective portion of the interest rate swaps hedging fixed-rate resources is recognised in the income statement within "financial results". All profit or loss relating to the ineffective part is recognised immediately in the income statement under "Income from financial instruments at fair value". Changes in the fair value of hedged fixed-rate external resources attributable to the interest rate risk are recognised in the income statement within "financial results".

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item wherefore the effective interest rate method was used is amortised at profit or loss during that period until maturity.

As of 31 December 2017, 2016 and 2015, the Group does not have financial instruments recorded for fair value hedging.

b) Cash flow hedging

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the other comprehensive income. All profit or loss relating to the ineffective portion is recognised immediately in the income statement under "Variation in fair value of financial instruments".

The amounts accumulated in equity are taken to the income statement in the periods wherein the hedged item affects the result (for example, when the anticipated sale that is being hedged takes place). All profit or loss relating to the effective portion of the interest rate swaps hedging variable-rate resources is recognised in the income statement within "financial results". All profit or loss relating to the effective portion of long-term foreign currency agreements that hedge export sales are recognised in the income statement under "sales". The deferred amounts are recognised in the last stay within the cost of sales in the case of inventories, or in the depreciation expense, in the case of tangible assets.

When a hedging instrument expires or is sold or when it does not meet the requirements for hedge accounting, any accumulated profit or loss in equity until that time remains in equity and is recognised when the anticipated transaction is finally recognised in the income statement. When it is expected that the anticipated transaction will not take place, the accumulated profit or loss in equity is immediately taken to the income statement.

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As of 31 December 2017, 2016 and 2015, the Group does not have financial instruments recorded for fair cash flows hedging.

c) Hedge of net investments in business abroad

Hedges of net investments in operations abroad are accounted for in a similar manner to cash flow hedges. Any profit or loss on the hedging instrument related to the effective part of the hedge is recognised in other comprehensive income. All profit or loss relating to the ineffective portion is recognised immediately in the income statement under the heading corresponding to the hedged underlying item.

All accumulated profit and loss in equity is included in the income statement when the operation abroad is disposed of.

As of 31 December 2017, 2016 and 2015, the Group does not have financial instruments recorded for net investment hedging.

d) Derivatives that do not qualify for hedge accounting

Certain derivatives do not qualify for hedge accounting and are recognised at fair value through profit or loss. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

2.13 Inventories

Inventories are valued at their cost, or net realisable value, the lower of both. The cost of finished products and products in progress includes design costs, raw materials, direct labour, other direct costs, manufacturing overhead (based on normal operating capacity), and interest costs. Net realisable value is the estimated selling price in the normal course of business, less applicable selling costs.

Fixed assets (essentially installations and civil works) of the photovoltaic solar plants of Subsidiaries included in the consolidation perimeter, and destined for sale, are classified as inventories, including the external financial expenses incurred up to the moment wherein they are in operating conditions.

If a photovoltaic solar plant destined for sale has been in place for more than a year and there are no agreements for third parties with a commitment to purchase, purchase option granted or similar, its fixed assets are transferred from this heading to Tangible fixed assets.

The cost of the solar plants includes that related to the right to use the lands that are not owned by the Group by virtue of the agreements reached with their owners, as well as the cost estimated to be incurred by the dismantling of the solar plants when there may be a contractual or legal obligation for the Group.

2.14. Trade receivables

Trade receivables are amounts owed by customers due to sales of goods or services that took place in the normal course of operation. If the debt is expected to be collected within a year or less (or in the normal operating cycle, if this is longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are initially recognised at their fair value and subsequently at their amortised cost in accordance with the effective interest rate method, less the provision for impairment losses. A provision is established for impairment losses on trade receivables when there is objective evidence that the Group will not be able to collect all the amounts owed to it in accordance with the original terms of the receivables. The existence of significant financial difficulties on the part of the debtor, the probability that the debtor goes bankrupt or financial reorganisation and the lack of payments or delay thereof are considered indicators that the receivable has deteriorated. The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced as the provision is used and the amount of the loss is recognised in the income statement. When an account receivable is uncollectible, it is regularised against the provision account for receivables. The subsequent recovery of previously written-off amounts is recognised in the income statement.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits in credit institutions, other short-term highly liquid investments with an original maturity of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are classified as external resources in current liabilities.

2.16 Share capital

Ordinary shares are classified as equity.

The incremental cost directly attributable to the issuance of new shares or options is presented in equity as a deduction, net of taxes, on the income obtained.

When any Group entity acquires shares in the Company (own shares), the consideration paid, including any directly attributable incremental cost (net of income tax), is deducted from equity attributable to holders of equity instruments of the Company up to the cancellation, new issuance or transfer thereof. When these shares are subsequently reissued, all amounts received, net of any directly attributable incremental cost of the transaction and the corresponding effects of income tax, are included in the net assets attributable to holders of equity instruments of the Company.

2.17. Official subsidies

Government subsidies are recognised at fair value when there is certainty that the subsidy will be collected and the Group will comply with all the established conditions.

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The official subsidies related to costs are deferred and recognised in the income statement during the period necessary to correlate them with the costs that they intend to compensate.

Official subsidies related to the acquisition of tangible fixed assets are included in deferred revenue as deferred official subsidies and credited to the income statement on a straight-line basis over the expected lives of the corresponding assets. Likewise, tax deductions for R&D, equalised according to IAS 20 to subsidies, are recorded within exploitation subsidies in the profit and loss account, as long as these are inactivated R&D expenses.

The profit from a loan at a lower rate than the market rate, granted by a public entity, is valued as the carrying difference in accordance with IAS 39 "Financial Instruments: Recognition and valuation" and the amount received, recognising a subsidy for said difference that will be recorded in the income statement or in liabilities as deferred official subsidies depending on the expenses of the year or investments in tangible fixed assets.

2.18 Trade payables

Trade payables are payment obligations for goods or services that have been acquired from suppliers in the ordinary course of exploitation. Payables are classified as current liabilities if the payments have a maturity of one year or less (or they expire in the normal operating cycle, if this is longer). Otherwise, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently valued at amortised cost using the effective interest rate method.

2.19 Financial Debt

Financial debts are recognised initially at their fair value less the costs of the transaction that have been incurred. Subsequently, the financial debts are valued at amortised cost; any difference between the funds obtained (net of the costs necessary to obtain them) and the reimbursement value is recognised in the income statement over the life of the debt in accordance with the effective interest rate method.

The Group derecognises financial liabilities only when the obligations are cancelled, invalidated or expired.

The external resources are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the date of the balance sheet.

Commissions paid for obtaining lines of credit are recognised as debt transaction costs whenever it is probable that part or all of the line will be available. In this case, commissions are deferred until the disposition takes place. To the extent that it is not probable that all or part of the credit line will be available, the commission will be capitalised as an advance payment for liquidity services and amortised in the period whereto the credit availability refers.

Loans and credits related to solar photovoltaic plants destined for sale, recorded in inventories (Note 2.13), are classified as current or non-current based on the term foreseen for the sale of the photovoltaic park, given that such sale, which it is carried out through the sale of the stock/shares of the limited company/public corporation wherein these plants are legally structured, is associated with the removal from the consolidation perimeter of all the assets and liabilities thereto.

For this reason, regardless of the maturity schedule that corresponds to this financing, the consolidated amount is classified as current for the total amount of financing for photovoltaic solar plants whose sale is foreseen in twelve months from the end of the fiscal year.

2.20 Current and deferred taxes

a) Corporation Tax

The expense for Corporation Tax for the year includes current and deferred taxes and is calculated based on the result before taxes, increased or decreased, as appropriate, by the permanent and/or temporary differences contemplated in the current tax legislation - or about to be approved - relating to the determination of the tax base of the said tax in the different countries where its employees operate. The tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is also recognised in other comprehensive income or directly in equity, respectively.

Management periodically evaluates the positions taken in tax returns with respect to situations wherein the applicable tax regulation is open to interpretation, and, if necessary, establishes provisions based on the amounts expected to be paid to the tax authorities.

Bonuses and deductions in the tax quota, as well as the tax effect of the application of compensable losses, inactivated, are considered as a reduction of the tax expense in the fiscal year wherein they are applied or offset.

The Parent Company is taxed on the regime of consolidated statement in the autonomous territory of Biscay with the subsidiaries listed below:

- Acrux Uno SLU
- Antlia Dos SLU
- Andromeda Veintiseis SLU
- Cruz del Sur Cuarentainueve SLU
- Orion Setentaicuatro SLU
- Solarpack Promo2007 Treintaitres SLU
- Solarpack Promo2007 Treintaicinco SLU
- Solarpack Promo2007 Cincuentaite SLU
- Solarpack Promo2007 Sesentaitres SLU
- Solarpack Promo2007 Setentaidos SLU
- Solarpack Promo2007 Ochentaidos SLU

The dominant company of this tax group is the majority shareholder thereof, Beraunberri SL. In fiscal year 2016, two new companies were incorporated into the tax group:

- Solarpack Monclova, S.L.
- Spk. Alvarado, S.L.

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In fiscal year 2017, another new company was added to the tax group, incorporated by the Group in that fiscal year:

- Pedroso Solar SL

The rest of the companies of the Solarpack Group pay tax on individual declaration, in accordance with the legislation in force in their respective jurisdictions.

b) Deferred taxes

Deferred taxes are calculated, according to the liability method based on the balance sheet, on the temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts in the consolidated annual accounts. However, if the deferred taxes are not accounted from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction, it affects neither the accounting profit nor the taxable profit or loss. Deferred tax is determined applying tax rates (and laws) approved or enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are recognised on temporary differences that arise in investments in subsidiaries, associates and joint arrangements, except for those deferred tax liabilities wherefore the Group can control the date whereon the temporary differences will revert and it is probable that these will not revert in the foreseeable future.

Deferred tax assets derived from tax credits for compensable losses, bonuses, and deductions from the Corporate Tax quota where to the companies are entitled are recognised to the extent that they are likely to have future tax benefits with which they may offset temporary differences. The deductions of the fee to avoid double taxation and tax incentives and the bonuses of Corporation Tax originated by economic events that occurred during the fiscal year reduce the expense accrued by Corporation Tax, unless there are doubts about the realisation thereof.

Deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally recognised right to offset current tax assets with current tax liabilities and when deferred tax assets and deferred tax liabilities are derived from tax on profit from the same tax authority, which fall on the same entity or tax subject, or different entities or tax subjects, which intend to liquidate the current fiscal assets and liabilities in their net amount.

2.21 Employee benefits

Termination benefits

Termination benefits are paid to employees as a result of a decision of the Group to terminate their employment contract before the normal retirement age or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises these benefits on the first of the following dates: (a) when the Group can no longer withdraw the offer of such compensation; or (b) when the entity recognises the costs of restructuring within the scope of IAS 37 and this involves the payment of severance payments. When an offer is made to encourage voluntary resignation of employees, severance payments are valued based on the number of employees expected to accept the offer. The benefits that will not be paid within twelve months from the balance sheet date are discounted to their present value.

Variable compensation plans.

The Group recognises liability and expense, as variable compensation, based on formulas that take into account developments and business income. The Group recognises a provision when it is contractually obligated or, for any other reason, this remuneration becomes chargeable.

The Group has a multi-year variable compensation agreement with its employees, which is determined based on the degree of achievement of a certain ratio calculated from the accumulated income of the group for the period 2015-2017. As of 31 December 2017, the Group management has estimated the basis for calculating the ratio and the conditions for the payment of such compensation were met to that date, so there is a new liability recorded for this item in the accompanying consolidated balance sheet (Note 19).

2.22 Provisions

Provisions for environmental restoration, restructuring costs and litigation are recognised when: the Group has a present duty, either legal or implicit, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been estimated reliably. Restructuring provisions include penalties for cancellation of the lease and payments for dismissal to employees, if applicable. No provisions are recognised for future operating losses.

When there are a number of similar obligations, the probability that an outflow is necessary to settle the obligation is determined considering the class of obligations as a whole. A provision is recognised even when the probability of an outflow in relation to any item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the duty. The increase in the provision due to the passage of time is recognised as an interest expense.

Provisions for decommissioning and restoration

An obligation to incur decommissioning and restoration costs is generated when an alteration caused by the development or production takes place in the course of the activity. Costs are estimated based on a formal closure plan and are subject to a formal review.

Certain Subsidiaries have an obligation to incur decommissioning costs, as they have the obligation to remove the plants from their current site at the end of the concession agreement for the use of the land whereon said plants have been built or due to environmental legal requirements (Note 33). As a general rule, the Group at the end of such fiscal years generates a provision for the present value of future discounted cash flows (Note 21). Specific changes in quantified decommissioning liabilities will involve a change in the cost of the corresponding asset; any adjusted depreciable amount of the asset will be thereafter depreciated prospectively over its remaining service life.

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Provisions for guarantees

There are companies with commitments to guarantee and hedge any inconsistencies that may arise from the materials, supplies and spare parts delivered, and penalties due to any delay in the connection of certain solar plants. As of 31 December 2017 and 2016, these companies keep provisions for these items based on the best possible estimate (Note 21).

As of 31 December 2017 and 2016, there are no provisions of a significant nature or contingent liabilities that were not recorded or disclosed in these consolidated annual accounts.

2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents the receivables for the goods sold (power supply) and services provided in the normal course of business of the group companies, net of discounts, refunds and value added tax. Sales of goods are recognised when they have been delivered and their property has been transferred and those of services when they have been provided. Revenue is recognised when income can be reliably measured and it is likely that the Group will receive economic profit in the future and when certain conditions are met for each of the Group's activities described below. The Group bases its return estimates on historical results, considering the type of customer, the type of transaction and the specific circumstances of each agreement.

The sale of photovoltaic solar parks whose fixed assets are classified as inventories (Note 2.13) is recorded under "Net Amount of Turnover" in the consolidated profit and loss account for the sum of the price of the shares of the photovoltaic park plus the amount of the net debt related thereto (total debt minus current assets), while the inventories are derecognised under "Changes in inventories of finished goods and work in progress" in the consolidated profit and loss account. The difference between both amounts constitutes the operating income obtained from the sale.

Each park adopts the legal structure of a public corporation or limited company (see Appendix I), whose stock/shares are consolidated by global integration in the accompanying consolidated annual accounts. The effective delivery of a photovoltaic solar park normally takes place once it has entered into operation and has passed the start-up period.

Interest income is recognised using the method of effective interest rate. When a loan or receivable is impaired due to impairment, the Group reduces the carrying amount to its recoverable amount, which is calculated based on the estimated future cash flows discounted at the instrument's original effective interest rate, and continues updating the account receivable as interest income. Interest income from loans that have suffered impairment losses are recognised when cash is collected or on the basis of cost recovery when conditions are guaranteed.

Dividend income is recognised when the right to receive payment is established.

2.24 Leasing

Leases where the lessor retains a significant portion of the risks and advantages of ownership are classified as operating leases. Payments for operating leases (net of any incentive received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

2.25 Distribution of dividends

The distribution of dividends to the partners of the Parent Company is recognised as a liability in the consolidated annual accounts of the Group in the year wherein the dividends are approved by the partners of the Parent Company.

2.26 Environment

Expenses derived from business actions aimed at protecting and improving the environment are recorded as an expense in the year wherein they are incurred. When said expenses involve additions to the tangible fixed assets, whose purpose is the minimisation of the environmental impact and the protection and improvement of the environment, they are recorded as an increase in the value of the fixed assets.

2.27 Current and non-current balances

Non-current balances, both assets and liabilities, are considered to be those amounts with a maturity of more than 12 months from the end of the accounting year.

2.28 Transactions with related parties

The Group performs all its transactions with related parties at market prices. Additionally, transfer prices are appropriately supported and accordingly, the Directors of the Group do not consider that any significant risks that could give rise to material liabilities in the future exist in this connection.

3 Risk management

3.1 Financial risk factors

The Group's activities are exposed to various financial risks: market risk (including exchange rate risk, fair value risk by interest rate and price risk), credit risk and liquidity risk. The Group's global risk management programme focuses on the uncertainty of financial markets and seeks to minimise potential adverse effects on the Group's financial profitability.

Risk management is controlled by the Central Treasury Department of the Group in accordance with policies approved by the Board of Directors of the Parent Company. This Department identifies, evaluates and hedges financial risks in close collaboration with the operating units of the Group. The Board provides written policies for global risk management, as well as for specific areas such as exchange rate risk, interest rate risk, liquidity risk and excess liquidity investment.

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a) Market risk

(i) Foreign exchange risk

The Group operates on the international stage and is therefore exposed to foreign exchange risk from operations with foreign currency, especially the dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities and net investments in operations abroad. The exchange rate risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the functional currency of the entity.

The Group's management has established a policy requiring its entities to manage their exchange rate risk vis-à-vis its functional currency.

The entity hedges the exchange rate risk in the following ways:

- In the construction activity, most of the supplies are contracted in the currency of the EPC contract, and the exposure to exchange rate risk is small.
- In investments in solar plants, long-term debt is mainly contracted in the same currency wherein the revenues of the photovoltaic installation are denominated.

The Group has several investments in foreign operations, whose net assets are denominated mainly in US dollars and exposed to the risk of foreign currency exchange. The exchange rate risk on the net assets of these operations is mainly managed through external resources denominated in the corresponding foreign currency.

On the other hand, the Group's management uses derivative financial instruments (exchange insurance) to hedge or mitigate the risk of fluctuations in the exchange rate of investments in subsidiaries, associates, joint ventures and branches, whose activities are based or carried out out in a currency other than the US dollar and/or the euro.

During the current fiscal year and the previous fiscal year, the amount of these agreements amounted to 1 329 888 thousand rupees and 431 366 thousand rupees, respectively (Note 17).

If as of 31 December 2017, the euro had been devalued/reassessed by 10% with respect to all functional currencies other than the euro, keeping the rest of the variables constant, the net equity would have been higher/lower at 3620/2933 thousand euros (2016: higher/lower 586/3804 thousand euros; 2015: higher/lower 4293/3406 thousand euros) due to the effect of the equity contributed by the subsidiaries that operate with another functional currency other than euros. The detail by currency in euros is the following:

	31/12/2017		31/12/2016		42.369	
	(10%)	10%	(10%)	10%	(10%)	10%
Dollars	572.583	(438.894)	1.218.258	(1.445.578)	4.426.079	(3.514.998)
Chilean pesos	1.714.481	(1.402.768)	(1.510.396)	(1.639.645)	(133.254)	109.024
Indian rupees	1.345.735	(1.101.816)	875.408	(716.243)		()
Other currencies	(12.510)	10.265	2.594	(2.122)		()
Total	3.620.288	(2.933.213)	585.864	(3.803.589)	4.292.825	(3.405.974)

If the average exchange rate of the euro in 2017 had been devalued/reassessed by 10% with respect to all functional currencies other than the euro, keeping the rest of the variables constant, the result after tax for the year would have been higher/lower at 909/776 thousand euros (2016: higher/lower 2379/1946 thousand euros, 2015: higher/lower 1145/937 thousand euros), mainly as a result of the exchange to euros of the profit and loss account. The detail by currency in euros is the following:

	2017		2016		2015	
	(10%)	10%	(10%)	10%	(10%)	10%
Dollars	672.822	(582.723)	1.008.121	(824.826)	165.609	(135.498)
Chilean pesos	131.566	(107.649)	1.371.589	(1.122.209)	979.408	(801.333)
Indian rupees	119.384	(97.734)	3.087	(2.526)	-	-
Other currencies	(15.221)	12.409	(3.413)	2.792	-	-
Total	908.551	(775.697)	2.379.384	(1.946.769)	1.145.017	(936.832)

(ii) Price risk

The Group's exposure to the price risk from capital securities due to the investments held by the Group and classified in the consolidated balance sheet as available for sale or at fair value through profit or loss is not significant due to the low relevance of these investments related to the total assets and the Group's own funds.

(iii) Interest rates

With regard to the interest rate risk related to bank debt, each company maintains a strategy consisting of financing through fixed-rate financing agreements, at least 70% of the volume of the debt. Therefore, the Group does not consider that there is a high risk, since there is a small percentage of bank indebtedness subject to a variable interest rate. The balances that the Group maintains available from the credit accounts as of 31 December 2017, 31 December 2016 and 31 December 2015 (Note 16) are at variable interest rate, but they have short-term maturities.

Additionally, the Group began, in 2016, to manage part of its interest rate risk through derivative financial instruments. Through these instruments, the Group converts the variable interest rate reference of a financial liability into a fixed reference, either for the total amount or for a partial amount, which affects all or a part of the life thereof.

If during 2017, the average of the interest rates of the external resources denominated in euros would have been 10 basis points higher/lower, keeping the rest of the variables constant, the income after taxes of the corresponding period would practically have remained unchanged as consequence of higher/lower interest expense on variable rate loans.

b) Credit risk

Credit risk, except for those related to receivables, is managed at the Group level. Credit risk arising from cash and cash equivalents and deposits with banks and financial institutions is considered insignificant due to the credit quality of the banks with which the Group operates. In specific circumstances that may determine specific credit risks of these financial institutions, they are provided, if necessary, with the appropriate provisions to hedge these risks.

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With regard to the credit risk related to receivables, each company has specific policies for the management of this credit risk and the Group does not consider that there is a high risk. In the subsidiaries whose activity consists in the generation of solar energy, no high credit risk is considered since, despite the high concentration of customers, their credit quality is high. In the case of Spain, no high risk is considered because it is a state agency, with the sale of energy to other clients not being very representative. Regarding the subsidiaries whose plants are for sale and which have recently started the sale of energy, they have signed energy supply agreements with an exclusive client or for the majority of the planned energy production, therefore no high credit risk is considered since these are relevant companies in each of the countries wherein these plants operate, with high credit quality. Therefore, there is no specific hedging to hedge this risk.

The other companies in the group work with clients with high credit quality, there are credit limits that have not been exceeded during the year, and the management does not expect any loss due to the non-compliance of these counterparties.

The main credit risks are in the Operations and Maintenance and Asset Management activities in Spain, since the customers of these activities are companies affected by the reduction of the compensation to solar generators. However, all these clients have a stable cash flow and in their long-term non-recourse senior debt agreements it is stipulated that the payment of operating expenses is a priority before the payment of debt, specifically to keep the assets operating and generating cash.

c) Liquidity risk

Prudent management of liquidity risk implies the maintenance of sufficient cash and the availability of financing through a sufficient amount of credit facilities. In this sense, the Group's strategy is to maintain, through the Group's Treasury Department, the necessary flexibility in financing through the existence of financial assets and the availability of committed lines of credit.

The excess cash held by the operating entities above the balance required for the management of the working capital is transferred to the Group Treasury Department, which invests these surpluses in interest-bearing current accounts, time deposits, market deposits, monetary and negotiable instruments, while choosing instruments with adequate maturities or sufficient liquidity to provide sufficient slack as determined by the aforementioned predictions. At the balance sheet date, the Group had highly liquid short-term investments amounting to 2085 thousand euros (Note 11) and other liquid assets amounting to 2827 thousand euros (2016: 1227 thousand euros; 2015: 2756 thousand euros) that are expected to generate cash inflows to manage liquidity risk in due time (Note 7.a)).

Management follows up on the reviews of the Group's liquidity reserve, as well as the evolution of the Net Financial Debt, and its calculation as of 31 December 2017, 2016 and 2015 as follows:

	2017	2016	2015
Cash and other cash equivalents (Note 11)	16.528.750	16.473.715	16.337.510
Other non-current financial assets (Note 7)	4.647.917	6.494.953	4.916.271
Short-term credits (Note 9)	108.956	571.438	20.223
Undrawn credit lines (Note 16)	8.500.000	8.500.000	3.922.986
Liquidity reserve	32.785.623	32.040.106	25.196.991
Bank debt (Note 16)	88.477.744	4.022.691	113.100.608
Subordinated debt with minority shareholders (Note 16)	3.717.217	0	0
Other non-current financial liabilities (Note 19)	5.271.994	5.155.815	6.912.549
Cash and other cash equivalents (Note 11)	-19.528.750	-16.473.715	-16.337.510
Other non-current financial assets (Note 7)	-4.647.917	-6.494.953	-4.916.271
Short-term credits (Note 9)	-108.956	-571.438	-20.223
Net financial debt	73.181.332	-14.361.600	98.739.152

Among current debt, as of 31 December 2017, the financial debt from the subsidiaries Pozo Almonte Solar 1 SA, Calama Solar 1 SA, Calama Solar 2 SA and the companies located in India Padmajiwadi Solar Pte Ltd, Renjal Solar Pte Ltd, Gummadidala Solar Pte Ltd, Ghanpur Solar Pte Ltd, Thukkapur Solar Pte Ltd and Achampet Solar Pte Ltd for a total amount of 84 742 thousand euros (2016: 0 euros), which although contractually has a maturity of more than 12 months has been classified as current according to the accounting criteria described in Note 2.19, in accordance where to the financial debt from the subsidiaries that the Group plans to sell in the short term is classified as current, in a manner consistent with the classification of its fixed assets, the solar plants, as Inventories in the current assets of the accompanying consolidated balance sheet.

The increase in net financial debt in fiscal year 2017 originated, fundamentally, from the amounts of financial debt formalised during the year with different financial entities amounting, as of 31 December 2017, to 84 742 thousand euros (Note 16), related with the necessary financing for the construction of solar photovoltaic plants (Note 10).

The decrease in net financial debt in 2016 is mainly due to the outflows derived from the changes in the perimeter of the year indicated in Note 1, which have led to the write-down of the assets and liabilities of these companies, mainly, solar plants and the financial debt associated therewith.

The Group's Financial Department monitors the forecasts of the Group's liquidity needs in order to ensure that it has sufficient cash to meet operational needs while maintaining sufficient availability of unused credit facilities at all times so that the Group does not breach the limits of the covenants established by financing (Note 16).

There are no restrictions on the use of cash / cash equivalents, with the exception of those described in Note 7.a) and 11 and the existing commitments described in Note 16.

Below is a table with the detail of the Working Capital Fund that presents the consolidated balance sheet of the Group as of 31 December 2017 compared with 31 December 2016 and 2015, indicating the relative importance of each of the headings:

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	2017	2016	2015
Inventories	117.958.115	34.069.549	136.097.971
Trade and other receivables	6.105.008	2.807.635	3.394.007
Other current assets	357.237	3.217.943	664.087
Current tax assets	2.186.940	1.174.061	3.379.675
Operating current assets	126.607.300	41.269.188	143.535.741
Derived financial instruments	267.516	0	0
Other non-current financial assets	4.647.917	6.494.953	4.916.271
Cash and other cash equivalents	19.528.750	16.473.715	16.337.510
CURRENT ASSETS	151.051.482	64.237.855	164.789.523
Trade and other payables	9.874.150	6.314.444	6.497.553
Current tax liabilities	2.448.758	3.419.551	1.531.535
Current provisions	332.104	212.740	516.103
Other current liabilities	2.210.693	673.307	517.868
Operating current liabilities	14.865.705	10.620.043	9.063.059
Short-term bank debt	85.125.598	358.378	109.156.944
Subordinated debt with minority shareholders	3.717.217	0	0
Derived financial instruments	780.461	0	0
Financial liabilities	5.271.994	5.155.815	6.912.549
CURRENT LIABILITIES	109.760.975	16.134.236	125.132.552
TOTAL WORKING CAPITAL	41.290.508	48.103.619	39.656.971

Although the magnitude of the working capital considered in isolation is not a key parameter for the understanding of the Group's annual accounts, it actively manages the working capital through the net working capital and current and non-current net financial debt, based on the solidity, quality and stability of the relationships with its clients and with the partners with which it has made investments in other countries, as well as an exhaustive monitoring of its situation with financial institutions.

It can be confirmed that there are no risks of the Group's liquidity situation.

The table below presents an analysis of the Group's financial liabilities that will be settled, grouped by maturity, in accordance with the terms pending at the balance sheet date up to the date set in the agreement. The amounts shown in the table correspond to the cash flows (including interest that will be paid) set in the agreement without discounting. The balances payable within 12 months are equivalent to the carrying amounts thereof, since the effect of the discount is not significant.

	Less than 1 year	Between 1 and 5 years	More than 5 years
As of 31 December 2017			
Bank loans (Note 16)	9.298.740	48.477.266	97.494.191
Trade and other payables (Notes 18 & 19)	18.475.528	0	0
As of 31 December 2016			
Bank loans (Note 16)	458.714	1.822.426	2.850.382
Trade and other payables (Notes 18 & 19)	12.143.567	0	0
As of 31 December 2015			
Bank loans (Note 16)	28.393.777	37.341.911	97.194.171
Trade and other payables (Notes 18 & 19)	13.927.970	0	0

3.2 Fair value estimation

IFRS 13 on Fair Value Valuation explains how to value at fair value when required by other IAS. The standard establishes the information to disclose about the valuations at fair value applicable to both non-financial and financial assets and liabilities.

IFRS 13 establishes as fair value the amount that would be received or paid for an asset or liability in an orderly transaction at the valuation date, whether observable or estimated using a valuation technique. In order to do so, data consistent with the characteristics that participants in a market would take into account in the transaction is selected.

IFRS 13 maintains the principles of the other standards, although it establishes a complete framework for the valuation at fair value when it is mandatory under other IFRS and establishes additional mandatory information to disclose about the valuations at fair value.

The requirements under IFRS 13 are met by the Group in the fair value measurement of its assets and liabilities when said value is required by the other IFRS.

Based on the contents of IFRS 13 and under IFRS 7 on Financial Instruments measured at fair value, the Group reports on the estimation of fair value by levels according to the following hierarchy:

- Prices quoted on active markets (unadjusted) for assets and liabilities (Level 1), such as financial instruments quoted on organised markets the market value whereof is their quotation at year-end.
- Inputs other than the quoted prices included in Level 1, which are observable, either directly (for example, reference prices) or indirectly (for example, derived from prices) through valuation models (Level 2).
- Inputs for assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3)

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a) Financial Instrument at Level 1

The fair value of the financial instruments that are traded in active markets is based on the quoted market prices at the balance sheet date. A market is considered active when the quoted prices can be easily and regularly available through stock exchange, financial intermediaries, sectoral institution, price service or regulatory body, and these prices reflect current market transactions that occur regularly, between parties acting in conditions of mutual independence. The market price quoted used for financial assets held by the Group, when applicable, is the current bid price. These instruments are included in level 1.

b) Financial Instrument at Level 2

The fair value of financial instruments that are not quoted in an active market is determined by using valuation techniques. When applicable, the Group uses a variety of methods such as estimated discounted cash flows and makes assumptions that are based on the existing market conditions on each of the balance sheet dates. If all the significant data required to calculate the fair value of an instrument are observable, the instrument is included in Level 2.

Specific techniques for valuation of financial instruments include:

- The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows.
- The fair value of forward exchange rate agreements is determined using the forward exchange rates quoted on the market at the balance sheet date.
- It is assumed that the carrying value of the credits and debits for commercial operations approximates their fair value.
- The fair value of financial liabilities for the presentation of financial information is estimated by discounting future contractual cash flows at the current market interest rate that the Group may have for similar financial instruments.

If one or more of the significant inputs are not based on observable market data, the financial instrument is included in Level 3.

The instruments included in Level 2 and 3 correspond to the derivative financial instruments that the Group began to contract during the year 2016 and maintains as of 31 December 2017 (Note 17).

3.3 Capital risk management

The objectives of the Group in relation to capital management are to safeguard its capacity to continue as a functioning company in order to procure returns for the members and to maintain an optimal capital structure by reducing the cost thereof.

In order to maintain or adjust the capital structure, the Group could adjust the amount of dividends to be paid to the partners, reimburse shareholders' capital, issue new shares or sell assets to reduce debt.

The Group monitors the capital based on the debt index, in line with the sector. This index is calculated as the net debt divided by the total capital employed in the business. Net debt is calculated as the total of external resources plus current financial liabilities, less cash and cash equivalents and less current financial assets, as each of these headings are shown in the consolidated annual accounts. The total capital employed in the business is calculated as net equity, as shown in the consolidated annual accounts, plus net financial debt.

The Group's strategy, in fiscal years 2017, 2016 and 2015, resulted in maintaining an indebtedness ratio close to 0.5 and below 0.75. The indebtedness ratios as of 31 December 2017, 2016 and 2015 were as follows:

	2017	2016	2015
External resources (Note 16)	92.194.961	4.022.691	113.100.608
Non-current financial liabilities (Note 19)	5.271.994	5.155.815	6.912.549
Less: Cash and equivalents, and current financial assets (Note 11)	-24.285.623	-23.540.106	-21.274.005
Net financial debt (Note 3.1 c) (a)	73.181.332	-14.361.600	98.739.152
Equity (b)	52.959.542	56.373.468	48.902.652
Total capital employed in business (c)=(a)+(b)	126.140.874	42.011.868	147.641.804
Leverage index (a)/(c)	0,58	(0,34)	0,67

The indebtedness ratio as of 31 December 2016 is affected by the situation of the Group's ongoing projects and it was modified in fiscal year 2017 by obtaining financing related to solar plants registered in Inventories (Note 10).

As of 31 December 2017, 2016 and 2015, the Group has entered into loan agreements with financial institutions subject to the obligation to comply with certain financial ratios (Note 16).

4 Estimates and accounting judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Important accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. The resulting accounting estimates, by definition, will seldom equal the related actual income. Below, we explain the estimates and judgements that have a significant risk of giving rise to a material adjustment in the carrying amounts of the assets and liabilities within the following financial year.

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Income taxes

The Group is subject to income tax in many jurisdictions. An important degree of judgement is required to determine the worldwide provision for income tax. The Group recognises deferred taxes that, in application of the current regulations of the different tax administrations, are caused by multiple temporary differences of the assets and liabilities. However, there are certain transactions and calculations wherefore the final determination of the tax is uncertain during the ordinary course of business. Nonetheless, management does not consider it necessary to record provisions for possible tax contingencies because it does not estimate possible additional taxes.

The calculation of Income Tax has not required the realisation of significant estimates except for the recognition of tax credits at year-end. The Group follows the criteria of accounting for deferred tax assets and credits for set-off for negative taxable incomes and deductions and bonuses only to the extent that their realisation or future application is sufficiently assured (Notes 2.20 and 26).

As of 31 December 2017, the Group recorded deferred tax assets amounting to 6.9 million euros arising from losses and tax credits from subsidiaries, which in turn recorded deferred tax liabilities for an amount of 6.3 million euros. The recoverability of these assets is not significantly subject to compliance with estimates and judgements by the Group as agreements have been reached with customers for the sale of energy during the life of the plants.

Net realisable value of the solar photovoltaic plants

As indicated in Note 2.13, the Group classifies as inventories the photovoltaic solar plants of subsidiaries that are included in the consolidation perimeter and destined for sale, materialised through the sale of the shares of said companies. These assets are valued at the cost of production for the Group or net realisable value, the lower of both. To estimate the fair value of these investments, the Group uses valuation techniques based on the estimation of the discount of future cash flows and on the market returns required by investors for the assets to be analysed while taking into account the offers to acquire these assets, made by unrelated entities, which, even though being non-binding, have been carried out with a sufficient analysis of the asset and its valuation.

Service lives of tangible assets

As indicated in Notes 2.5 and 2.7, the Solarpack Group determines the estimated service lives and the corresponding depreciation charges for its tangible and intangible assets. The Group will increase the depreciation charge when service lives are lower than the previously estimated lives or amortise or derecognise technically obsolete or non-strategic assets that have been abandoned or sold.

Provisions for plant decommissioning and guarantees

The Group estimates the necessary provisions to cover decommissioning costs when there is an obligation to remove the plants from their current site at the end of the concession agreement for the use of the land whereon said plants were built. Said provisions are constituted when their construction has been completed, at the present value of discounted future flows, estimating the costs based on a formal closure plan and subject to a formal review.

At the end of fiscal year 2017, in addition to the provisions to cover the costs of decommissioning, there are provisions recorded to guarantee and cover any inconsistencies that may arise from the materials, supplies and spare parts delivered and provisions for penalties due to delay in the connection of certain solar plants.

Personnel benefits

In agreements on benefits by multiyear bonus with some of its current employees, the Group makes estimates on the amount of benefits to be paid and the basis the calculation thereof.

These estimates are reassessed at the end of each accounting period by adjusting the provisions to the best available estimates at year-end.

4.2 Significant judgements in applying accounting policies

The most significant judgements and estimates that have had to be considered when applying the accounting policies described in Note 2 correspond to:

1. Estimation of recognition and application of tax credits, as outlined in Notes 2.20 and 20.
2. Estimation of the service life of tangible assets. (Note 2.5)
3. Estimation on the calculation of provisions. (Note 2.22)
4. Estimates of personnel benefits for multi-year bonuses (Note 2.21)

5 Segment Information

The Group analyses its operating segments based on the internal reports that are the basis for review, discussion and regular evaluation by the Board of Directors, the highest authority in the decision-making process, with power to allocate resources to the segments and evaluate their performance. In this sense, segment figures included in these internal reports include the income and margins that are subject to elimination in the consolidation, as the Directors consider that they are a more accurate reflection of the Group's real activity than the consolidated figures, which only reflect the operations carried out with third parties, as we have already indicated in previous paragraphs.

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The Group develops a vertical integration model in the downstream of the solar PV industry. The Group's vertical integration is due to the fact that (i) it develops and builds PV solar plants, (ii) it operates these plants once they start generating power, and (iii) it provides technical and management services during the service life of said plants. The downstream of the solar PV industry includes the execution of generation projects and the production of electricity from solar PV sources. The downstream does not include the manufacture of the components and equipment used in these generation projects. The typology of generation projects and the production of electric energy from solar PV sources wherein the Group works corresponds to the so-called "utility scale", i.e. large generation projects on land. The group does not develop rooftop projects (either residential or commercial) or small or medium projects on land with a power lower than 5 MW.

This vertical integration model has the effect that the Consolidated Financial Statements do not show the real activity of the Group, as an important part of the activities are the development and construction of projects, as well as the provisions of services, i.e. intra-group operations. In the Group's business, the moment wherein a project for the generation of electric power from solar PV sources is put into construction and operation is a key moment in the generation of value for said project. Therefore, without segmented information, the consolidated financial statements of the Group would not show this generation of value in any case when it comes to projects that have not been sold to independent third parties, but are built for the Group's own operation (intra-group operations).

Likewise, the Group performs an activity of providing (i) technical operation and maintenance services and (ii) asset management that is of a very different nature from that of electric power generation from solar PV sources, which needs to be shown as segmented information in order to evidence this activity as a whole: provided to independent third parties and in intra-group operations.

Within the power generation activity, the Group participates in operation of solar PV plants projects not always being the single shareholder, so that in order to correctly analyse this activity at the segment level, the information is included proportionally to the shareholding of the Group in those plants, including the activity of the plants wherein it has no control and excluding the activity of the minority shareholders in the cases wherein, while having control, its shareholding is not 100%.

Therefore, the Group considers it advisable to offer segmented information with the aim of:

- Showing the real level of activity of the Group with independence of the fact that intra-group transactions take place.
- Differentiating in each of the Group's activities the volume of business carried out with external clients and with related parties.
- Showing the temporary generation of income and results adjusted to the moment wherein each activity is carried out.
- Showing the activity in proportion to the Group's shareholding.

The defined segments are the following:

- Development & Construction (DevCon): includes, among others, the activities related to (i) identification of locations for the installation of the solar parks, (ii) management of the environmental impact analysis, obtaining of licenses and permits for the construction and operation of solar parks, (iii) obtaining long-term energy sales agreements, or equivalent regulatory frameworks, (iv) as well as engineering and construction works for solar parks.
- Services (SVCS): includes the services provided by the Group in relation to the technical tasks of operation and maintenance and including commercial and administrative tasks of the solar plants in operation, such as maintenance in coordination with OEMs, accounting and taxation of companies in the project, supervision of maintenance agreements, control centres, etc.
- Power generation (PowGen): includes income and expenses related to the generation and sale of energy from the solar parks in operation, in proportion to the Group's holding, both in controlled companies, as well as in associated companies and others wherein that the Group is a shareholder.

The criteria used by the Group to obtain such financial statements segregated by activities have been described below:

- For each of the activities listed, the assets, liabilities, expenses and income of any nature, exclusively or directly belonging, are assigned to it in a general manner.
- Assets of general use are placed in the column "Structure" and are not subject to distribution between segments. However, any costs and income associated with such assets are allocated to segments.

Transfer prices in inter-segment sales are the prices applied therein, which, as indicated in Note 2.28, are market prices.

As of 31 December 2017, no discontinuity operation has occurred, nor is there any intention on the part of management for such to take place in the near future, understanding as such the separation from the Group (whether by sale, division, liquidation or similar) of a business line or geographical area of operation.

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The information by business segments of the Group corresponding to 31 December 2017, 2016 and 2015, based on the criteria defined above, is detailed below:

	31.12.2017							
	Dev Con (A)	SVCS (B)	Structure (C)	Added total (A+B+C=D)	Power Gen (E)	Added total (D+E=F)	Eliminations (G)	Total (F+G)
Operating income	36.766.424	4.679.467	-	41.445.891	13.051.698	54.497.589	(22.211.711)	32.286.419
External customers	16.626.118	3.995.316	-	20.621.433	13.051.698	33.673.132	(16.725.049)	16.948.082
Related parties customers	20.140.306	684.152	-	20.824.458	-	20.824.458	(5.486.222)	15.338.336
Operating expense	(27.290.154)	(3.116.877)	(222.891)	(30.629.922)	(5.735.439)	(36.365.361)	9.357.647	(27.007.714)
Direct costs	(22.092.811)	(2.571.003)	-	(24.663.914)	(172.935)	(26.376.849)	5.693.788	(20.683.061)
SGA	(5.160.906)	(539.189)	(222.891)	(5.922.987)	-	(5.922.987)	11.167	(5.908.819)
Amortis. of fix. assets	(36.437)	(6.585)	-	(43.022)	(4.022.504)	(4.065.525)	3.649.691	(4.15.834)
Operating perform.-EBIT	9.476.269	1.562.590	(222.891)	10.815.969	7.316.260	18.132.228	(12.853.524)	5.278.704

	31.12.2016							
	Dev Con (A)	SVCS (B)	Structure (C)	Added total (A+B+C=D)	Power Gen (E)	Added total (D+E=F)	Eliminations (G)	Total (F+G)
Operating income	22.937.605	4.200.154	-	27.137.759	12.726.672	39.864.432	2.435.679	42.300.111
External customers	11.467.508	3.074.289	-	14.541.796	12.726.672	27.268.469	4.326.691	31.595.160
Related parties customers	11.470.098	1.125.866	-	12.595.963	-	12.595.963	(1.891.012)	10.704.951
Operating expense	(15.798.238)	(2.662.700)	(325.358)	(18.786.296)	(7.310.519)	(26.096.815)	6.174.664	(19.922.152)
Direct costs	(13.186.371)	(2.243.837)	-	(15.430.208)	(2.528.119)	(17.958.326)	1.708.436	(16.249.891)
SGA	(2.598.223)	(412.906)	(325.358)	(3.336.487)	-	(3.336.487)	31.547	(3.304.941)
Amortis. of fix. assets	(13.643)	(5.958)	-	(19.601)	(4.782.401)	(4.802.002)	4.434.682	(367.320)
Operating perform.-EBIT	7.139.368	1.537.454	(325.358)	8.351.463	5.416.153	13.767.616	8.610.343	22.377.959

	31.12.2015							
	Dev Con (A)	SVCS (B)	Structure (C)	Added total (A+B+C=D)	Power Gen (E)	Added total (D+E=F)	Eliminations (G)	Total (F+G)
Operating income	36.173.698	4.009.462	-	40.183.160	16.116.352	56.299.512	1.989.219	58.288.731
External customers	-	2.817.461	-	2.817.461	16.116.352	18.933.813	(2.289.945)	16.643.868
Related parties customers	36.173.698	1.192.001	-	37.365.699	-	37.365.699	4.279.164	41.644.863
Operating expense	(33.798.821)	(2.305.532)	(281.356)	(36.385.710)	(9.268.964)	(45.654.674)	(2.761.208)	(48.415.881)
Direct costs	(31.573.772)	(2.100.043)	-	(33.673.816)	(3.360.571)	(37.034.387)	(8.319.248)	(45.353.635)
SGA	(2.224.878)	(194.018)	(281.356)	(2.700.252)	-	(2.700.252)	-	(2.700.252)
Amortis. of fix. assets	(171)	(1.1471)	-	(11.642)	(5.908.393)	(5.920.035)	5.558.041	(361.994)
Operating perform.-EBIT	2.374.877	1.703.929	(281.356)	3.797.450	6.847.388	10.644.838	(771.988)	9.872.850

Direct costs include all those costs and expenses directly attributable to our activities, including supplies, direct labour costs as detailed in Note 24, other income and other operating expenses (Note 22) and other income (Note 22). Direct costs do not include corporate, administrative or other overheads.

SGA includes corporate and administrative overheads, which include corporate, commercial, administrative and other overheads, not directly related to the different projects and activities.

The column "Eliminations" reflects:

- (i) intra-group transactions, which according to IFRS are eliminated in the consolidation of our results,
- (ii) the transactions carried out by companies integrated by means of the equity method and financial assets available for sale, which are accounted for in the different segments.
- (iii) transactions attributable to non-controlling interests in companies that are fully consolidated in the consolidated results of the Group under IFRS, but that are partially eliminated in the segments to reflect our proportional holding in the income.
- (iv) reclassifications of project transactions that under accounting standards are classified under accounting headings that do not allow a correct analysis of the activity of the segment such as (a) income from penalties for loss of profits that under accounting standards are accounted for as a lower operating expense but whose purpose objective is to compensate income not obtained and which are shown in the segmented information under "Operating income", and (b) financial results of project agreements that under accounting standards, as this financial activity is not the main activity of the group, are classified as financial results, but they are a part of the operational results of the projects, and in the segmented information are shown under "Operating income" or "Operating expenses",
- (v) removals from the perimeter, where the margins of the intra-group transactions made with the companies that leave the perimeter are recognised and which, at the level of segments, were recognised at the time of construction.

Below are the elimination adjustments:

	31.12.2017					Eliminations
	i. Intra-group transactions	ii. Non-controlled societies	iii. Minority shareholding	iv. Heading adjustments	v. Removals from the perimeter	
Operating income	(5.486.122)	(6.870.440)	998.419	(10.853.029)	-	(22.211.171)
External customers		(6.870.440)	998.419	(10.853.029)		(6.725.049)
Related parties customers	(5.486.122)					(5.486.122)
Operating expense	2.510.571	3.662.313	(51.523)	3.236.286	-	9.357.647
Direct costs	462.976	1660.889	333.636	3.236.286		5.693.788
SGA	4.167					4.167
Amortis. of fix. assets	2.033.427	2.001.424	(385.160)			3.649.691
Operating perform.-EBIT	(2.975.551)	(3.208.127)	946.896	(7.616.742)	-	(12.853.524)

(*) See note 2.2

	31.12.2016					Eliminations
	i. Intra-group transactions	ii. Non-controlled societies	iii. Minority shareholding	iv. Heading adjustments	v. Removals from the perimeter	
Operating income	(1.891.012)	(5.696.576)	1.927.326	-	8.095.941	2.435.679
External customers		(5.696.576)	1.927.326		8.095.941	4.326.691
Related parties customers	(1.891.012)					(1.891.012)
Operating expense	2.654.483	4.028.038	(1.209.709)	-	701.853	6.174.664
Direct costs	(1213.872)	2.656.493	(436.038)		701.853	1708.436
SGA	31547					31547
Amortis. of fix. assets	3.836.809	1.371.544	(773.671)			4.434.682
Operating perform.-EBIT	763.471	(1.668.538)	717.617	-	8.797.793	8.610.343

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	31.12.2015					
	i. Intra-group transactions	ii. Non-controlled societies	iii. Minority shareholding	iv. Heading adjustments	v. Removals from the perimeter	Eliminations
Operating income	4.279.164	(3.461.717)	1.171.772	-	-	1.989.219
External customers		(3.461.717)	1.171.772			(2.289.945)
Related parties customers	4.279.164					4.279.164
Operating expense	(4.250.433)	2.068.931	(579.706)	-	-	(2.761.208)
Direct costs	(9.235.026)	1.110.379	(194.601)			(8.319.248)
SGA						
Amortis. of fix. assets	4.984.593	958.553	(385.105)			5.558.041
Operating perform.-EBIT	28.731	(1.392.785)	592.066	-	-	(771.988)

In accordance with the provisions of paragraph 23 of IFRS 8, the Group does not disclose the interest expenses, the results of the investments in associates or the income tax expense since this information is not provided regularly to the highest decision-making authority (Board of Directors).

5.1. Major customer information

The breakdown of sales to external customers that have been invoiced during the periods ended at 31 December 2017, 31 December 2016 and 31 December 2015 amounting to or greater than 10% of the net amount of the turnover is as follows:

Activities	31 December 2017	31 December 2016	31 December 2015
Terraform Global Holdings Spain 2, S.L.U.	-	29.305.774	-
Falcon Solar. S.L.	-	104.157.779	-
S-energy Chile	3.640.382	-	-
Cia minera doña Ines de Collahuasi SCM	-	-	7.071.445
	3.640.382	133.463.553	7.071.445

5.2 Geographical information

The distribution of the net amount of turnover by geographic area is as follows:

Net sales figure	2017	2016	2015
Spain	2.814.133	2.846.005	3.076.006
Chile	7.275.069	78.425.578	8.078.674
India	2.187.177	-	-
Peru	509.687	42.939.384	5.794.157
Uruguay	373.648	28.722.813	-
Other	-	-	38.740
	13.159.714	152.933.781	16.987.577

6 Tangible fixed assets

The detail and movements of the different categories of tangible fixed assets are shown in the following table:



2017		CLASE 8.ª				2017	
	Balance as of 31.12.16	Additions	Withdrawals	Other movements (*)	Balance as of 31.12.1		
Cost							
Technical install. and other tangible fixed a	8.812.637	63.209	-27.990	-14.761	8.833.096		
	<u>8.812.637</u>	<u>63.209</u>	<u>-27.990</u>	<u>-14.761</u>	<u>8.833.096</u>		
Amortisation							
Technical install. and other tangible fixed a	-3.240.429	-415.310	23.773	-4.671	-3.636.637		
	<u>-3.240.429</u>	<u>-415.310</u>	<u>23.773</u>	<u>-4.671</u>	<u>-3.636.637</u>		
Net book value	5.572.208				5.196.459		
2016						2016	
	Balance as of 31.12.15	Additions	Withdrawals	Other movements (*)	Balance as of 31.12.1		
Cost							
Technical install. and other tangible fixed a	8.441.053	369.764	0	1.820	8.812.637		
	<u>8.441.053</u>	<u>369.764</u>	<u>0</u>	<u>1.820</u>	<u>8.812.637</u>		
Amortisation							
Technical install. and other tangible fixed a	-2.872.103	-366.971		-1.355	-3.240.429		
	<u>-2.872.103</u>	<u>-366.971</u>	<u>0</u>	<u>-1.355</u>	<u>-3.240.429</u>		
Net book value	5.568.950				5.572.208		
2015						2015	
	Balance as of 31.12.14	Additions	Withdrawals	Other movements (*)	Balance as of 31.12.1		
Cost							
Technical install. and other tangible fixed a	8.408.916	36.663	0	-4.525	8.441.053		
	<u>8.408.916</u>	<u>36.663</u>	<u>0</u>	<u>-4.525</u>	<u>8.441.053</u>		
Amortisation							
Technical install. and other tangible fixed a	-2.512.231	-359.475		-396	-2.872.103		
	<u>-2.512.231</u>	<u>-359.475</u>	<u>0</u>	<u>-396</u>	<u>-2.872.103</u>		
Net book value	5.896.684				5.568.950		

There is a high concentration of tangible assets since most of the assets included under "Technical installations and other fixed assets" correspond to the photovoltaic solar plants that the Group has in operation, whose net book value as of 31 December 2017 amounts to 4767 thousand euros (2016: 5087 thousand euros; 2015: 5406 thousand euros).

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a) Property, plant and equipment by geographical area

The breakdown of tangible fixed assets by geographical area as of 31 December 2017, 2016 and 2015 is detailed below:

	2017		
	Cost	Accumulated amortisation/ Provisions	Net book value
Americas	270.901	(55.238)	215.663
Europe	8.546.829	(3.571.568)	4.975.261
Asia	15.365	(9.831)	5.534
	8.833.096	(3.636.637)	5.196.459

	2016		
	Cost	Accumulated amortisation/ Provisions	Net book value
Americas	242.035	-27.860	214.176
Europe	8.570.602	-3.212.569	5.358.033
Asia	0	0	0
	8.812.637	-3.240.429	5.572.208

	2015		
	Cost	Accumulated amortisation/ Provisions	Net book value
Americas	25.919	-14.634	11.285
Europe	8.415.134	-2.857.469	5.557.665
Asia	0	0	0
	8.441.053	-2.872.103	5.568.950

b) Fixed assets not used in operations

As of 31 December 2017, 2016 and 2015 there are no significant fixed assets not subject to operation.

c) Property, plant and equipment pledged as security

As of 31 December 2017 there are elements of tangible fixed assets (photovoltaic solar plants included in technical facilities and other fixed assets) with a net book value of 4767 thousand euros (2016: 5087 thousand euros; 2015: 5406 thousand euros) in guarantee of debts with financial institutions whose outstanding amount as of 31 December 2017 amounts to 3708 thousand euros (2016: 3991 thousand euros; 2015: 4266 thousand euros) (Note 16).

d) Insurance

The consolidated Group has taken out several insurance policies to cover the risks where to the tangible fixed assets are subject. The coverage of these policies is considered sufficient.

e) Capitalisation of interest

During the fiscal years 2017, 2016 and 2015 no interest has been capitalised.

f) Tangible fixed assets per project

CLASE 8. ^a Project	Length of service	Net book value 17	Net book value 16	Net book value 15
Office furniture and others	-	429.328	485.673	163.012
Isla Mayor	01/10/2007	1.486.750	1.587.133	1.687.517
Lebrija 1	01/10/2007	963.065	1.026.911	1.090.758
Llenera 1	01/10/2007	964.494	1.029.151	1.093.808
Llenera 2	01/10/2007	1.352.823	1.443.340	1.533.856
Total		5.196.459	5.572.208	5.568.950

7 Financial assets

The detail and movements of the main classes of financial assets is as follows:

	Financial assets at amortised cost (**)	Financial assets available for sale	Investments in associates	Derived financial instruments	Total
As of 1 January 2015	13.466.704	2.361.372	0	0	15.828.076
Additions/changes in perimeter	- 23.744	- 166.652	0	0	- 190.396
Registrations (net of impairment)	4.709.463	23.302	0	0	4.732.765
Deregistrations	- 12.222.963	146.231	0	0	- 12.076.732
Transfers and other movements (*)	2.051	50.445	0	0	52.496
As of 31 December 2015	5.931.511	2.414.698	0	0	8.346.209
Additions/changes in perimeter	2.374.353	0	2.176.690	0	4.551.044
Registrations (net of impairment)	3.800.278	28.864	0	0	3.829.142
Deregistrations	- 4.842.001	225.647	0	0	- 4.616.354
Transfers and other movements (*)	201.316	1.806	0	0	203.121
As of 31 December 2016	7.465.457	2.671.015	2.176.690	0	12.313.162
Additions/changes in perimeter	- 29.754	- 6.869	0	0	- 36.623
Registrations (net of impairment)	2.007.224	19.138	0	267.516	2.293.878
Deregistrations	- 1.032.450	- 130.227	- 750.123	0	- 1.912.800
Transfers and other movements (*)	- 1.134.823	- 6.880	-	0	- 1.141.703
As of 31 December 2017	7.275.653	2.546.178	1.426.567	267.516	11.515.914
2017					
Non-current	2.627.736	2.546.178	0	0	5.173.914
Current	4.647.917	0	0	267.516	4.915.433
Investments in associates	0	0	1.426.567	0	1.426.567
2016					
Non-current	970.504	2.671.015	0	0	3.641.518
Current	6.494.953	0	0	0	6.494.953
Investments in associates	0	0	2.176.690	0	2.176.690
2015					
Non-current	1.015.240	2.414.698	0	0	3.429.938
Current	4.916.271	0	0	0	4.916.271
Investments in associates	0	0	0	0	0

(*) It essentially includes the effect of currency exchange in the financial assets of the foreign subsidiaries.

(**) Under this heading are the items called "Loans and receivables". The amounts are presented net of the corresponding impairment losses (Note 2.11).

All the financial assets held by the Group as of 31 December 2017, 2016 and 2015, which have not expired and which have not suffered impairment losses in the year, are considered to be high quality and show no signs of impairment losses.

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a) Financial assets at amortised cost

	31 December 2017	31 December 2016	As of 31 December
Long-term deposits	39.425	39.425	39.425
Long-term loans companies acc. by the equity method (Note 30)	2.588.311	931.079	975.815
Short-term loans companies acc. by the equity method (Note 30)	957.272	2.790.450	438.193
Short-term loans related comp. (Note 30)	20.787	88.651	441.474
Current accounts with partners (Note 30)	0	207	196
Short-term deposits	2.826.582	1.226.960	2.755.580
Other non-current financial assets	843.276	2.388.686	1.280.828
Total loans and receivables	7.275.653	7.465.457	5.931.511

Under "Other current financial assets" are, essentially, a current account with other unrelated parties. In addition, as of 31 December 2016, the amount deposited in the court during the year related to the legal proceedings described in Note 21 with SICE for the amount of 1744 thousand euros was registered, a litigation that has been resolved in 2017 and as of 31 December 2015, an investment fund for an amount of 550 thousand euros.

Loans to companies accounted for by the equity method correspond mainly to the credit granted to Ataca Solar Holdco SpA for an amount of 2080 thousand euros (2016: 2359 thousand euros; 2015: - euros). This loan has a maturity of 12 months, which can be extended tacitly if no party dictates otherwise and accrues interest at LIBOR12M + 3%. In accordance with the agreement, the financing agreement signed with the company Ataca Solar Holdco SpA, is enforceable in the short term. However, the Directors consider that the loan will not be received in the short term, although they have no doubt about its long-term collection based on the expected cash flows in said company and, based on these flows, it has been transferred to fiscal year 2017 an amount of 1899 thousand euros in the long term, since they estimate that this amount will not be collected in the short term.

The rest of the amount corresponds to the outstanding balance from the novation of the subordinated loan granted by the Group to Solarpack Promo2007 Ciento Veintiuno, SL in 2015, which was formalised on 30 September 2015 with new conditions. The novation agreement establishes a maximum amount of 1463 thousand euros with capital amortisation within a period of 17 years and 6 months. The loan bears an interest rate of Euribor + 3.5. The contract established that the amount of the subordinated loan will be returned at once on the expiration date, although according to the return conditions thereof, the company may annually prepay, partially or wholly, if certain conditions are met. The amount as of 31 December 2017 amounts to 857 thousand euros (2016: 931 thousand euros; 2015: 1409 thousand euros). From the total amount of the loan, the Group has reclassified 168 thousand euros in the short term, which corresponds to the amount it expects to collect in the year 2018.

In addition, the Group has granted a loan to Kabi Solar (PTY) Limited for an amount of 608 thousand euros (2016: 432 thousand euros; 2015: 438 thousand euros). These balances are shown net of the impairment recorded in the amount of 335 thousand euros as of 31 December 2017 (2016: 1050 thousand euros; 2015: 579 thousand euros) (Note 25). The loan bears an interest rate of 8.5%. The Group, not having incurred legal or implicit obligations, nor having made payments on behalf of this associated company, has not recorded any liability for this holding.

Short-term loans with related parties correspond to loans granted to companies of the group that are not integrated by global integration (see detail in Note 30).

Both time deposits and loans accrue a market interest rate in the country wherein the financial asset is held.

Short-term deposits earn an average interest rate of 1.46% (2016: 0.83%, 2015: 0.45%).

As of 31 December 2017, the subsidiaries Pozo Almonte Solar 1 SA, Calama Solar 1 SA and Calama Solar 2 SA maintain their respective term deposits in financial institutions amounting to 1855 thousand US dollars - whose equivalent value in euros amounted to 1547 thousand euros - whose disposition is restricted, derived from the conditions whereto the loans agreed to finance photovoltaic solar plants are subject (Note 16).

The maximum exposure to credit risk at the date of presentation of the information is the carrying amount of the assets.

b) Financial assets available for sale

This heading includes, essentially, the investments in group companies not included in the consolidation perimeter (Note 1) and the holdings in Tacna Solar SAC and Panamericana Solar SAC amounting to 9.5% of the share capital.

The Group keeps the investments in Tacna Solar SAC and Panamericana Solar SAC, amounting to 9.5% of the share capital in each, for a combined amount of 1560 thousand euros.

These investments were not meeting expected flows, therefore, the Directors recorded said holdings at cost since the variability in the range of reasonable estimates of the fair value is significant and the probabilities of the various estimates within the range cannot be assessed.

The additions correspond to investments, net of impairment, that the Group has made in group companies of not included in the consolidation perimeter (Note 1).

Eliminations for the year 2017 correspond, fundamentally, with the provision of a greater deterioration in the holdings of Ecuador Solar Holdco SL. (Note 25).

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The financial assets available for sale are presented net of a provision for impairment whose movement was as follows:

	31 December 2017	31 December 2016	31 December 2015
Initial balance-provision for impaire	2.857.550	3.027.197	3.165.902
Provisions	210.655	56.000	13.551
Reversals	-65.323	-225.647	-152.256
Other variations (*)	-1.392.027	0	0
Final balance-provision for impairer	1.610.855	2.857.550	3.027.197

(*) The amount of other variations corresponds to the decline in the impairment of Solarpack Development Inc. due to its inclusion into the consolidation perimeter in fiscal year 2017 (Note 1).

These movements in the provision for impairment are included in the financial income of the consolidated profit and loss account for the corresponding fiscal year (Note 25). The amount corresponds fundamentally to the impairment provision for group companies and associates not included in consolidation (Note 1), essentially Ecuador Solar Holdco SL in 2017 and Solarpack Development Inc. and Ecuador Solar Holdco SL in 2016 and 2015.

c) Investments in associates

The consolidated companies applying the equity method as of 31 December 2017, 2016 and 2015 are the following (Note 1):

	% effective holding			Value of holding			Profit share		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Solarpack Promo2007									
Ciento Veintiuno, S.L.	49%	49%	49%	-	-	-	168.464	114.532	690.855
Kabi Solar PTY Ltd.	60%	60%	60%	-	-	-	(779.523)	-	-
Ataca Solar Holdco, SpA	19%	19%	-	577.635	736.389	-	(158.753)	(68.545)	-
Pampul Holdco, SL	19%	19%	-	848.931	1.440.302	-	(445.034)	85.035	-
				1.426.567	2.176.690		(1.214.846)	131.021	690.855

	Total					
	(100%) Assets			(100%) Liabilities		
	2017	2016	2015	2017	2016	2015
Solarpack Promo2007						
Ciento Veintiuno, S.L.	26.997.130	28.157.570	29.246.478	23.114.945	24.567.873	25.450.979
Kabi Solar PTY Ltd.	710.336	502.965	646.431	1.266.526	2.252.546	1.611.519
Ataca Solar Holdco, SpA	61.696.500	71.491.641	0	60.175.548	68.844.437	0
Pampul Holdco, SL	30.328.960	42.153.108	0	26.626.457	36.903.812	0

From the balance as of 31 December 2017, an amount of 1427 thousand euros corresponds to the value of the holdings in Ataca Solar Holdco SpA and Pampul Holdco SL that, as indicated in Note 1, in fiscal year 2016 were consolidated using the equity method, and their entrance is included in the changes of the consolidation perimeter in 2016.

During fiscal year 2017, the General Meeting of Shareholders of the subsidiary Pampul Holdco SL, held on 7 March 2017 approved the distribution of dividends charged to the premium for subscription of shares for an amount of 653 thousand US dollars. The company has collected in fiscal year 2017 the amount corresponding to its shares, amounting to 124 thousand US dollars, whose equivalent value in euros amounted to 117 thousand euros. Subsequently, on 12 September 2017, the General Shareholders Meeting approved the distribution of dividends charged to the premium for subscription of shares for an amount of 182 thousand US dollars. The company has collected in fiscal year 2017 the amount corresponding to its shares, amounting to 35 thousand US dollars, whose counter value in euros is 29 thousand euros.

On 17 May 2017, the General Meeting of Shareholders of the company Solarpack Promo2007 Cientoventiuno SL approved the distribution of dividends for an amount of 339 thousand euros charged to share premium. The company has collected in fiscal year 2017 the amount corresponding to its shares, amounting to 168 thousand euros.

During fiscal years 2016 and 2015 no income was derived from the distribution of dividends of these companies.

Investments in associates at the end of 2017 do not include goodwill.

There are no contingent liabilities related to these investments in the associated companies.

None of these companies are listed on the stock exchange.

d) Derived financial instruments

The Group keeps 268 thousand euros recorded under short-term "Derivatives", which corresponds to the fair value as of 31 December 2017 of an exchange-rate hedge contract that the Group has with a non-related entity, signed on 7 November 2016, whereby the Group provides exchange rate hedging services by buying Indian rupees and selling US dollars. The amount covered by said derivative will be an amount related to the collections that this third party receives from the equipment supply agreement for a project of the Group in India. The amount of this agreement is 3866 million rupees.

The hedge dates are variable since they will be equal to the dates wherein the independent third party receives the payments for the equipment supply agreement. This agreement has a suspensive condition, which was not met until 24 January 2017, so until that date the amount insured was zero and therefore the valuation of the derivative at the end of fiscal year 2016 was zero. At the signing of the hedge contract no premium was paid.

The fair value of this derivative as of 31 December 2017 is 268 thousand euros. The main variable whereon the Directors have relied to determine the fair value of said derivative is the date of the pending settlements of the derivative, which, according to the anticipations of future payments of the equipment supply agreement, has been estimated at 30 June 2019. Had this date been three months earlier/after, the value of the derivative would have been modified by 18/(19) thousand euros.

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In the aforementioned derivative, during fiscal year 2017, an payments amounting to 3487 million rupees were settled, which resulted in a positive result for the Group of 9977 thousand dollars, equivalent to 9054 thousand euros. (Note 2.2).

In turn, the Group has partially hedged this risk with several hedge contracts of the rupee against the US dollar with third parties, which resulted in an expense in euros of 1437 thousand euros in 2017. These figures are included in the financial result under "Variation in fair value of financial instruments" (Note 25). None of these hedge contracts is in force at the end of fiscal year 2017.

8 Other non-current assets

Essentially third-party loans are included under this balance heading, amounting to 453 thousand euros (2016: 1010 thousand euros; 2015: 1266 thousand euros), whose breakdown per maturity is as follows:

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Between 1 and 2 years	82.518	82.518	81.080
More than 5 years	370.728	927.308	1.185.390
	<u>453.247</u>	<u>1.009.826</u>	<u>1.266.470</u>

Credits to third parties accrue a variable interest rate referenced to the Euribor. As a result, there are no significant differences between the fair value thereof and the amount wherefore they are recorded

Loans with agreed maturity over 5 years were granted to Tacna Solar SAC and Panamericana Solar SAC (Note 7.b)). The contractual repayment of loans is at maturity, on 15 May 2031, however the companies have settled in the current year 557 thousand euros (2016: 318 thousand euros; 2015 341 thousand euros).

9 Trade and other receivables

The detail of Customers and other receivables is as follows:

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Customers	5.264.711	1.944.434	2.906.256
Customers of related parties	498.222	474.259	455.290
Less: Provision for impairment loss on receivables			
Customers - Net	<u>5.762.933</u>	<u>2.418.693</u>	<u>3.361.546</u>
Other receivables	342.075	388.942	32.462
Trade and other receivables	<u>6.105.008</u>	<u>2.807.635</u>	<u>3.394.007</u>
Short-term credits	108.956	571.438	20.223
Short-term accrual calculations	248.281	2.646.505	643.864
Other current assets	<u>357.237</u>	<u>3.217.943</u>	<u>664.087</u>
Total	<u>6.462.245</u>	<u>6.025.578</u>	<u>4.058.095</u>

The balances of customers and debtors do not differ from their fair values based on their cash flows discounted at market rates.

The customer heading includes balances due to the sale of products (energy supply), as well as billing for works and services performed to customers for work performed or services rendered pending collection at year-end.

The amount of Other receivables as of 31 December 2017 and 31 December 2016 corresponds, fundamentally, to the compensation pending collection for the amount of 313 thousand euros (2016: 326 thousand euros) by the insurance company in favour of the subsidiary Solarpack Uruguay SA derived from a loss that occurred in fiscal year 2016 and was collected in January 2018.

As of 31 December 2017, 2016 and 2015 there are no customer balances and receivables discounted or anticipated.

As indicated in Note 3, there is a high concentration of credit risk with respect to Trade receivables given that the Group sells the majority of the energy of each solar plant in operation to a single customer (Note 6). However, this risk is highly mitigated as they are companies with recognised solvency.

Receivables have not suffered any impairment in 2017, or 2016 and 2015, therefore there was no need to provide any provision.

The maximum exposure to credit risk at the date of presentation of the information is the carrying amount of each of the receivables detailed above.

Short-term accrual calculations

The balance of this heading as of 31 December 2016 corresponded, fundamentally, to invoices received for work not performed to date related to the construction of the solar plants located in Chile, which at that date were in progress and have been completed during fiscal year 2017 (Note 10).

The carrying amounts of receivables are denominated in the following currencies (in euros):

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Euros	425.331	630.669	914.585
US dollars	1.812.104	2.909.653	3.003.577
Chilean pesos	2.224.882	1.591.055	139.933
Indian rupees	1.999.658	754.564	0
Other	270	139.638	0
Total	<u>6.462.245</u>	<u>6.025.578</u>	<u>4.058.095</u>

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10 Inventories

The detail of Inventories is as follows:

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Goods	80.357.886	5.910.415	306.117
Work-in-process and semi-finished products	2.854.814	13.461.854	26.838.581
Finished products	34.745.415	14.697.280	108.952.952
Prepayments to suppliers	0	0	322
Final balance	<u>117.958.115</u>	<u>34.069.549</u>	<u>136.097.971</u>

The detail of Inventories per project is as follows:

Project	Geographic area	Length of service	Net book value 17	Net book value 16	Net book value 15
PMGD	Chile	01/07/2015	34.745.415	25.620.088	14.272.010
TELANGANA	India	01/10/2017	80.357.886	5.910.415	306.438
ATTACKS	Chile	01/04/2014	0	0	63.532.067
MOQUEGUA	Peru	01/11/2014	0	0	31.148.874
ALTO CIELO	Uruguay	under way in 2015	0	0	26.372.283
Projects in development	(*)	under way	2.854.814	2.539.046	466.298
Total			117.958.115	34.069.549	136.097.971

(*) Mainly, projects under development in Chile.

The heading Work in progress and finished Goods includes the construction cost for the group of PV solar power plants that the Group has built for their subsequent sale or are under construction, through the subsidiaries Pozo Almonte Solar 1 SA, Calama Solar 1 SA, Calama Solar 2 SA and Arica Solar 1 SA. (Note 2.13) and other projects under development, whose book value as of 31 December 2017 amounts to 37 670 thousand euros (2016: 28 159 thousand euros; 2015: 136 098 thousand euros). During the fiscal year the construction of the solar plants of Calama Solar 1 SA and Calama Solar 2 SA was completed, therefore the cost of production thereof has been reclassified to finished goods as of 31 December 2017. During fiscal year 2017, interest has been capitalised as an increased production cost of these solar plants for an amount of 186 thousand euros (2016: 74 thousand euros; 2015: 11 thousand euros), mainly in the solar plants Calama Solar 1 SA and Calama Solar 2 SA, located in Chile.

Additionally, as indicated in Note 1, during fiscal year 2017 the total disposal of the subsidiary Diego de Almagro Solar SpA took place, implying fundamentally the removal of the solar plant - included in Inventories - at 31 December 2016, for an amount of 418 thousand euros.

Likewise, during fiscal year 2016 the variation in the amount of the Inventories is mainly due to the departures of solar plants derived from the variations in the consolidation perimeter, as well as the construction of new solar parks. As indicated in Note 1, during 2016 there was total or partial transfer (maintaining significant influence) of several subsidiaries, which basically implied the removal of solar plants included in Inventories, amounting at 31 December 2015 to 120 977 thousand euros, and the reduction of debts with the financial institutions that were guaranteeing the plants (Note 16). Likewise, the construction of new solar plants located in Chile and India has begun, implying an increase in inventories for a total amount of 19 372 thousand euros.

The solar plants located in the state of Telangana (India), whose construction began in fiscal year 2016 and ended in fiscal year 2017, are registered under Goods, since the Group did not carry out its construction, which was subcontracted. During the year 2017, interest has been capitalised as an increased production cost of these plants amounting to 2544 thousand euros. In 2016 no amount was capitalised.

These solar plants include the total cost arising from the use of the land whereon they were built as an increase value of inventories, in cases wherein these are not owned by the Group and by virtue of the agreements reached with their owners for the use thereof; as well as the estimated costs that the Group will have to face due to the decommissioning of the plants in those cases wherein there is an obligation to do so, wherefore a long-term provision is carried (Note 21).

As of 31 December 2017, one year has not elapsed since the start of operations in the plants located in India, which started operations between August 2017 and November 2017, and two of the plants located in Chile (Calama Solar 1 SA and Calama Solar 2 SA began operations in May 2017), so the Group keeps them in Inventories in accordance with the accounting criteria described in Note 2.13. With reference to Pozo Almonte Solar 1 SA, it started operating in July 2015, so it has exceeded the one-year term after which the plant should be classified as Material Asset instead of Inventories, in application of the accounting criteria described in Note 2.13. However, the Group kept it in Inventories as of 31 December 2017 as it intends to sell this plant in a single transaction, together with the solar plants of Calama Solar 1 SA and Calama Solar 2 SA, which at that date are under construction.

As previously mentioned, the integration of these photovoltaic solar plants in the consolidated figures takes place at the construction cost for the Group, as a turnkey constructor thereof, whereof the book value is lower than the value of the agreements for turnkey construction.

As indicated in note 2.23, the sale of these assets will be materialised through the sale of the stock/shares of the subsidiaries that own them.

The photovoltaic solar plants included in Inventories as of 31 December 2017 are guaranteeing debts with financial institutions whose outstanding amount as of 31 December 2017 amounts to 84 742 thousand euros (Note 16). As of 31 December 2016, photovoltaic solar plants registered in Inventories are not guaranteeing any debt with financial institutions. As of 31 December 2015, the photovoltaic solar plants included in Inventories were guaranteeing debts with financial institutions whose outstanding amount as of 31 December 2015 amounted to 90 456 thousand euros (Note 16).

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Movements in Inventories of solar plants, taking into account that the disposals of plants produced in the years 2017, 2016 and 2015, are broken down as follows:

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Opening balance	34.069.549	135.078.460	83.088.105
Change in inventory fini. and semi-fin. products	17.167.332	-111.262.128	41.262.671
Variation of goods	73.714.471	4.492.358	-158.743
Differences on exchange	-9.986.775	595.885	10.384.431
Other (*)	2.993.538	5.164.974	501.995
Final balance	117.958.115	34.069.549	135.078.460

(*) Includes financial expenses and concessions of activated land as an increased cost of the plants.

Procurements, indicated in the previous table, is recorded under Consumption of raw and secondary materials in the consolidated profit and loss account. The heading is broken down as follows:

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Purchase of materials and other procurements	87.872.193	11.904.973	37.404.863
Variation of goods	(73.714.471)	(4.492.358)	158.743
	14.157.722	7.412.616	37.563.606

The Group maintains insurance policies contracted to cover the risks on its inventories and considers that such coverage is sufficient.

Inventories of Work in progress and finished Goods have not been subject to any deterioration, so it has not been necessary to provide provisions for obsolescence.

11 Cash and cash equivalents

Cash and other liquid assets as of 31 December 2017 and 31 December 2016 and 2015 are broken down as:

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Cash and banks	17.444.200	16.473.715	16.337.510
S/t investments with high liquidity	2.084.549	0	0
	19.528.750	16.473.715	16.337.510

As of 31 December 2017, the Group has deposits in short-term credit institutions with a maturity of less than three months for an amount of 2085 thousand euros. As of 31 December 2016 and 31 December 2015, it did not have deposits in short-term credit institutions with maturities of less than three months or with immediate availability.

As of 31 December 2017, an amount of 8456 thousand euros recorded in Cash and cash equivalents has restrictions on use (2016: 0; 2015: 11 350 thousand euros). The restriction is that the treasury cannot be used centrally by the Group, but is destined to the payment of (i) operating expenses and (ii) servicing the debt of the companies holding such treasury, the largest part of which belong to the POWGEN division. Therefore, it should be noted that there is no restriction on this restricted treasury being used to repay long-term financing.

The carrying amount and other liquid funds of the Group companies are denominated in the following currencies:

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Euros	6.038.993	9.077.519	1.604.638
US dollars	4.263.026	6.130.415	13.821.680
Rupees	7.804.757	880.788	0
Other	1.421.974	384.993	911.192
	<u>19.528.750</u>	<u>16.473.715</u>	<u>16.337.510</u>

12 Social capital and share premium

a) Share capital

The share capital of the Parent Company is fully subscribed and paid as of 31 December 2017, 2016 and 2015, and is represented at 31 December 2017 and 2016 by 426 650 social shares, all with the same rights, with 1 euro face value each. As of 31 December 2017 and 2016, the companies that directly hold more than 10% of the Company's capital stock are Beraunberri SL and Burgest 2007 SL with a shareholding percentage of 75% and 14.06%, respectively (80% and 15%, respectively, as of 31 December 2015), the rest of the capital being distributed among other partners.

As indicated in note 1, on 17 September 2018, the Board of Solarpack Corporación Tecnológica, S.A. decided through the Extraordinary General Shareholders' Meeting the transformation from Limited Company to Public Corporation, so that the Company's shareholdings have become shares with the same nominal value.

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On 1 June 2016, the General Shareholders' Meeting of the company agreed to reduce the face value of the shareholdings, from 10 euros to 1 euro, cancelling the 400 existing shares and creating 4000 new company shares, as well as a capital increase, set at the amount of 4000 euros, up to the figure of 400 000 euros, through the creation of 396 000 indivisible and cumulative shares of 1 euro face value, which were fully subscribed and paid on that date. The capital increase was registered in the Mercantile Registry of Biscay on 13 September 2016 and was charged to reserves and share premium in the amount of 296 000 euros and 100 000 euros, respectively. The members exercised their right to free allocation and assumed the shares proportionally to the participation they previously held.

On 24, June 2016, the members of the Company that held 100% of the share capital at that time, the Company itself, the rest of the partners that participate in the capital of the subsidiaries Ataca Solar Holdco Spa, and Pampul Holdco SL and the company Axa Clean Energy Fund I (ACE) signed an agreement through which certain agreements and commitments were adopted, among which the following are to be noted:

- The acquisition by Falcon Solar SLU, an ACE subsidiary of 81% of the capital of the subsidiary Ataca Solar Holdco Spa (80% of the capital being directly owned by the Company), which in turn owns 99.99% of the subsidiary companies Pozo Almonte Solar 2 SA, Pozo Almonte Solar 3 SA and Calama Solar 3 SA (subsidiaries whose main assets are photovoltaic solar plants in Chile) and the acquisition of an 81% share of the equity loans granted to the subsidiary.
- The acquisition by Falcon Solar SLU, an ACE subsidiary of 81% of the capital of the subsidiary Pampul Holdco SL (80% of the capital being directly owned by the Company), which in turn owns 99.99 % of the subsidiary Moquegua FV SAC (a subsidiary whose main asset is a photovoltaic solar plant in Peru).
- After said purchase of shares, the composition of both companies' shareholding will be: Falcon Solar SLU 81% and the Company 19%, and will also have the same shareholding proportion in the equity loans granted to Ataca Solar Holdco Spa (Note 8). This equity loan has an interest rate of 10%.
- Two capital increases will be carried out in the Company in 2016, for cash contributions that will be fully subscribed by ACE Renewable Holding USD SA, a subsidiary of ACE, after the shareholders waived their right to preemptive subscription, and will involve a total contribution for an amount of 5879 thousand US dollars, including the share premium. After the capital increases, the original shareholders of the company will hold 93.744% of the share capital of the company and ACE Renewable Holding USD SA. 6.246% thereof.
- The original partners assume, in certain cases, the obligation to repurchase the units to be subscribed by ACE Renewable Holding USD SA in their shareholding proportion to the share capital, also assuming a solidary obligation, being the basis for the determination of the repurchase price established with a maximum limit. A pledge will be established on the distributions made to the original partners in favour of an ACE subsidiary.

- Additionally, the company grants ACE Renewable Holding USD SA a put option on its interests in the Company, by virtue whereof ACE Renewable Holding USD SA, in case of certain events, will have the right to sell to the Company - which is to buy - the shares that were not acquired by the original partners in breach of their obligations. As a guarantee of compliance with this obligation by the Company, a pledge is established on the interests retained, 19% in the capital of Pamul Holdco SL and Ataca Solar Holdco Spa, as well as 19% of the balance of the equity loans granted to the latter subsidiary.
- In this agreement, in turn, the Company has the right to convert the shares of ACE Renewable Holding USD SA into debt through a capital reduction, based on a valuation mechanism set in said agreement, in the event that there are disagreements in matters requiring unanimity between the partners to be approved in the General Meeting (blocking events).

In compliance with the commitments acquired in the agreement described above, in September 2016, the General Meeting of Shareholders of the Company agreed to two increases of share capital for a total amount of 5330 thousand euros, which were carried out through the issue of 26 650 new shares, 1 euro of face value, with a total share premium of 5213 thousand euros. The shares issued were fully subscribed and paid by a new member, after the original shareholders waived their right of pre-emption and registered in the Mercantile Registry of Biscay on 16 November 2016.

In relation to the put option granted, its activation would occur in the event of default by the original shareholders of the obligation to repurchase the shares, which will arise in any of the following events controlled by the company:

- a) Not convening a General Meeting agreeing to the distribution of a minimum dividend agreed upon in the agreement and related to the cash received from the subsidiaries affiliated with ACE. It is the company, through its Board of Directors, who has control convene meetings and the agendas thereof, with the General Meeting (controlled by the original members) deciding on the possible distribution of dividends. Taking into account the Company's business plan, its financial and equity situation and the fact that the cash flows to be received from the Chilean and Peruvian investees are only slightly relevant with respect to the Company's total cash flows, it is considered that the possibility of not being able to convene a board that can decide on the distribution of the agreed minimum amount would happen in case extremely rare, highly abnormal and very improbable financial and/or mercantile circumstances.
- b) Sale by the company of the shareholdings it holds in the companies of Chile and Peru whose majority shareholder is ACE. This decision falls on the company and is therefore under its control.

Therefore, these events are either under the control of the company or they depend on extremely rare, highly abnormal and highly unlikely financial and/or mercantile circumstances, and consequently, the Company considered these contingent settlement clauses as non-genuine (in accordance with the provisions of IAS 32).

Likewise, with respect to the right to conversion into debt and capital reduction, the Company had control over the occurrence of events wherefore unanimity was required between the partners, for which reason it considered these contingent settlement clauses as non-genuine (in accordance with the provisions of IAS 32).

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Subsequent to the end of 2017, as of 30 June 2018, the Company had initiated proceedings to obtain financing that implied the need to have certain agreements approved in the General Meeting unanimously, wherefore it was not possible to have the agreement of the partner ACE Renewable Holding USD SA. Therefore, as of 30 June 2018, conversations had begun among the partners to apply the mechanisms for blocking events of the agreement. In this sense, on 9 August 2018 the Extraordinary General Meeting of Shareholders, in application of the mechanisms agreed upon with the subsidiary of ACE on 24 June 2016, has agreed to reduce capital through the substantial amortisation of the shares owned by ACE Renewable Holding USD SA and with the subsequent subscription of a loan with said partner.

As a result, and considering the aforementioned facts and agreements, as of 30 June 2018, the Parent Company recorded lower share premium and reserves for the amount equivalent to the return of contributions to the partner ACE Renewable Holding USD SA amounting to 26 649 shareholdings at the rate of one euro each, amounting to 6338 thousand US dollars, equivalent to 5437 thousand euros, as well as the subscription of a loan with said partner for the aforementioned amount. Said loan will be payable on 15 March 2023 and will accrue an interest rate of 11%.

The shares of the Company are not admitted to trading on any market, nor does the Parent Company have options or agreements on its own shares. However, the Board of Directors of the Company held on 4 April 2018, approved the initiation of certain actions to raise sufficient funds to undertake the projects in the portfolio, among which could be the admission to trading of the shares of the Company through a public offer for the subscription of shares.

During fiscal years 2017, 2016 and 2015 the Company has not received any subsidies or donations from its partners.

b) Share premium

This reserve is freely distributed.

13 Accumulated profit

The movements under accumulated profit were as follows:

	Accumulated profit and first translation reserves			Subtotal	Accumulated exchange rate difference	Total
	Legal reserve	Reserves and first translation effect (Note 14)	Profit and loss			
As of 31 December 2014	800	39.250.779	988.111	40.239.690	656.427	40.896.116
Distribution of profit 2014	-	988.111	-988.111	0	0	0
Income/(expense) directly recognised in equity		0	6.166.680	6.166.680	237.745	6.404.426
Dividends (Note 13.b))		-4.514.134	0	-4.514.134	0	-4.514.134
Variation in the perimeter and business combinations (Note 1)		-28.698	0	-28.698	289.215	260.517
Other movements		-6.083	0	-6.083	0	-6.083
As of 31 December 2015	800	35.689.974	6.166.680	41.857.454	1.189.987	43.040.841



Accumulated profit and first translation reserves						
Legal reserve	Reserves and first translation effect (Note 13)	Profit and loss	Subtotal	Accumulated exchange rate difference	Total	
As of 31 December 2015	800	35.689.974	6.166.680	41.857.454	1.183.387	43.040.841
Distribution of profit 2015	-	-	6.166.680	0	0	0
Income/(expense) directly recognised in equity	-	0	13.666.641	13.666.641	748.796	14.415.437
Dividends (Note 13(b))	-	-10.055.549	0	-10.055.549	0	-10.055.549
Capital increase (Note 12)	0	-296.000	0	-296.000	0	-296.000
Variation in the perimeter and business combinations (Note 1)	-	-5.126	0	-5.126	-1.674.381	1.679.508
Other movements	79.200	-72.128	0	7.072	1.510	8.582
As of 31 December 2016	80.000	31.427.850	13.666.641	45.174.491	259.312	48.792.818

* Other movements essentially correspond to the reclassification of voluntary reserves to the legal reserve of the Parent Company resulting from the capital increase (Note 11).

Accumulated profit and first translation reserves						
Legal reserve	Consolidated Companies' reserves and first translation effect (Note 13)	Profit and loss	Subtotal	Accumulated exchange rate difference	Total	
As of 31 December 2016	80.000	31.427.850	13.666.641	45.174.491	259.312	45.433.803
Distribution of profit 2016	-	13.666.641	(13.666.641)	-	-	-
Income/(expense) directly recognised in equity	-	-	4.725.578	4.725.578	(3.109.733)	1.615.845
Other changes in equity (1)	-	(1.703.133)	-	(1.703.133)	52.296	(1.650.837)
Dividends (Note 13(b))	-	(349.905)	-	(349.905)	-	(349.905)
Variation in the perimeter and business combinations (Note 1)	-	(1.251.286)	-	(1.251.286)	(326.063)	(1.577.350)
Other movements (*)	-	-	-	-	90.911	90.911
As of 31 December 2017	80.000	41.790.166	4.725.578	46.595.744	(3.033.277)	43.562.467

* The Other movements fundamentally correspond to the distribution of reserves of the dependent companies Solarpack Peru SAC and Solarpack Chile SL to on-controlling interests, prior to the removal of the latter from the companies' capital (Note 1).

† The change in equity essentially corresponds to the payment of substitute tax for the accumulated reserves of the subsidiary Solarpack Chile SL on 31 December 2016. In this way the reserves of Solarpack Chile SL until 31 December 2016 are free of tax in future dividend distributions.

a) Legal reserve

In accordance with the Consolidated Text of the Law on Corporations, 10% of the profit for the fiscal year must go to the legal reserve until this reaches at least 20% of the share capital.

The legal reserve can be used to increase share capital in the part of the balance exceeding 10% of the already increased capital.

Except for the aforementioned purpose, and whenever it does not exceed 20% of the share capital, the reserve can only be used to offset losses, provided that there are no other available reserves for this purpose.

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b) Dividends paid

On 9 March 2017, the General Meeting of Shareholders of Solarpack Corporación Tecnológica SA agreed to the distribution of an extraordinary dividend, in a different proportion to the shareholding of the partners in the share capital, charged to voluntary reserves amounting to 124 thousand US dollars, whose equivalent value in euros amounted to 117 thousand euros. This resolution was approved unanimously by the shareholders. Disbursement of this dividend has been fully effective during fiscal year 2017.

On 26 June 2017, the General Meeting of Shareholders of Solarpack Corporación Tecnológica SA approved the distribution of an extraordinary dividend, in a different proportion to the shareholding of the partners in the share capital, charged to voluntary reserves amounting to 193 thousand US dollars, whose equivalent value in euros amounted to 174 thousand euros. Disbursement of this dividend has been effective during fiscal year 2017.

On 4 September 2017, dividends were recognised and distributed in the amount of 228 thousand US dollars (equivalent to approximately 190 thousand euros) by Solarpack Perú SAC to its shareholders in proportion to the corresponding shareholding percentage of each. This operation has led to a decrease in non-controlling interests.

Later, on 18 September 2017, the General Meeting of Shareholders of Solarpack Corporación Tecnológica SA approved the distribution of an extraordinary dividend, in a different proportion to the shareholding of the partners in the share capital, charged to voluntary reserves amounting to 35 thousand US dollars, whose equivalent value in euros amounted to 29 thousand euros. Disbursement of this dividend has been effective during fiscal year 2017.

On 5 December 2017, it was approved the exclusive recognition and distribution of dividends of Solarpack Chile Ltda to non-controlling interests, for an amount of 3597 thousand US dollars (equivalent to approximately 3036 thousand euros).

On 5 December 2017, two distributions of dividends from Solarpack Chile Ltda were made to non-controlling interests for a value of 448 thousand US dollars and 160 thousand US dollars, respectively (equivalent to 379 thousand euros, and 135 thousand euros, approximately).

On 19 December 2017, the General Meeting of Shareholders of Solarpack Corporación Tecnológica SA approved the distribution of an extraordinary dividend, in a different proportion to the shareholding of the partners in the share capital, charged to voluntary reserves amounting to 36 thousand US dollars, whose equivalent value in euros amounted to 30 thousand euros. Disbursement of this dividend has been effective during fiscal year 2017.

On 7 September 2016, the General Meeting of Shareholders of Solarpack Corporación Tecnológica SA agreed the distribution of a dividend charged to voluntary reserves amounting to 10 000 thousand euros. This resolution was approved unanimously by the shareholders. Disbursement of this dividend has been fully effective during fiscal year 2016.

Later, on 19 December 2016, the General Meeting of Shareholders of Solarpack Corporación Tecnológica SA agreed to the distribution of an extraordinary dividend, in a different proportion to the shareholding of the partners in the share capital, charged to freely available reserves amounting to 36 thousand US dollars, whose equivalent value in euros amounted to 30 thousand euros. Disbursement of this dividend has become effective during fiscal year 2016.

On 19 January 2015, the General Meeting of Shareholders of Solarpack Corporación Tecnológica SA agreed the distribution of a dividend charged to voluntary reserves amounting to 4000 thousand euros. Additionally, on 9 February 2015, it was agreed the distribution of an additional dividend charged to voluntary reserves amounting to 514 thousand euros. Both agreements were approved by all the shareholders. Disbursement of both dividends has become effective during fiscal year 2015.

CLASE 8.ª

c) Proposed distribution of profit

The proposed distribution of profit for 2017 of the Parent Company, calculated on the basis of accounting principles applicable in Spain (legislation applicable to the Parent Company) to be presented to the General Meeting of Shareholders, as well as the distribution approved for 2016 and 2015 is as follows:

	31 December 2017	Under PGCA criteria 31 December 2016	31 December 2015
Basis of distribution			
Profit and loss in the year	5.426.717	2.488.380	6.342.379
Distribution			
To legal reserve	0	5.330	79.200
To voluntary reserves	5.426.717	2.483.050	6.263.179
	<u>5.426.717</u>	<u>2.488.380</u>	<u>6.342.379</u>

d) Differences on exchange

The detail of the conversion differences by country as of 31 December 2017, 31 December 2016 and 31 December 2015 is as follows:

	Original currency	31 December 2017	31 December 2016	31 December 2015
India	Rupees	(1.233.285)	184.659	-
Chile	Chilean pesos / US dollards	(1.024.251)	(320.667)	88.022
Peru	US dollars	(22.988)	260.192	667.161
Spain	US dollars	(523.328)	141.048	71.179
Singapur	US dollars	(148.455)	1.930	-
Other	(*)	(80.971)	(7.850)	357.025
		<u>(3.033.277)</u>	<u>259.312</u>	<u>1.183.387</u>

(*) In fiscal year 2015 mainly, Uruguayan pesos and in 2016 and 2017 fundamentally, US dollars.

The detail of the conversion differences by currency as of 31 December 2017, 31 December 2016 and 31 December 2015 is as follows:

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Currency	31 December 2017	31 December 2016	31 December 2015
US dollars	(653.207)	887.221	2.622.457
Chilean pesos	(1.129.642)	(804.718)	(1.796.095)
Rupees	(1.233.285)	184.659	-
Other (*)	(17.144)	(7.850)	357.025
	(3.033.277)	259.312	1.183.387

(*) In fiscal year 2015 essentially Uruguayan pesos.

14 Reserves and first translation effect

The amount of the reserves and the first translation effect to IFRS-EU at the date of first translation on 1 January 2013 amounted to 41 790 thousand euros and 31 428 thousand euros at 31 December 2017 and 2016, respectively (2015: 35 690 thousand euros).

The breakdown per balance concepts is as follows:

	31 December 2017	31 December 2016	31 December 2015
Consolidated Companies' reserves and first translation effect	42.147.410	31.916.115	35.689.974
Reserves of companies integrated by the equity method	-357.244	-488.265	0
	41.790.166	31.427.850	35.689.974

The reserves and accumulated profit that have some type of legal condition on disposition thereof, which are individually in the companies included in the consolidated perimeter, correspond to:

	31 December 2017	31 December 2016	31 December 2015
Legal reserve	151.354	153.053	72.154
Unavailable reserves	-	-	-
	151.354	153.053	72.154

15 Non-controlling Interests

The movements under Non-controlling interests were as follows:

	31 December 2017	31 December 2016	31 December 2015
Opening balance	99.949	5.757.811	3.897.245
Net income/(expense) directly recognised in Equity			
Profit/(loss) for the year	634.799	1.342.200	1.230.810
Foreign currency translation differences	-725.493	188.598	185.928
	5.209.254	7.288.609	5.313.983
Profit paid to non-controlling interests	-3.992.525	0	0
Changes in the perimeter (Note 1)	1.420.905	-1.990.186	1.189.332
Other movements (*)	1.382.624	1.526	-745.504
Final balance	4.020.259	5.299.949	5.757.811

(*) The other movements basically correspond to the part of the capital contributions in subsidiaries that have taken place during fiscal year 2017 and correspond to non-controlling interests based on their percentage (Note 1).

The detail of the participation of the main minority shareholders as of 31 December 2017, 31 December 2016 and 31 December 2015 is as follows:

31/12/2017

Company:	Activity of the Company	% Share	Profit for the year	Other items (*)
PMGD Holdco, S.L.	Design, promotion and construction of facilities for solar photovoltaic plants.	20,00%	(296)	1.104.555
PMGD Holdco Chile, SpA.	Operation of photovoltaic systems	20,00%	(4.647)	902.510
Pozo Almonte Solar 1, S.A.	Operation of photovoltaic systems	20,00%	7.560	137.853
Calama Solar 1, S.A.	Operation of photovoltaic systems	20,00%	3.007	(70.276)
Calama Solar 2, S.A.	Operation of photovoltaic systems	20,00%	(53.306)	(86.806)
Padmajiwadi Solar Pte, Ltd	Operation of photovoltaic systems	17,36%	48.456	217.883
Gummadidala Solar Pte, Ltd	Operation of photovoltaic systems	17,36%	137.109	326.381
Thukkapur Solar Pte, Ltd	Operation of photovoltaic systems	17,34%	47.823	330.181
Renjal Solar Pte, Ltd	Operation of photovoltaic systems	17,38%	59.657	328.386
Ghanpur Solar Pte, Ltd	Operation of photovoltaic systems	17,34%	20.058	324.198
Achampet Solar Pte, Ltd	Operation of photovoltaic systems	17,36%	35.087	218.704
Spk Services Singapore Pte Ltd	Development of projects of renewable energy	5,00%	334.292	(348.109)
		Total	634.799	3.385.460

(*) Other items include Reserves, Contributions and Differences on Exchange

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31/12/2016

Company:	Activity of the Company	% Share	Profit for the year	Other items (*)
PMGD Holdco, S.L.	Design, promotion and construction of facilities for solar photovoltaic plants.	20,00%	3.426	1.237.595
PMGD Holdco Chile, SpA.	Operation of photovoltaic systems	20,00%	(863)	845
Pozo Almonte Solar 1, S.A.	Operation of photovoltaic systems	20,00%	93.192	101.229
Calama Solar 1, S.A.	Operation of photovoltaic systems	20,00%	8.468	(2.053)
Calama Solar 2, S.A.	Operation of photovoltaic systems	20,00%	(3.707)	(1.907)
Padmajw adi Solar Pte, Ltd	Operation of photovoltaic systems	15,56%	(6.972)	129.350
Gummadidala Solar Pte. Ltd	Operation of photovoltaic systems	19,16%	(8.332)	240.941
Thukkapur Solar Pte. Ltd	Operation of photovoltaic systems	18,19%	(8.576)	230.286
Renjal Solar Pte. Ltd	Operation of photovoltaic systems	16,27%	(9.289)	149.503
Ghanpur Solar Pte. Ltd	Operation of photovoltaic systems	18,53%	(8.908)	164.568
Achampet Solar Pte, Ltd	Operation of photovoltaic systems	15,16%	(7.741)	75.877
Solarpack Chile, S.A.	Design, promotion and construction of facilities for solar photovoltaic plants.	20,00%	832.140	1.381.328
Amunche Solar, SpA	Operation of photovoltaic systems	20,00%	(22.665)	33.207
Solarpack Perú, S.A.C.	Design, promotion and construction of facilities for solar photovoltaic plants.	20,00%	495.845	219.414
Arica Solar 1, S.A.	Operation of photovoltaic systems	20,00%	(7.711)	(8.365)
Diego de Almagro Solar, SpA	Operation of photovoltaic systems	20,00%	(6.108)	5.929
			1.342.200	3.957.748

(*) Other items include Reserves, Contributions and Differences on Exchange

31/12/2015

Company:	Activity of the Company	% Share	Profit for the year	Other items (*)
PMGD Holdco, S.L.	Design, promotion and construction of facilities for solar photovoltaic plants.	20,00%	4.535	1.193.022
Pozo Almonte Solar 1, S.A.	Operation of photovoltaic systems	20,00%	92.618	1.438
Ataca Solar Holdco, SpA	Operation of photovoltaic systems	20,00%	1.563	269
Pozo Almonte Solar 2, S.A.	Operation of photovoltaic systems	20,00%	(25.091)	197.812
Pozo Almonte Solar 3, S.A.	Operation of photovoltaic systems	20,00%	96.988	214.210
Calama Solar 3, S.A.	Operation of photovoltaic systems	20,00%	15.122	54.456
Pampul Holdco, S.A.	Holdings of securities	45,00%	26.152	2.735.234
Moquegua FV, S.A.C.	Operation of photovoltaic systems	45,00%	333.830	400.864
Solarpack Chile, S.A.	Design, promotion and construction of facilities for solar photovoltaic plants.	20,00%	620.005	407.852
Solarpack Perú, S.A.C.	Design, promotion and construction of facilities for solar photovoltaic plants.	20,00%	65.089	(678.154)
			1.230.810	4.527.001

(*) Other items include Reserves, Contributions and Differences on Exchange

16 External resources

	31 December 2017	31 December 2016	31 December 2015
Non-current			
Loans and credits with banks			
Long-term loans-photovoltaic solar plants	3.352.146	3.663.936	3.942.915
Long-term loans-rest	0	377	749
	3.352.146	3.664.313	3.943.664
Current			
Loans and credits with banks			
Short-term external resources-photovoltaic solar plants	85.098.029	327.214	90.778.633
Short-term external resources-rest	27.569	31.164	18.378.312
Subordinated debt with minority partners related to inventories	3.717.217	0	0
	88.842.815	358.378	109.156.944
	92.194.961	4.022.691	113.100.608

The decrease in Loans and short-term credits with banking entities in fiscal year 2016 is mainly due to the outflows derived from the changes in the perimeter of the year indicated in Note 1, which have led to the write-down of the assets and liabilities of these companies, mainly, solar plants and the financial debt associated therewith.

As of 31 December 2017, 31 December 2016 and 31 December 2015, the balance under Loans and long-term credits with banking entities includes, essentially, the total amount pending payment at the end of the fiscal year for the loans of credit entities related to the financing of solar plants included in Fixed assets (Note 6).

Loans and long-term credits with banking entities includes, essentially, the total amount pending payment at the end of the fiscal year for the loans of credit entities and the financing granted by the minority partners related to the financing of solar plants included in Inventories. This is so, regardless of the fact that, contractually, most of the debt, an amount of 83,927 thousand euros at December 31, 2017 will be settled in the long term (2016: 0 euros; 2015: 87 406 thousand euros) under the accounting criteria described in Notes 2.19 and 10.

There is, therefore, a high concentration of debt for bank loans in a few financial operations, although they involve different banks with which this risk is mitigated in part. The rest of the financial debt is diversified since the Group works with various entities.

The exposure of the Group's external resources with banking entities to variations in interest rates is as follows:

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	Balance as of 31 January 2017	1 year	5 years
As of 31 December 2017	88.450.175	85.098.029	3.352.146
Total external resources (*) = risk	<u>30.667.848</u>	<u>27.315.702</u>	<u>3.352.146</u>
As of 31 December 2016	3.991.526	327.214	3.664.313
Total external resources (*) = risk	<u>3.991.526</u>	<u>327.214</u>	<u>3.664.313</u>
As of 1 January 2016	27.992.620	24.049.705	3.942.915
Total external resources (*) = risk	<u>27.992.620</u>	<u>24.049.705</u>	<u>3.942.915</u>
As of 1 January 2015	5.596.890	5.082.951	513.939
Total external resources (*) = risk	<u>5.596.890</u>	<u>5.082.951</u>	<u>513.939</u>

The figures above do not include the figures corresponding to the bank loans granted to the Group that accrue a fixed interest rate, as indicated later in this note. However, it includes the figures corresponding to the loan agreements entered into for the financing of the solar plants, which are detailed in this note and accrue a variable interest rate, despite the fact that at least 70% of the volume of the debt accrues a fixed interest rate.

The expiration of the external resources classified as non-current is as follows:

	31 December 2017	31 December 2016	31 December 2015
Between 1 and 2 years	589.738	585.132	521.604
Between 3 and 5 years	1.018.191	1.060.218	910.521
More than 5 years	<u>1.744.217</u>	<u>2.018.963</u>	<u>2.511.539</u>
	<u>3.352.146</u>	<u>3.664.313</u>	<u>3.943.664</u>

The effective interest rates at the date of the balance sheet were the usual ones in the market (reference rate plus a market margin), there being no significant difference with respect to other companies of similar size, risk and level of indebtedness.

Loans and credits with credit institutions generate a market interest rate according to the currency in question plus a margin that has oscillated between 175 and 475 basis points (2016: between 175 and 375 basis points, 2015: between 175 and 375 basis points), except for the financing received by the Group to finance solar plants located in India that bear a fixed interest rate of 10.10%.

The carrying amounts and fair values of current external resources do not differ significantly, since a good part of the debt is recent and also because, in all cases, the amounts owed accrue a market interest rate.

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The carrying amount of the Group's external resources is denominated in the following currencies:

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Euros	4.087.118	4.022.691	5.527.829
US dollars	28.3	0	107.572.779
Indian rupees	59.741.760	0	0
Chilean pesos	7.594	0	0
	<u>92.194.961</u>	<u>4.022.691</u>	<u>113.100.608</u>

As of 31 December 2017 and 31 December 2016 the Group does not have any outstanding balance of credit lines. As of 31 December 2015, the Group had outstanding balances of credit lines with financial institutions amounting to 18 380 thousand euros.

The Group has the following undrawn credit lines:

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Variable type			
with maturity in less than one year (*)	8.500.000	8.500.000	3.922.986
with maturity greater than one year	0	0	0
	<u>8.500.000</u>	<u>8.500.000</u>	<u>3.922.986</u>

(*) The amount as of 31 December 2017, 2015 and 2016 corresponds to the undrawn part of the credit lines granted to the Parent Company by various financial entities.

As of 31 December 2017, the companies of the Solarpack Group had signed loan agreements for the financing of the solar plants that are granted as collateral for said financing, essentially. The amount pending payment at that date amounted to 88 450 thousand euros (2016: 3991 thousand euros; 2015: 94 722 thousand euros) which are subject to compliance with certain commitments. Below, we detail these amounts as well as the obligations whereto they are subject:

- An amount of 3708 thousand euros (2016: 3991 thousand euros; 2015: 4266 thousand euros), corresponds to the loans granted to the investment companies that operate plants in Spain, to finance them, and were refinanced in 2015, by extending just the amortisation period, with final maturities between 2027 and 2030, without the change of these conditions being considered substantial. This financing accrues a fixed interest rate between 2.61% and 4.54% for 95% of the amount financed and for the remaining 5% an interest referenced to the Euribor plus a market differential. These agreements are subject to ratio compliance clauses, so the Group is obliged to achieve certain key performance indicators, establishing other obligations such as providing economic, financial and technical information necessary to monitor the project, obtain and keep fully in force the necessary licenses, subscribe and keep in force the necessary insurance policies, prepare the financial statements in accordance with the laws, audit the accounts annually, not sell, assign or in any way dispose of or encumber certain assets, limit their activity business to the commercial exploitation of the projects as well as not to contract commercial indebtedness.

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- An amount of 26 960 thousand euros (2016: 0 euros), corresponds to the outstanding amount of the loans granted to finance the Chilean plants, in the first half of 2017, for a total amount of 35 173 thousand US dollars with last due in 2032. This financing bears interest tied to the 180-day Libor rate plus a market spread (4.75%). These agreements are subject to certain obligations, both positive and negative. The former refer to establishing and maintaining adequate accounting systems, maintaining the necessary property and permits, complying with applicable laws at all times, providing the Financial Statements, both the own and the direct shareholder's, as well as all other financial information, submitting the statements to an audit, maintain a minimum statutory capital; among other requirements. Furthermore, there are also restrictions on the indebtedness permitted, sale of assets, granting of loans and/or incurring additional debt, among others.
- An amount of 57 782 thousand euros (2016: 0 euros), corresponds to the outstanding amount of the loans granted to finance plants located in India, during the year, for a total maximum amount of 4651 million Indian rupees with final maturity in 2033, whereof 224 million Indian rupees are pending as of 31 December 2017. This financing bears interest at a fixed annual rate of 10.10% (10.8% effective interest rate). These agreements have certain guarantees associated with the properties of the companies and require compliance with certain obligations.

As of 31 December 2015, there were the following loans whose removal took place in the year 2016, arising from the variations in the perimeter:

- An amount of 53 462 thousand euros in 2015 corresponded to the outstanding amount of the loans granted to finance the Chilean plants, for a total amount of 65 211 thousand US dollars with last due in 2032. 90% accrued a fixed average interest rate of 5.07% and the remaining 10% accrued a variable interest rate referenced to the Libor plus a market differential. That loan established the fulfilment of certain obligations.
- An amount of 36,993 thousand euros corresponded to the outstanding amount of the loan granted to finance the plant located in Peru for a maximum amount of 41 500 thousand US dollars, which accrued an annual interest of 4.896% (APR 5.67%) with last due in 2033 and which was subject to certain obligations, both positive and negative.

The Group complies with all contractual conditions as of 31 December 2017, 31 December 2016 and 31 December 2015.

Additionally, the Group has financing granted by non-controlling interests during the current year and amounts to 3717 thousand euros as of 31 December 2017. This debt is recorded in the short term, independently of the fact that contractually the entire debt will be settled in the long term, in application of the accounting criteria described in Notes 2.19 and 9.

Of the total amount, 1959 thousand euros correspond to the bonds convertible into shares issued by the companies Padmajiwadi Solar Pte Ltd, Renjal Solar Pte Ltd, Gummadidala Solar Pte Ltd, Ghanpur Solar Pte Ltd, Thukkapur Solar Pte Ltd and Achampet Solar Pte Ltd and subscribed by non-controlling shareholders. This financing has been made through contributions of instruments convertible into shares called Compulsory Convertible Debentures (CCDs). CCDs are quasi-equity instruments that are convertible into shares at market value without a change in the shareholding ratio of the partners. Until conversion they are considered as debt, earning an interest of 16.99% and having a 18-year term. The group has contributed funds in the form of CCDs in the same proportion as their share in the social capital in each society.

The rest of the amount, 1758 thousand euros, corresponds to subordinated debt granted on 5 December 2017 by the non-controlling interest of the companies located in Chile. The agreement establishes a maximum amount of 2096 thousand US dollars with an indefinite term. The debt accrues an interest rate of annual LIBOR plus a differential of 668 percent calculated on the basis of one year three hundred and threescore.

The remaining balances included in external resources correspond to loans or bank loans distributed in the different Group companies and contracted without additional specific guarantees and at market interest rates in the different countries.

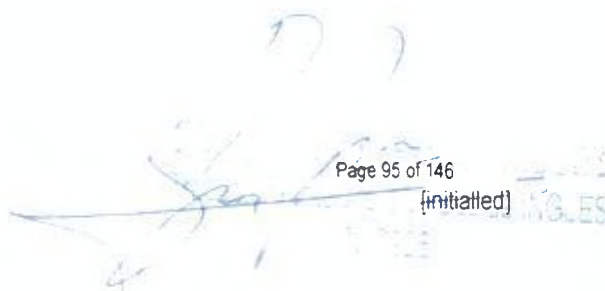
During the year 2017, 464 thousand euros of the loans were amortized (2016: 272 thousand euros; 2015 1881 thousand euros), incorporating the loans described herein.

Set forth below is a reconciliation of the carrying amount of the liabilities arising from financing activities, including derivatives, disclosing separately the changes that generate cash flows from those that do not.

	31.12.2016	Cash flows	Without impact of flows			31.12.2017
			Variation in fair value	Reclassification	Difference on exchange	
Long-term debts	4.649.748	-92.414		(1205.028)		3.352.307
Short-term debts	5.514.193	88.630.739	229.386	1205.028	(683.915)	94.895.431
Total liabilities from financing activities	10.163.942	88.538.325	229.386		(683.915)	98.247.738

	31.12.2015	Cash flows	Without impact of flows			31.12.2016
			Variation in fair value	Reclassification	Difference on exchange	
Long-term debts	4.271.856	81.231	652.220	(279.718)	(75.841)	4.649.748
Short-term debts	16.069.493	-20.455.119	-	279.718	75.663	5.514.193
Total liabilities from financing activities	120.341.349	-20.373.918	652.220	-	(178)	10.163.942

(*): Movements originated by the removals from the perimeter that took place in fiscal year 2016, see Note 1



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17 Derived financial instruments

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Derived financial instruments-assets (Note 7d)			
Term contracts of foreign currency	267.516	-	-
	<u>267.516</u>	<u>-</u>	<u>-</u>
	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Non-current			
Current	267.516	-	-
	<u>267.516</u>	<u>-</u>	<u>-</u>
Derived financial instruments-liabilities			
Term contracts of foreign currency	600.155	459.500	-
Interest rate swap contracts-cash flow hedges	180.306	116.512	-
	<u>780.461</u>	<u>576.012</u>	<u>-</u>
	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Non-current	-	576.012	-
Current	780.461	-	-
	<u>780.461</u>	<u>576.012</u>	<u>-</u>

During fiscal year 2016, the Group began to contract derivative financial instruments that are detailed below:

- An amount of 180 thousand euros (2016: 117 thousand euros) correspond to Starting Forward IRS, signed in November 2016, intended to mitigate the effects of the variation in the Libor 180 rate whereon financial expenses are established for loans formalized in fiscal year 2017 (Note 16) with banks in order to finance the construction of the solar plants included in Inventories (Note 10) of the subsidiaries Calama Solar 1 SA, Calama Solar 2 SA and Pozo Almonte Solar 1 SA. These contracts are valued as other financial liabilities at fair value with changes through the profit and loss account. The interest is borne on a six-monthly basis, when the Group is obliged to receive a floating interest rate (180-day Libor) and pay according to a fixed rate that ranges between 2.5441% and 2.5675%. The amounts of the notional principal of these contracts amount to US \$ 22 400 thousand with start date in April 2017 and maturity in October 2032. As in the case of the formalised loans whereto these financial instruments are linked, they have been classified in the short term, independently of the contractual maturities thereof in application of the accounting criteria described in Notes 2.19 and 10. The results of these instruments have been recognised in the accompanying consolidated income statement. The results of these instruments generated during 2016 for an amount of 74 thousand euros were recognised as financing costs and incorporated as an increased value of the plants (Note 10).

- An amount of 600 thousand euros (2016: 460 thousand euros) corresponds to the fair value as of 31 December 2017 of various Exchange Insurance contracted by the Parent Company between the months of March 2016 and January 2017, for a face value of 1 329 888 thousand rupees (2016: 431 366 thousand rupees), whose equivalent value in euros amounted to 16 668 thousand euros (2016: 6025 thousand euros) and designated as net investment hedge in Indian subsidiaries. The result generated by these instruments has been recognised in the consolidated statement of income under variation in the fair value of financial instruments". The insured exchange rate varies between 76.77 INR/EUR and 86.41 INR/EUR and the settlement date is 8 March 2018. Therefore, in the current financial year the value of financial instruments has been reclassified to short term.

18 Trade and other payables

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Suppliers	9.872.817	6.302.925	6.497.553
Prepayments received	1.333	11.519	-
	<u>9.874.150</u>	<u>6.314.444</u>	<u>6.497.553</u>

The fair value of these payables does not differ from their carrying value.

The information on the average period of payment to suppliers in commercial operations for fiscal year 2017, 2016 and 2015 in accordance with the obligations established by Law 15/2010, of 5 July is as follows:

	<u>Fiscal year 2017</u>	<u>Fiscal year 2016</u>	<u>Year 2015</u>
	<u>Days</u>	<u>Days</u>	<u>Days</u>
Average Period of Payment to Suppliers	57,11	57,48	61,19
Ratio of paid operations	77,63	66,79	62,11
Ratio of unpaid operations	57,57	62,58	31,77
	<u>Amount (EUR)</u>	<u>Amount (EUR)</u>	<u>Amount (EUR)</u>
Total payments made	7.333.084	6.822.553	10.497.815
Total payments pending	101.991	1.607.457	269.689

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19 Other liabilities

	31 December 2017	31 December 2016	31 December 2015
Non-current			
Other non-current payables	161	409.424	328.193
	161	409.424	328.193
Current			
Current tax liabilities	2.448.758	3.419.551	1.531.535
Other non-current financial liabilities	5.271.994	5.155.815	6.912.549
Other current liabilities	2.210.693	673.307	517.868
<i>Unpaid wages</i>	2.008.824	457.447	316.353
<i>Adjustments due to accrual</i>	201.869	215.861	201.515
	9.931.445	9.248.674	8.961.951

The fair value of these assets does not differ significantly from their carrying value.

Other non-current payables

The balance under this heading as of 31 December 2016 corresponded, on the one hand, to the debt generated by the consolidated Corporation Tax in relation to the Parent Company of the fiscal group, Beraunberri SL for an amount of 92 thousand euros (2015: 328 thousand euros) and on the other hand with a deposit received in fiscal year 2016 amounting to 317 thousand euros.

The parent company, during fiscal year 2016, provided collateral in the form of pledges in relation to energy supply contracts in favour of Indian subsidiaries for an amount of 157 900 rupees, whose equivalent in euros amounted to 2206 thousand euros (Note 29 c)). This corresponds to the totality of the pledges required by Southern Power Distribution and North Power Distribution, the Group having at that time an 86% holding in them. In that year, the Group received a deposit amounting to 317 thousand euros as a counterpart to the collateral provided, which corresponded to the other partner's shareholding in those companies. During the current year new collateral have been provided in the form of pledges for an amount of 127 600 thousand rupees, with an equivalent value in euros of 1666 thousand euros. The Group has received the amount corresponding to the other partner's shareholding in these companies, so that the total amount of the deposits received as of 31 December 2017 amounts to 510 thousand euros. This deposit does not have a determined maturity, but it will be returned when the formalised collateral expire. As this collateral expires in 2018, as of 31 December 2017 it has been reclassified to short term under other current financial liabilities.

Other current payables

Other current financial liabilities include, on the one hand, the debt incurred by the Group for the use of the land whereon two of the plants included in Inventories have been built, the amount of which as of 31 December 2017 amounts to 4762 thousand euros (2016: 5130 thousand euros; 2015: 1407 thousand euros) and, on the other hand, the deposits received from the minority partner of the Indian subsidiary companies, amounting to 510 thousand euros. Additionally, it includes the loans detailed in Note 30.

The effective interest rate of unpaid debts is a market interest rate that corresponds to financing of a similar nature and type.

Adjustments for accruals correspond to advances of services not rendered and billed to customers.

20 Deferred taxes

The amounts of deferred taxes are as follows:

	31 December 2017	31 December 2016	31 December 2015
Deferred tax assets			
Deferred tax assets to be recovered in more than 12 months	10.849.848	5.174.318	19.934.029
Compensation on deferred tax assets and liabilities (*)	-6.706.774	-2.831.458	-12.376.498
	4.143.075	2.342.860	7.557.531
Deferred tax liabilities			
Deferred tax liabilities to be recovered in more than 12 months	7.839.811	4.489.115	16.031.060
Compensation on deferred tax assets and liabilities (*)	-6.706.774	-2.831.458	-12.376.498
	1.133.037	1.657.657	3.654.562
Equity	3.010.038	685.202	3.902.969

(*) Compensation of deferred tax assets and deferred tax liabilities (Note 2.20)

The global net movement in the deferred tax account has been as follows:

	31 December 2017	31 December 2016	31 December 2015
Opening balance	685.202	3.902.969	3.920.879
Additions/(removals) to/from the perimeter (Note 1)	(2.981)	(839.530)	(47.819)
(Charge)/credit to the income statement (Note 26)	2.328.563	(2.359.603)	(66.020)
Transfers and reclassifications (*)	(747)	(18.634)	95.930
Final balance	3.010.038	685.202	3.902.969

(*) Includes deferred movements due to variations in the exchange rate

In application of the valuation criteria indicated in note 2.20, certain group companies compensate for presentation purposes their deferred tax assets and liabilities as of 31 December 2017, 31 December 2016, and 31 December 2015.

The movements during the year in the assets and liabilities for deferred taxes have been as follows:

SOLARPACK CORPORACION TECNOLOGICA, S.A. AND SUBSIDIARIES

Deferred tax assets	Provisions of assets and other	Tax loss	Tax credit	Total
As of 1 January 2015	5.061.465	3.806.436	500.160	9.368.062
Additions/(removals) to/from the perimeter	-	684.567	28.238	712.805
(Charge)/credit to income	1.377.302	8.181.863	(141.717)	9.417.448
Transfers and reclassifications (*)	-	435.714	-	435.714
As of 31 December 2015	6.438.766	13.108.581	386.682	19.934.029
Additions/(removals) to/from the perimeter	79	(12.357.382)	(2.196)	(12.359.499)
(Charge)/credit to income	(4.339.451)	1.702.693	210.689	(2.426.069)
Transfers and reclassifications (*)	227	23.881	1.748	25.856
As of 31 December 2016	2.099.622	2.477.773	596.923	5.174.318
Additions/(removals) to/from the perimeter	-	(2.981)	-	(2.981)
(Charge)/credit to income	1.809.694	4.000.867	168.262	5.978.822
Transfers and reclassifications (*)	(79)	(292.364)	(7.868)	(300.311)
As of 31 December 2017	3.909.237	6.183.294	757.317	10.849.848

(*) It includes, among others, the effect of the variation on foreign exchange for these balances in foreign subsidiaries.

Different group companies are involved in the construction of the solar plants that the Group has registered mainly in Inventories (Note 9) and Tangible fixed assets (Note 6), as the case may be. The unrealised profits from these transactions are eliminated by generating a tax effect for those unrealised profits that, for the most part, are recovered in the year wherein the holdings in the subsidiaries that own the parks recorded in inventories are sold (Note 10). The amount of these effects basically corresponds to the amounts of deferred tax assets for provisions of assets and others. In fiscal year 2017, an amount of 2839 thousand euros was recorded for this concept. Then, in 2016, an amount of 4338 thousand euros was written off as a result of the partial divestment on certain companies carried out by the Group in the year 2016. The Group maintains significant influence over these companies, which went from being consolidated by global integration to the equity method (Note 1). At the same time, this produced the removal of deferred tax assets for tax losses amounting to 12 410 thousand euros and liabilities for deferred taxes amounting to 11 611 thousand euros.

Deferred tax liabilities	Freedom to amortise	deferred bases	Other	Total
As of 1 January 2015	1.603.083	123	3.843.977	5.447.183
Additions/(removals) to/from the perimeter	-	-	760.625	760.625
(Charge)/credit to income	(89.433)	18.575	9.554.326	9.483.468
Transfers and reclassifications (*)	-	-	339.784	339.784
As of 31 December 2015	1.513.649	18.698	14.498.712	16.031.060
Additions/(removals) to/from the perimeter	-	-	(11.519.969)	(11.519.969)
(Charge)/credit to income	(89.433)	173.456	(150.489)	(66.466)
Transfers and reclassifications (*)	-	-	44.491	44.491
As of 31 December 2016	1.424.216	192.154	2.872.745	4.489.115
Additions/(removals) to/from the perimeter	-	-	-	-
(Charge)/credit to income	(89.433)	14.609	3.725.084	3.650.259
Transfers and reclassifications (*)	-	-	(299.564)	(299.564)
As of 31 December 2017	1.334.783	206.763	6.298.265	7.839.811

(*) It includes, among others, the effect of the variation on foreign exchange for these balances in foreign subsidiaries.

Deferred tax assets due to negative taxable bases and tax credits pending compensation are recognised to the extent that such losses and tax credits are probable through the availability of future tax benefits.

The deferred tax assets that are activated in the consolidated group as of 31 December 2017, 2016 and 2015 are as follows:

	2017		2016		2015	
	Tax loss	Tax credit	Tax loss	Tax credit	Tax loss	Tax credit
Spain	940.484	727.336	-	531.940	23.648	323.447
Americas	5.242.810	29.982	2.352.121	64.983	13.084.933	63.235
Rest of Europe and ott	-	-	125.652	-	-	-
	6.183.294	757.317	2.477.773	596.923	13.108.581	386.682

The Group has not recognised deferred tax assets amounting to 574 thousand euros (2016: 27 thousand euros) with respect to losses to be offset in future years corresponding to subsidiaries amounting to 2146 thousand euros (2016: 89 thousand euros), mainly from the subsidiary Solarpack Development Inc, which was included in the consolidation perimeter in fiscal year 2017 (Note 1). The companies included in consolidation did not have inactivated deferred tax assets pending application as of 31 December 2015.

The recoverability of tax credit for taxable bases and deductions for the tax group as of 31 December 2017, amounting to 1502 thousand euros (2016: 531 thousand euros; 2015: 343 thousand euros) is reasonably insured in a period between 2 and 10 years, considering an estimated annual tax base between 2000 and 8000 thousand euros (2016: 2000 and 8000 thousand euros; 2015: 2000 and 8000 thousand euros). Negative taxable bases and deductions generated in the tax group have a limitation period of 15 years from the year wherein they generated. However, for those generated prior to 1 January 2014, the limitation period will start as of that date.

The Chilean companies in which the Group owns solar plants, included in inventories, have recognized tax credits for negative taxable bases as of 31 December 2017 amounting to 5243 thousand euros (2016: 2352 thousand euros; 2015: 12 400 thousand euros), which do not have a limitation period. They are in the main generated by temporary differences arising from the tax deductibility of certain costs incurred in the construction of the plants, which have also generated deferred tax liabilities for an amount of 4947 thousand euros (2016: 2412 thousand euros; 2015: 11 356 thousand euros). The Group expects to recover these taxes within 15 years.

21 Provisions

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The breakdown of the movements of the Group's provisions during the years 2017, 2016 and 2015 is as follows:

	Amount
As of 1 January 2015	1.654.209
Additions to the perimeter	192.921
Provisions	63.740
Reversals	-148.854
Transfers and other movements (*)	119.181
As of 31 December 2015	1.881.196
Additions to the perimeter	-1.207.407
Provisions	8.130
Reversals	-336.961
Transfers and other movements (*)	36.223
As of 31 December 2016	381.180
Additions/changes in perimeter (Note 1)	
Provisions	343.213
Reversals	
Applications	(38.198)
Transfers and other movements (*)	(29.446)
As of 31 December 2017	656.749
2017	
Non-current provisions	324.645
Current provisions	332.104
2016	
Non-current provisions	168.441
Current provisions	212.740
2015	
Non-current provisions	1.365.093
Current provisions	516.103

(*) Mainly relating to foreign currency exchange rate fluctuations.

Non-current provisions as of 31 December 2017 correspond mainly to the provision to cover the costs of decommissioning certain plants included in Inventories and Fixed Assets (Note 2.5) for a total amount of 325 thousand euros (2016: 168 thousand euros; 2015: 1287 thousand euros), since they must be removed from their current location at the end of the period of validity of the contract for the concession of the land whereon they are located, and in compliance with local environmental legislation in another of the plants.

Current provisions as of 31 December 2017, 31 December 2016 and 31 December 2015 correspond to provisions recorded to guarantee and cover any inconsistencies that may arise from the materials, supplies and spare parts delivered and provisions for penalties due to delay in the connection of certain solar plants included in Inventories.

The variation in the amount of the provisions is mainly due to the removals from liabilities of the balance derived from the variations in the consolidation perimeter. As indicated in Note 1, during 2016 there was total or partial disposal (maintaining significant influence) of several subsidiaries, which meant the removal of all their assets and all their liabilities.

Legal proceedings and/or claims in progress

As of 31 December 2017 and 2016, the following legal proceedings were ongoing:

- As of 31 December 2017, the judicial procedure filed by the subsidiary Solarpack Ingeniería SLU against Gestamp Asetym Solar SL (currently, X-ELIO Energy SL) is ongoing. In this, the subsidiary requested the termination of the subrogation commitment reached between the parties, regarding the provision of operation and maintenance services of the photovoltaic solar park located in Tejeda de Tiétar, to be declared valid and correctly carried out, after a breach by the defendant. Likewise, the defendant was claimed 1205 thousand euros plus legal interest from the date of the claim, as compensation for the damages resulting from the breach by the defendant of the aforesaid subrogation commitment, 313 thousand euros plus the applicable VAT and interest, at the delay rate in commercial operations, calculated from 8 January 2015, due to the adjustment of the final price of the construction subcontract subscribed between the parties in relation to said photovoltaic park, as well as the imposition of the procedural costs to the defendant.

On 2 December 2016, the Court of First Instance issued a judgement wherein, after declaring the aforementioned subrogation contract validly terminated, it condemned X-ELIO Energy SL to the payment of 1188 thousand euros plus the legal interest from the date of the claim (filed on 13 November 2015), dismissing the request for a condemnation of the construction subcontract, without expressly imposing costs.

On 17 January 2017, both parties filed an appeal against the aforementioned judgement, requesting its revocation in relation to the rulings that were unfavourable to them, and the issue of a new judgement in accordance to what is requested by the parties in their respective writs of claim and defence. After the appearance of the parties before the Provincial Court of Madrid, was pending the scheduling of the date for the vote and sentence.

On 24 March 2017, this party obtained the total execution of the pledge granted by X-ELIO Energy, SL for an amount of 1236 thousand euros in order to voluntarily comply with the judgement. However, this amount was not recorded in the accounts complying with what is indicated in the applicable accounting regulations.

On 26 June 2017, the Eighteenth Section of the Provincial Court of Madrid issued the judgement No. 229/2017, fully granting the appeal filed by X-ELIO Energy SL and fully dismissing the appeal filed by Solarpack Ingeniería SLU and, consequently, revoking the judgement of the Court to fully dismiss the claim filed by Solarpack Ingeniería SLU.

In response to said ruling, special appeals of procedural infringement and cassation were lodged by Solarpack Ingeniería SLU in order to maintain the judgement that was issued by the Court of First Instance No. 60 of Madrid. The aforementioned remedies are pending resolution by the Admission Chamber of the Supreme Court.

Additionally, Solarpack Ingeniería, S.L.U. proceeded to the extra-procedural return of the amounts obtained on the occasion of the provisional execution.

- The Company X-ELIO Energy SL claimed the payment of 943 thousand euros (plus interest and costs) for the penalty of delay in the definitive receipt of the photovoltaic park in Tejeda de Tiétar agreed in the contract for the construction of said plant, which was signed by Solarpack Ingeniería SLU and Gestamp Asetym Solar SL (currently, X-ELIO Energy SL) on 9 July 2010.

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The claim of X-ELIO Energy SL, of 20 December 2017, was notified to Solarpack Ingeniería SLU on 9 April 2018 and answered to on 9 May 2018, requesting its full dismissal with the consequent imposition of the costs to the petitioner. On 29 May 2018, Solarpack Ingeniería SLU was required to present a printed copy of its answer to the complaint, together with all accompanying documents before the Court; this procedure was duly executed on 4 June 2018. The next important procedural milestone will be the holding of the pre-trial hearing, which has not yet been appointed.

- In addition, as of 31 December 2017 there were two judicial proceedings filed by contractor and subcontractor workers against Solarpack Uruguay SA, for the payment of different salary concepts, among others. With regard to one of them, a judgement of first instance was issued on 19 February 2018, dismissing the workers' claim. The sentence was not appealed by the workers, so it is final. Regarding the second proceeding, on 2 April 2018, a judgement of first instance was issued stating the lack of passive legitimacy of Solarpack Uruguay SA. As of 15 May 2018 Solarpack Uruguay SA answered to the workers' appeal against the judgement of lack of passive legitimation. At the date of preparation of these financial statements, the appeal is in second instance pending resolution by the Court of Appeal.

Both the legal advisors of the Group and the directors of the Parent Company understand that the conclusion of these procedures and claims will not produce a significant additional effect in the consolidated annual accounts for the fiscal years wherein they come to an end, and therefore the creation of provisions for this matter was not considered necessary.

- On 14 March 2017, an arbitration decision was issued by the Chamber of Commerce of Santiago de Chile (Case No. 1964-14) with respect to the arbitration and enforcement proceedings that Solarpack Chile Ltda maintained open as of 31 December 2016 with SICE, by virtue whereof:
 - SICE's claim is partially accepted, and Solarpack Chile Ltda is to return to SICE the retained amount of 480 317 thousand Chilean pesos plus readjustments and interest and the amount of 7 thousand US dollars.
 - The counterclaim of Solarpack Chile Ltda to SICE is partially accepted, condemning the latter to the payment of; (i) 1,597 thousand US dollars plus interest and (ii) 21 560 thousand Chilean pesos plus readjustments and interest.

This arbitral award has been final and there is no appeal against it. Solarpack Chile Ltda and SICE subscribed on 19 October 2017 a settlement agreement compensating the amounts reciprocally owed, with SICE paying to Solarpack Chile Ltda the resulting amount once the respective compensations were made. At present, there are no outstanding balances for any of the parties, having concluded all the proceedings initiated by the parties in both for arbitration and before the ordinary jurisdiction.

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Escriba el nombre completo del representante legal de la entidad [initialled]
Nº 7925

22 Other operating income/expense

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Supplies	77.444	42.308	34.019
Independent professional services	1.820.971	2.817.158	1.517.545
Repairs	211.852	311.542	169.771
Operational leasing	786.149	736.551	726.405
Other operating expenses	3.381.652	2.884.674	3.607.022
Other operating income	0	-83.764	-79.584
Other results	-1.465.509	0	0
	<u>4.812.559</u>	<u>6.708.470</u>	<u>5.975.177</u>

Other operating expenses include mainly amounts corresponding to taxes, banking services and other costs, among which are travel and similar expenses. In fiscal year 2015 there were, likewise, provisions recorded to guarantee and cover any inconsistencies that may arise from the materials, supplies and spare parts delivered and provisions for penalties due to delay in the connection of certain solar plants for an amount of 200 thousand euros.

The amount of Other profit and loss essentially corresponds to the income derived from the penalties due to the delay in the connection of certain solar plants.

Other operating income included, fundamentally, both in 2016 and 2015, the reversal of the provisions recorded to guarantee and cover any inconsistencies that may arise from the materials, supplies and spare parts delivered and provisions for penalties due to delay in the connection of certain solar plants (Note 21).

Other operating income/expense for fiscal year 2017 included 2569 thousand euros corresponding to direct costs related to projects (4971 thousand euros in 2016 and 4105 thousand euros in 2015).

23 Operating income

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Net sales figure	13.159.714	152.933.781	16.987.577
Energy sales	6.254.695	10.715.227	14.337.967
Sales by assignment of contracts	0	5.807.162	
Provision of services	3.264.637	3.369.930	2.649.610
Sales of solar plants	220.722	133.041.462	0
Income from construction and development contracts	3.419.660	0	0
Change in inventory-fin. and semi-fin. products	17.167.332	-111.262.128	41.262.671
b) Change in inventory	17.167.332	-111.262.128	41.262.671
Other operating income	1.959.372	628.458	38.483
	<u>32.286.419</u>	<u>42.300.111</u>	<u>58.288.731</u>

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The variation in the sale of energy in fiscal year 2017 with respect to 2016 is due, firstly, to the inclusions of sales of the power generated by the solar plants of Calama Solar 1 SpA, Calama Solar 2 SpA and the solar plants of the subsidiaries located in India for a total amount of 4144 thousand euros; these plants came into operation in 2017. Another reason for the variation is the removals from the perimeter that took place in 2016 (Note 1). As indicated in said Note, during fiscal 2016 there was total or partial disposal (maintaining significant influence) of several subsidiaries, which owned solar plants in operation. Given that the variation in the consolidation perimeter took place in September 2016, the sales of these companies up to the aforementioned date were recorded as an increased net amount of the Group's 2016 business figure. The removal from the perimeter of these companies in fiscal year 2016 caused, in turn, a decrease in income from the sale of power in that year with respect to fiscal year 2015.

From the net amount of the turnover, the amounts invoiced in currencies other than the euro reflected in euros are as follows.

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
US dollars	5.273.761	148.251.745	13.123.213
Indian rupee	2.187.177	407.075	-
Chilean peso	2.884.644	1.428.956	749.618
Euro	2.814.133	2.846.005	3.076.006
Other	-	-	38.740
	<u>13.159.714,16</u>	<u>152.933.781,05</u>	<u>16.987.577,05</u>

24 Employee benefits expenses

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Wages and salaries	6.921.295	4.724.045	3.550.141
Social Security expense	700.303	709.700	613.362
Other social expenses	-	-	351.600
	<u>7.621.598</u>	<u>5.433.745</u>	<u>4.515.104</u>

Other personnel expenses for fiscal year 2017 included 2569 thousand euros corresponding to direct costs related to projects (3867 thousand euros in 2016 and 3685 thousand euros in 2015).

The average number of Group employees by category is as follows:

Category	31 December 2017	31 December 2016	31 December 2015
Other management staff	3	3	3
Professionals, technicians and the kind	96	74	68
Administrative personnel and the kind	19	17	15
Cleaning	1	1	1
	119	94	87

(*) 2 of the members of the Board of Directors of the Parent Company are in turn executives of the Group.

The distribution of the Parent Company's personnel as of 31 December 2017, 2016 and 2015 between men and women is as follows:

Category	2017			2016			2015		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Other management staff	2	1	3	2	1	3	2	1	3
Professionals, technicians and the kind	84	13	97	69	12	81	58	10	68
Administrative personnel and the kind	5	14	19	5	13	18	3	11	14
Cleaning	-	-	-	-	1	1	-	1	1
	91	28	119	76	27	103	63	23	86

(*) 2 of the members of the Board of Directors of the Parent Company are in turn executives of the Group.

25 Financial income and expense

	31 December 2017	31 December 2016	31 December 2015
Financial expense	(2.370.891)	(4.652.686)	(6.415.539)
Interest on loans with credit institutions	(2.830.047)	(3.866.950)	(5.651.332)
Interest on loans with related parties (Note 30)	(45.346)	(258.987)	(171.655)
Impairment of financial instruments - portfolio (Note 7.b)	(210.655)	(56.000)	(13.551)
Impairment of financial instruments - loans (Note 30)	715.156	(470.749)	(579.000)
Variation in fair value of financial instruments (Notes 7.d & 17)	7.326.368	(652.220)	
Financial income	539.291	447.161	542.796
Interest on credits with related parties (Note 30)	374.811	171.498	187.181
Other interest and financial income	99.157	50.015	151.955
Impairment and perf. from disposals of financial inst. (Note 7.b) (*)	65.323	225.647	203.660
Net profit/(loss) from transactions in foreign currency	(3.575.700)	2.715.773	4.200.801
	1.919.069	(2.141.971)	(1.671.941)

(*) The amount as of 31 December 2015 includes a gain on the disposal of financial instruments for the amount of 51 404.35 euros.

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The breakdown of net profit/(loss) per transactions in foreign currency is as follows:

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
US dollars	(2.469.498)	2.766.996	4.409.087
Indian rupees	(546.391)	(17.646)	-
Peruvian soles	(2.768)	9.309	(50.522)
South African rand	(32.227)	200.519	(367.739)
Chilean pesos	(543.701)	(212.024)	294.223
Uruguayan pesos	17.885	(31.381)	(84.249)
	<u>(3.576.700)</u>	<u>2.715.773</u>	<u>4.200.801</u>

26 Income taxes

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Current tax (expense/(income))	(2.951.115)	(2.998.565)	(1.428.254)
Net change in deferred taxes (Note 20)	2.328.563	(2.359.603)	(66.020)
Expense/(Income) for total tax on continued activities	<u>(622.552)</u>	<u>(5.358.168)</u>	<u>(1.494.273)</u>

The reconciliation between the consolidated accounting result and the aggregate Corporation Tax is as follows:

	<u>31 December 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>
Consolidated accounting result for the year before taxes on ordinary activity	5.982.928	20.367.009	8.891.763
Increases (decreases) due to permanent differences			
- Income and exempt capital gains	(291.591)	(2.343.763)	(247.566)
- Other (*)	(645.514)	428.587	397.382
- Dividends of companies consolidated by the equity method	(146.322)		
- Dividend of Group companies (consolidation adjustment)	(6.847.879)	(4.429.524)	(5.578.309)
Consolidation adjustment to income before taxes	11.530.443	(3.332.584)	376.281
Adjusted accounting performance	<u>9.582.065</u>	<u>10.689.726</u>	<u>9.417.861</u>
Gross tax calculated at the average tax rate	1.876.540	2.562.099	1.123.988
Corrections from previous fiscal years	(245.720)	(149.511)	(32.692)
Deductions and allowances	(19.600)	(71.123)	
Amounts paid in other countries	-	378.826	148.801
Expense/(Income) from tax associated with consolidation adjustments	(988.668)	2.675.979	(125.136)
Expense/(Income) accrued by Income Tax	<u>622.552</u>	<u>5.396.270</u>	<u>1.114.961</u>
Update of tax rates		(38.102)	379.313
Income tax on continuing operations	<u>622.552</u>	<u>5.358.168</u>	<u>1.494.273</u>

(*) It includes the effect of negative tax bases not activated in previous fiscal years that are used within the same year, differences between functional currency and fiscal currency, and other non-deductible expenses.

Theoretical tax rates vary according to the different locations, the main ones being the following:

	Nominal rate		
	2017	2016	2015
Basque Country	28,00%	28,00%	28,00%
Rest of Spain	28,00%	28,00%	28,00%
Chile	25,00%	24,00%	22,50%
Peru	28% / 30%	28% / 30%	28% / 30%
India	27,55%	25,00%	29,00%
Singapur	17,00%	17,00%	-

As already mentioned in Note 2.20, the Parent Company Solarpack Corporación Tecnológica SA is authorised to be taxed under a consolidated declaration regime with certain subsidiaries.

The rest of the companies of the Solarpack Group pay tax on individual declaration.

In general terms, the exercises not prescribed according to the various applicable laws in each of the Group's companies are open to inspection for a period fixed at 4 years from the moment the obligation is due and the deadline for submission of taxes expires.

The applicable legislation for the liquidation of Corporation Tax for the year 2017 of the Parent Company is that corresponding to Regional Regulation 11/2013, of 5 December of the Chartered Territory of Biscay.

The Directors of the Parent Company have calculated the amounts associated with this tax for fiscal year 2017 and those open to inspection in accordance with the regulations in force at the end of each fiscal year.

27 Earnings per share

a) Basic

Basic earnings per share are calculated by dividing the profit attributable to the partners of the Parent Company by the weighted average number of ordinary shares outstanding during the year (Note 13).

	31 December 2017	31 December 2016	31 December 2015
Profit attributable to shareholders of the parent company	4.725.578	13.666.641	6.166.680
Weighted average number of ordinary shares in circulation	426.650	426.650	4.000
Basic earnings per share	11	32	1.542

b) Diluted

There are no agreements determining a dilution of the earnings for basic participations calculated in the previous paragraph.

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28 Cash generated by operations

	31 December 2017	31 December 2016	31 December 2015
Profit for the year	5.360.376	15.008.841	7.397.490
Adjustments on:			
Tax (Note 26)	(2.951.115)	(2.998.565)	1.428.254
Deferred tax (Note 20)	2.328.563	(2.359.603)	66.020
Amortisation of tangible fixed assets (Note 5)	415.310	366.971	359.475
Amortisation of intangible assets	524	350	2.519
Amortisation of solar plants in inventories (Note 10)	-	-	-
Variation in fair value of derivative financial instruments (Note 17)	290.374	652.220	
Provisions (Note 21 & 23)	305.015	(1.536.239)	107.807
Share and credit impairment (Note 7 & 25)	(569.824)	301.101	446.185
Interest income (Note 25)	(473.968)	(221.514)	(542.796)
Interest expense (Note 25)	2.875.393	4.125.937	5.836.539
Differences on exchange (Note 25)	3.575.700	(2.715.773)	(4.200.801)
Share in the loss/(profit) of associates (note 7)	1.214.846	(131.021)	(690.855)
Change in working capital (excluding the effects of acquisition and exchange differences on consolidation):			
Inventories	(87.636.659)	(13.825.138)	(38.629.496)
Trade and other receivables	(3.552.934)	681.385	(1.084.402)
Other assets	2.097.732	615.766	647.182
Trade and other payables	5.577.683	(424.620)	(1.262.291)
Other liabilities	(420.426)	(2.982.336)	(498.476)
Cash generated by operations	(71.563.411)	(5.442.237)	(30.617.648)

29 Commitments, guarantees and other information

a) Commitments to purchase fixed assets and leases

There are no committed investments at the balance sheet dates.

b) Commitments for operating leases

The Group rents offices and land (whereon the solar plants are installed) under non-cancellable contracts for operating leases. These contracts have a duration of between 5 and 30 years, the majority whereof are renewable at maturity under market conditions. The total future minimum payments for the non-cancellable operating leases, taking into account that the expiration of the land lease agreements is their service life, and therefore without considering additional renovations, are the following:

	31 December 2017	31 December 2016	31 December 2015
Less than one year	358.180	311.666	304.555
Between one and five years	930.522	1.091.431	1.062.775
More than five years	2.460.627	2.688.552	2.917.102
	3.749.328	4.091.650	4.284.432

c) Further information

The Group has granted pledges in the concept of security for works or services provided to customers and trade guarantees for an approximate amount of 25 809 thousand euros (2016: 23 154 thousand euros; 2015: 32 143 thousand euros), whereof 2935 thousand euros in 2017 (2016: 3339 thousand euros; 2015: 4113 thousand euros) are guarantees in favour of subsidiaries included in the consolidation perimeter.

These guarantees, issued through various entities, are mainly delivered as a commitment, to the satisfactory completion of the construction contracts, coverage of the warranty periods and support for bids or tenders. Failure to comply with such commitments would entail the execution of such guarantees with cash outflow. The probability of this is considered to be remote.

30 Transactions with related parties

Related parties are the direct shareholders of the Group (including minority interests) as well as the Directors of the Parent Company and key management of the Group and close relatives to these parties, as well as related companies and investees consolidated by the equity method or subsidiaries or joint ventures that the Directors of the Parent Company have not included in the consolidated annual accounts, as explained in Note 1.

The transactions detailed below were made with related parties.

a) Balances and transactions within the fiscal year with group companies and related parties

	31 December 2017	31 December 2016	31 December 2015
Operations performed:			
Services received	-	-	-
Services provided	311.605	940.388	994.380
Purchases (*)	1.514.294	1.285.191	4.067.634
Sales	-	-	-
Financial expense	(320.367)	(314.987)	(171.655)
Financial income	440.134	397.146	390.841

(*) Purchases correspond essentially to the part of the transactions carried out with the JVs wherein the group is a shareholder, to the extent that they have not been eliminated as corresponding to the percentage of external shareholders.

The Group has provided services to related companies in Spain, Chile and Peru for O&M and AMS during the years 2017, 2016 and 2015. Likewise, the Group holds loans to related companies (Notes 7 and 30 b)) the interests whereof amount to 440 thousand euros, 397 thousand euros and 391 thousand euros, respectively.

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Outstanding balances with group companies and related parties (excluding those derived from financing agreements) are as follows:

	31 December 2017	31 December 2016	31 December 2015
Balances:			
Receivables from related parties	498.222	474.259	455.290
Current account with partners	-	207	196
Payables from related parties (*)	-	754.316	128.108

(*) They correspond essentially to balances with the JVs wherein the group is a shareholder, to the extent that they have not been eliminated as corresponding to the percentage of external shareholders.

Receivables from/Payables to related parties include balances for commercial transactions derived from operations carried out during the year, mainly balances pending the rendering of O&M and AMS services (Note 5) to companies that are not part of the consolidation perimeter, located in Spain, Chile and Peru.

In addition, the Group has a debt with the Parent Company of the Tax Group, Beraunberri SL, generated by the consolidated Corporate Tax. (Note 19).

b) Financing agreements

Financing agreements signed with related parties are as follows:

Company:	Interest rate	Debit balances			Credit balances		
		31/12/2017	31/12/2016	31/12/2015	31/12/2017	31/12/2016	31/12/2015
Iguazú Consultoría y Desarrollo S.A.L.	LIBOR Annual +3	-	-	-	-	5.837	4.803.568
Kabi Solar (PTY) Limited (**)	8,50%	608.372	431.733	438.193	-	-	-
Gestión Solar Peru	LIBOR Annual +3	-	-	81.864	-	-	-
Solarpack Perú, S.A.C.	LIBOR 3m + 2.4	-	282	-	-	-	-
UTE Chile Solar 2 EUR (*)	1,75%	-	(726)	(725)	-	-	-
Solarpack Promo2007 Ciento Veintiuno, S.L	Euribor + 3.5	857.306	931.079	975.815	-	-	-
Sociedades Vehículo Chilenas	-	-	-	330.787	-	-	-
Ecuador Solar Holdco, S.L.	-	-	26.962	10.961	-	-	-
Solarges Perú, S.L.	-	19.184	19.184	19.184	-	-	-
Ataca Solar Holdco, SpA	10,00%	2.079.905	2.359.298	-	-	-	-
Spk Energía Renovables Mexico 1. S.A de C.V.	-	-	30.687	-	-	-	-
Itok Solar Incorporated, S.L.	-	671	85	-	-	-	-
UTE FMGD	4,25%	-	11.596	(597)	-	19.833	680.476
Ekialde Solar Private Limited	-	933	-	-	-	-	-
Moquegua FV, SAC	-	-	-	-	119	-	-
Current account with partners	-	-	207	196	-	-	21.860
		3.566.369,26	3.810.385,60	1.855.677,61	118,86	25.670,43	5.505.903,46

(*) These balances correspond to the part of the transactions carried out with the JVs wherein the group is a shareholder, to the extent that they have not been eliminated as corresponding to the percentage of external shareholders.

(**) The balance as of 31 December 2017 is presented net of the impairment recorded in the amount of 334 592.66 euros (2016: 1 049 748.55 euros; 2015: 579 000.00 euros) (Note 25).

c) Remuneration to the directors of the Parent CompanyRemuneration to the members of the Board of Directors

During fiscal 2017, the members of the Board of Directors of the Parent Company and companies linked thereto have received by way of compensation for the performance of their managerial functions and the provision of consulting and management a total of 326 thousand euros (2016: 269 thousand euros; 2015: 489 thousand euros). They have also generated the right to receive a three-year bonus for the amount of 581 thousand euros that was pending payment at the end of 2017 and that was received in the year 2018 (Note 19). No loans were granted or other social benefits.

During fiscal 2017, the directors of the parent company, in addition, have received total remuneration of 99 thousand euros for the exercise of their functions (94 thousand euros during fiscal year 2016 and 84 thousand euros during fiscal year 2015).

The Board of Directors of the Parent Company considers as senior management only the members of the Board and does not consider that there is any additional senior management personnel apart from these aforementioned persons.

d) Article 229 of the consolidated text of the Law on Corporations

In the duty to avoid situations of conflict of interest in the Parent Company, during the year 2017, the directors who held positions on the Board of Directors have complied with the obligations set forth in article 228 of the consolidated text of the Spanish Law on Corporations. Likewise, both the directors and the persons related to them have abstained from incurring in the cases of conflict of interest foreseen in article 229 of said regulation, not having produced during the year communications of eventual conflict of interest, direct or indirect, for its consideration by the Board of Directors of the Company.

31 Joint ventures

The Group holds a 60% interest in Kabi Solar (PTY) Ltd, which under the agreement signed with the other partner, is considered a joint venture and is registered according to the equity method, given that, although the Group maintains 60%, pursuant to the shareholders' agreement, a large number of matters related to the ordinary activity of the company must be approved by 75% of the share capital (clause 10.4 of the Partnership Agreement). Likewise, the Administrative Body is made up by 4 members and there is parity, as each partner designates 2 directors. Likewise, the dismissal and appointment of directors is subject to the aforementioned qualified majority of 75%.

The data on the shareholdings (value) and the assets and liabilities of joint ventures that are accounted for using the equity method are disclosed in note 7.c).

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32 Temporary Joint Ventures

The Solarpack Group participates in several temporary joint ventures, created to undertake the construction of certain photovoltaic solar plants abroad, owned by foreign subsidiaries. Those, as of 31 December 2017, 2016 and 2015 are included in Inventories. The amounts shown below represent the Group's shareholding in the assets, liabilities, sales and results of the Temporary Joint Ventures. These amounts have been included in the consolidated balance sheet and the consolidated profit and loss account (net of eliminations of inter-company operations).

	<u>Assets</u>	<u>Liabilities</u>	<u>Results</u>
Fiscal year 20	<u>1.159.948</u>	<u>230.257</u>	<u>739.817</u>
Fiscal year 20	<u>1.801.332</u>	<u>1.513.376</u>	<u>.607.289</u>
Year 2015	<u>301.107</u>	<u>96.027</u>	<u>129.135</u>

33 Further information

a) Fees for auditors of accounts and companies of their group and related

The fees contracted from Auren Auditores SP SLP for the audit services for fiscal year 2017 amounts to 69 thousand euros (2016: 67 thousand euros; 2015: 52 thousand euros).

Other services provided by Auren Auditores SP SLP and other companies related with the Auren brand have amounted to 11 thousand euros (2016: 4 thousand euros, 2015: 3 thousand euros).

The amount of the fees contracted with other audit firms for the annual accounts of other investees amounts to 93 thousand euros in the year 2017 (2016: 68 thousand euros, 2015: 50 thousand euros). This data includes the contracted services for the entire period of the companies included in the consolidation perimeter in the fiscal year.

b) Environmental issues

Disbursements associated with the protection of the environment are charged through profit or loss in the period wherein they are incurred. Infrastructure work investments destined to comply with environmental requirements are activated following the general accounting criteria for properties, plants and equipment, in accordance with the provisions of IAS 16.

34 Subsequent events

Since December 31, 2017 and until the formulation of the consolidated annual accounts, new arbitration awards and new resolutions have been issued related to the legal proceedings and litigation in progress, which have been detailed in note 21 of this consolidated report.

In addition, on 27 March 2018, the Official Gazette of Biscay published Statutory Regulation 2/2018, of 21 March where certain European long-term investment funds are characterised for tax purposes and which introduces amendments to the Regional Regulations on Personal Income Tax, Wealth Tax, Corporation Tax, Property Transfer Tax and Stamp Duty, Inheritance and Gift Tax and Cooperative Tax Regime, as well as the Standard General Tax Office of the Historical Territory of Biscay. This tax reform has entered into force on the day following its publication, 28 on March 2018 and will have effects for the tax periods beginning on 1 January 2018.

With regard to the reform of the Corporation Tax, important modifications are established, among which, among others, a reduction in the tax rate, which will move from the current 28% to 26% in 2018 and 24% from 2019, the establishment of a 50% limitation on the compensation of the negative tax bases pending compensation, the reduction of the quota limits on deductions and the establishment of quota limits for deductions without limit. Likewise, a minimum tax percentage is established, as well as a instalment payment on account.

The Group companies domiciled in Biscay have as of 31 December 2017 deferred tax assets amounting to 1502 thousand euros (Note 20), estimated in accordance with the tax regulations in force at that date. The content of the corporate tax reform will require re-estimating the amount thereof and applying modifications, where appropriate, in accordance with the income obtained, recording the differences that may arise in fiscal year 2018, as it is an approved and published standard with after the end of fiscal year 2017. According to a first estimate of the administrators, the amount of the deferred tax assets recorded will not be significantly modified as a consequence of said fiscal reform.

In fiscal year 2018, the Group Management changed its strategy regarding asset rotation. Until now, the Group executed a strategy of high asset turnover, selling in the short term the majority of the photovoltaic solar plants put into operation and keeping minority interests in some cases. From now on, the Group intends to maintain the ownership of a half of the photovoltaic solar plants developed and constructed by the Group, therefore the assets put into operation will not be systematically destined for sale. In this sense, it is the intention of the Directors of the Group to directly exploit certain photovoltaic plants, which as of 31 December 2017 were registered under "Inventories", given that, considering the strategy at that date, the Group had intention to sell them in the short term, but have been reclassified to Tangible fixed assets in the first half of 2018. Likewise, in relation to these assets, the Group has proceeded to reclassify the financing associated with them, considering their contractual maturity. Until then, financing was registered in the short term regardless of its contractual maturity.

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In line with this change in strategy, throughout the months of July and August 2018, the Group reached SPAs with third parties for the acquisition of 100% stakes of several companies holding 88 solar plants of 100 kWac, located in Isla Mayor Lebrija and Llerena (Spain). Likewise, and in the same period, the Group has reached purchase agreements with third parties for the acquisition of shares to reach a total shareholding of 96.5% in the Associated Company "Solarpack Promo2007 Cientoveintuno SL", owner of a solar plant located in Guijo de Coria (Spain). These holdings currently guarantee certain financial debts related to the construction of the plants. As of the date of these consolidated financial statements, this purchase is conditioned, among others, on obtaining prior to 31 March 2019 (a) approval by the financial entities granting the aforementioned financing of the transfer of such holdings, as well as (b) obtaining additional financing from the Group. The purchase price of these participations will amount to approximately 20 639 thousand euros. Additionally, the sellers of these participations may receive an additional amount in the event that, in accordance with Law 24/2013 on the Electricity Sector, the new reasonable profitability of said plants for the period 2020-2025 is above 5.184% . The maximum amount of this additional amount, which would be reached in the event that the maximum reasonable profitability was above 7.398%, would amount to approximately 4.3 million euros.

As part of the development of its business, the Group is exploring various financing alternatives, including a possible transaction in the capital markets. Any such transaction is subject to a review and subsequent consideration by the Company and the time of such transaction would be subject to general trade and market conditions.

On 17 September 2018, the balance sheet of Solarpack Corporación Tecnológica SA as of 30 June 2018 and the explanatory notes have been stated to subsequently proceed to the transformation from a Limited Liability to a Public Corporation.

On 2 November 2018, the Parent Company agreed to an increase in share capital in the amount of 7,599,999 euros up to 8,000,000 euros, through the creation of new shares charged to unrestricted reserves. Simultaneously, in the same act, it was agreed to modify the nominal value of the shares, for the amount of forty euro cents, being 2.5 new shares created from each previous share.

Except as mentioned in this note and/or throughout the notes to these consolidated annual accounts, the Administrative Body is not aware of events occurring after the year-end and up to the formulation of the consolidated annual accounts that may alter the results of the year ended on 31 December 2017.



ANNEX I: LIST OF SUBSIDIARIES AND ASSOCIATED COMPANIES

CLASE 8.ª

**Effective stake %
in Solarpack
Corporation**

Company:	Controlling company	Activity	Address	Effective stake %		Integration method
				Direct	Indirect	
Acrux Uno. S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Antia Dos.S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Andromeda Veintiseis, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Cruz del Sur Cuarentainueve. S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Orion Setentaicuatros, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Solarpack Promo2007 Treintaitres. S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Solarpack Promo2007 Treintaicinco, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Solarpack Promo2007 Cincuentaite. S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Solarpack Promo2007 Sesentaitres. S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Solarpack Promo2007 Setentaídos, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Solarpack Promo2007 Ochentaídos, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Solarpack Ingeniería. S.L.U.	Solarpack Corporación Tecnológica, S.L.	Design, promotion and construction of facilities for power plants	Av da. Astronomia,1 Torre 1, 9º módulo 5 Sevilla	100,00%		Global integration

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Company:	Controlling company	Activity	Address	Effective stake % in Solarpack Corporation		Integration method
				Direct	Indirect	
Solarpack Perú, S.A.C.	Solarpack Corporación Tecnológica, S.L.	Design, promotion and construction of facilities for power plants	Av da. Manuel Olgui n°335 of 905 Urb. Monterrico Chico Lima	100,00%		Global integration
Solarpack Uruguay, S.A	Solarpack Corporación Tecnológica, S.L.	Ownership and operation of own real estate	Hermano Damasceno 1678 Bis- Montevideo	100,00%		Global integration
Solarpack Asia SDN. BHD.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	8-1 & 8-2, Level 8, Menara CIMB, No.1, Jalan Stesen Sentral 2, Kuala Lumpur Sentra 50470 Kuala Lumpur	100,00%		Global integration
Spk Services Singapore Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Development of projects of renewable energy	Wallich Street, 14-01, Guoco Tower, Singapore 078881	95,00%		Global integration
Solarpack India LLP.	Solarpack Corporación Tecnológica, S.L.	Promotion, development and construction of solar photovoltaic plants.	First Floor, Southern Park, D-2 District Centre, Saket, New Delhi, South Delhi, Delhi. 110017, India.	99,99%		Global integration
Padmajwadi Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, Delhi, India	82,64%		Global integration
Renjal Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, Delhi, India	82,62%		Global integration
Gummadidala Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, Delhi, India	82,66%		Global integration
Ghanpur Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, Delhi, India	82,66%		Global integration
Thukkapur Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, Delhi, India	82,66%		Global integration
Achampet Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, Delhi, India	82,64%		Global integration

SOLARPACK CORPORACION TECNOLOGICA, S.A. AND SUBSIDIARIES

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Effective stake %
in Solarpack
Corporation

Company:	Controlling company	Activity	Address	Effective stake %		Integration method
				Direct	Indirect	
Solarpack Chile S.L. (*)	Solarpack Corporación Tecnológica, S.L.	Design, promotion and construction of facilities for power plants	Av da, Vitacura n°2909 oficina n°306. Ciudad de Santiago (Chile)	100,00%		Global integration
Arica Solar 1	Solarpack Chile, S.L.	Operation of photovoltaic systems	Av da, Vitacura n°2909 oficina n°306. Ciudad de Santiago (Chile)		100,00%	Global integration
Amunche Solar SpA	Solarpack Chile, S.L.	Operation of photovoltaic systems	Av da, Vitacura n°2909 oficina n°306. Ciudad de Santiago (Chile)		100,00%	Global integration
María Elena Solar (1)	Solarpack Chile, S.L.	Operation of photovoltaic systems	Av da, Vitacura n°2909 oficina n°306. Ciudad de Santiago (Chile)		100,00%	Global integration
PMGD Holdco, S.L.	Solarpack Chile, S.L.	Design, promotion and construction of facilities for solar photovoltaic farms.	c/ Avenida Algorta 16. 3º Getxo Bizkaia		80,00%	Global integration
PMGD Holdco Chile, SpA.	PMGD Holdco, S.L.	Operation of photovoltaic systems	Av da, Vitacura n°2909 oficina n°306. Ciudad de Santiago (Chile)		80,00%	Global integration
Pozo Almonte Solar 1, S.A.	PMGD Holdco Chile, SpA	Operation of photovoltaic systems	Av da, Vitacura n°2909 oficina n°306. Ciudad de Santiago (Chile)		80,00%	Global integration
Calama Solar 1 S.A.	PMGD Holdco Chile, SpA	Operation of photovoltaic systems	Av da, Vitacura n°2909 oficina n°306. Ciudad de Santiago (Chile)		80,00%	Global integration
Calama Solar 2 S.A.	PMGD Holdco Chile, SpA	Operation of photovoltaic systems	Av da, Vitacura n°2909 oficina n°306. Ciudad de Santiago (Chile)		80,00%	Global integration

SOLARPACK CORPORACION TECNOLOGICA, S.A. AND SUBSIDIARIES

Company:	Controlling company	Activity	Address	Effective stake % in Solarpack Corporation		Integration method
				Direct	Indirect	
Solarpack Development, Inc. (1)	Solarpack Corporación Tecnológica, S.L	Promotion and management of photovoltaic projects	3730 Mt. Diablo Boulevard, Suite 120 Lafayette, CA 94549 - USA	100,00%		Global integration
Solarpack Colombia, SAS (1)	Solarpack Corporación Tecnológica, S.L	Study, research, development and provision of all kinds of advisory services, assistance and technical management in the field of renewable energies	Bogotá D.C.	100,00%		Global integration
SPK Energias Renovables Mexico 1 SA de CV (1)	Solarpack Corporación Tecnológica, S.L.	Design, promotion and construction of facilities for power plants	Angel Urraza nº314 del valle Benito Juarez, Mexico, C.P. 03100. Distrito Federal, Mexico	100,00%		Global integration
Spk Alvarado, S.L. (1)	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Avenida Algorta 16, 3º Getxo Bizkaia	100,00%		Global integration
Solarpack Monclova, S.L (1)	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Avenida Algorta 16, 3º Getxo Bizkaia	100,00%		Global integration
Peñaflor Solar, S.L. (1)	Solarpack Corporación Tecnológica, S.L.	Promotion of the production of renewable energies	c/ Avenida Algorta 16, 3º Getxo Bizkaia	100,00%		Global integration
Pedroso Solar, S.L. (1)	Solarpack Corporación Tecnológica, S.L.	Promotion of the production of renewable energies	c/ Avenida Algorta 16, 3º Getxo Bizkaia	100,00%		Global integration
Sol De Alvarado, S.L. (1)	Solarpack Corporación Tecnológica, S.L.	Promotion of the production of renewable energies	c/ Avenida Algorta 16, 3º Getxo Bizkaia	100,00%		Global integration
Ekialde Solar Private Limited (1)	Solarpack Corporación Tecnológica, S.L.	Promotion, development and construction of solar photovoltaic plants.	4th Floor, Rectangle One District Centre Saket New Delhi, Delhi	100,00%		Global integration

SOLARPACK CORPORACION TECNOLOGICA, S.A. AND SUBSIDIARIES

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Company:	Controlling company	Activity	Address	in Solarpack		Integration method
				Direct	Indirect	
Ataca Solar Holdco SpA (4)	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	Av da. Vitacura n°2909 oficina n°306, Ciudad de Santiago (Chile)	19,00%		Equity method
Calama Solar 3. S.A	CLASE 8.º Solarpack Chile. S.A.	Operation of photovoltaic systems	Estoril 50 - Of.1013 Las Condes - Santiago - Chile		19,00%	Equity method
Pozo Almonte Solar 2. S.A	Solarpack Chile. S.A.	Operation of photovoltaic systems	Av da, Vitacura n°2909 oficina n°306, Ciudad de Santiago (Chile)		19,00%	Equity method
Pozo Almonte Solar 3. S.A.	Solarpack Chile, S.A.	Operation of photovoltaic systems	Av da, Vitacura n°2909 oficina n°306, Ciudad de Santiago (Chile)		19,00%	Equity method
Pampul Holdco. S.L (5)	Solarpack Corporación Tecnológica, S.L.	Holdings of securities	c/ Cristóbal Colón, 8B Getxo Bizkaia	19,00%		Equity method
Moquegua FV, SAC	Pampul Holdco. S.L.	Operation of photovoltaic systems	Jr. Huáscar 205, Jesús María, Lima (Perú)		19,00%	Equity method
Solarpack Promo2007 Ciento Veintiuno. S.L.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	49,76%		Equity method
Kabi Energy Limited.	Solarpack Corporación Tecnológica, S.L.	Promotion of power plants	21 7th Avenue. Parktown North 2193, Johannesburg	60,00%		Equity method

- (1) Companies incorporated to the perimeter in 2017
 (2) Parent company of the investees shown below (located in Chile).
 (3) (4) Parent company of the investees shown below (located in Chile).
 (5) Parent company of the investee shown below in Annex (located in Peru).

SOLARPACK CORPORACION TECNOLOGICA, S.A. AND SUBSIDIARIES

ANNEX II: FINANCIAL INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

	Euros													Total
	31/12/2017													
	PMGD Holdco, S.L.	PMGD Holdco Chile, SpA.	Pozo Almonte Solar 1, S.A.	Calama Solar 1, S.A.	Calama Solar 2, S.A.	Padmajiwadi Solar Pte. Ltd	Gummadidala Solar Pte. Ltd	Thukkapur Solar Pte. Ltd	Renjal Solar Pte. Ltd	Ghanpur Solar Pte. Ltd	Achampet Solar Pte. Ltd	Spk Services Singapore Pte Ltd		
Non-current assets	5.505.470	10.834.293	15.182.615	15.082.715	15.334.918	9.944.607	17.084.774	15.229.375	14.828.843	14.848.382	9.632.857	-	143.508.849	
Current assets	808	1.106	12.15.357	1.109.299	2.522.201	1.569.305	1.253.851	1.224.588	2.163.077	1.500.569	1427.566	1628.610	15.616.276	
Equity	5.506.623	10.796.944	4.366.777	2.986.652	2.839.983	14.36.924	2.624.305	2.106.444	2.140.914	1919.628	1370.917	388.840	38.484.951	
Non-current liabilities	-	-	10.648.851	12.002.599	12.48.1538	8.637.675	13.042.637	12.635.911	12.705.855	12.352.979	8.288.336	-	102.796.380	
Current liabilities	(345)	38.454	1.382.345	1.202.762	2.535.599	14.39.313	2.671.683	1.711.607	2.145.092	2.076.344	140.1169	1.239.770	17.843.794	
Net sales figure	-	-	1.334.625	836.483	713.536	535.842	205.238	291.474	675.862	379.032	506.803	10.723.556	16.202.451	
Other Operating expenses and income	(1.469)	(2.1863)	(1.038.151)	(547.231)	(503.329)	47.586	947.090	224.475	(37.789)	(122.453)	(52.715)	(2.083.368)	(3.189.215)	
Operating income	(1.469)	(2.1863)	296.474	289.252	210.207	583.428	1.152.329	515.949	638.073	256.580	454.088	8.640.188	13.013.237	
Financial performance	(13)	(1.369)	(949.689)	(577.789)	(612.327)	(334.365)	(142.800)	(241.511)	#####	(243.579)	(305.243)	20.505	(3.700.283)	
Expense on Corporation Tax	-	-	170.350	95.590	108.572	(67.492)	(267.607)	(72.237)	(75.608)	11.900	(38.291)	(1.347.438)	(1482.262)	
Profit for the year	(1.482)	(23.233)	(482.865)	(192.947)	(293.547)	181.570	741.921	202.201	2.50.361	24.900	110.554	7.313.255	7.830.691	

	Euros																	Total
	31/12/2016																	
	PMGD Holdco, S.L.	PMGD Holdco Chile, SpA.	Pozo Almonte Solar 1, S.A.	Calama Solar 1, S.A.	Calama Solar 2, S.A.	Padmajiwadi Solar Pte. Ltd	Gummadidala Solar Pte. Ltd	Thukkapur Solar Pte. Ltd	Renjal Solar Pte. Ltd	Ghanpur Solar Pte. Ltd	Achampet Solar Pte. Ltd	Solarpack Chile, S.A	Amunche Solar, SpA	Solarpack Peru, S.A.C.	Arca Solar 1, S.A.	Diego de Almagro Solar, SpA		
Non-current assets	6.263.836	7.499.867	17.970.010	9.156.101	1.968.519	527.805	1.272.062	1.090.983	752.131	482.948	261.985	2.963.346	1.472	100.398	1.625.252	209.620	52.146.335	
Current assets	7.497	1.469.546	569.764	454.821	171.626	476.856	455.632	649.749	464.280	772.236	351.687	26.110.578	38.922	468.246	53.116	16	32.504.572	
Equity	6.264.563	8.966.058	5.483.909	2.098.365	229.988	870.722	1.663.028	1.585.210	1.006.847	1.106.421	504.646	18.764.951	70.869	329.947	-79.667	49.880	48.915.736	
Non-current liabilities	-	-	637.611	1.299.499.35	1.835.218.69	-	-	-	-	-	-	167.335	-	-	1.522.979.28	159.777	5.622.420	
Current liabilities	6.770.88	3.355.46	12.408.255	6.213.057	74.937	13.939	64.666	155.521	209.564	148.763	109.026	10.141.638	(30.475)	238.697	235.056.05	(20)	30.112.751	
Net sales figure	-	-	1.428.956	-	-	-	-	-	-	-	-	11.598.258	5.807.162	646.987	-	-	19.481.364	
Other Operating expenses and income	(8.300)	(865)	(1.163.061)	(12.047)	(12.921)	(64.781)	(8.1656)	(72.304)	(8.1656)	(82.105)	(67.762)	(9.968.788)	(123.455)	(523.661)	(2.176)	(118.17)	(12.277.356)	
Operating income	(8.300)	(865)	2.65.896	(12.047)	(12.921)	(64.781)	(8.16.56)	(72.304)	(8.1.656)	(82.105)	(67.762)	1.629.470	5.683.707	123.326	(2.176)	(11.817)	7.204.008	
Financial performance	32.093	4	(172.335)	2.1.952	(15.446)	(342)	4.550	(2.370)	4.550	(2.348)	(342)	8.808.267	(2.672)	12.760	(39.220)	(32.277)	8.616.825	
Expense on Corporation Tax	(6.662)	(3.451)	(25.755)	32.485	9.832	12.074	14.429	14.852	16.087	15.427	13.407	(1.454.676)	(1.364.839)	(27.085)	2.844	13.552	(2.737.479)	
Profit for the year	17.130	(4.313)	67.806	42.390	(18.535)	(53.049)	(62.677)	(59.821)	(61.019)	(69.026)	(54.697)	8.983.061	4.316.196	109.001	(38.553)	(30.541)	13.083.354	

SOLARPACK CORPORACION TECNOLOGICA, S.A. AND SUBSIDIARIES

	Euros										
	31/12/2015										
	PM GD Holdco, S.L.	Pozo Almonte Solar 1, S.A	Ataca Solar Holdco, SpA	Pozo Almonte Solar 2, S.A	Pozo Almonte Solar 3, S.A.	Calama Solar 3, S.A.	Pampul Holdco, SA	Moquegua FV, S.A.C.	Solarpack Chile, S.A.	Solarpack Peru, S.A.C	Total
Non-current assets	5,010.104	18.139.284	7.860	22.653.829	47.566.616	3.648.155	6.036.594	38.166.464	5.228	98.421	141.332.554
Current assets	1046.075	182.1046	15.616.253	157.339	4.662.107	628.497	1234.831	7.089.611	15.073.296	556.411	49.245.465
Equity	6.047.213	5.241.573	9.159	1.172.942	3.544.754	295.746	7.271.701	6.121.243	8.542.990	19.1397	38.438.718
Non-current liabilities	-	522.380	-	17.860.104	37.793.020	3.264.074	-	36.461.056	40.1035	-	96.301.670
Current liabilities	8.966	14.196.377	15.614.954	5.138.122	10.890.949	716.831	-276	2.673.776	6.134.498	463.435	55.837.632
Net sales figure	-	749.618	-	1.995.363	5.343.336	380.832	-	5.109.241	18.152.384	1.164.631	32.895.405
Other Operating expenses and income	(1.854)	(545.166)	-	(1.438.409)	(3.111.707)	(239.625)	(2.306)	(2.380.135)	(20.850.336)	(1.036.546)	(29.606.084)
Operating income	(1.854)	204.452	-	556.953	2.231.630	14.1207	(2.306)	2.729.106	(2.697.953)	128.085	3.289.321
Financial performance	33.337	167.413	-	(1.264.160)	(2.682.837)	(18.1313)	83.552	(2.123.070)	4.174.166	29.031	(1.763.881)
Expense on Corporation Tax	(8.809)	(107.486)	7.815	37.723	(215.805)	(33)	(23.131)	(253.297)	(35.379)	(79.580)	(677.981)
Profit for the year	22.675	264.380	7.815	(669.484)	(667.012)	(40.139)	58.115	352.740	1.440.835	77.536	847.460

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MANAGEMENT REPORT - CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017

1. Situation of the entity

1.1 Organisational structure

Solarpack Corporación Tecnológica, S.L. ("Solarpack") has as of 31 December 2017 a Board of Directors made up of four directors: President, CEO and three members, as well as a non-director secretary.

The Board of Directors of Solarpack is the highest governing body of the company, in which the partners of Solarpack delegate their responsibility. It is the place where decisions are made that affect all areas of the company and that mark the operating guidelines of the Solarpack executive team.

The Chairman of Solarpack chairs Board of Directors meetings. The Board of Directors delegates to the Chairman, inter alia, the responsibilities of establishing the Company's strategies, approving management team appointments and taking charge of the institutional representation of Solarpack where this corresponds to the position of Chairman, including the Company's external communications.

The CEO of Solarpack has the executive functions of the Board of Directors and the necessary powers to exercise them. The CEO directly participates in management and supervisory activities of the company. The CEO is responsible for proposing the strategic direction of the company and for ensuring that the decisions made in the Board of Directors are implemented through functional measures. The CEO is a fundamental part in the creation of the culture of the organisation.

With regard to committees and additional bodies to the Board of Directors, the company has the following

Audit committee:

This committee of the Board of Directors of Solarpack meets on a quarterly basis and assesses corporate risks. It is also responsible for analysing, inter alia, the insurance programme and issues relating to health and safety at a global Company level.

Coordination Committee:

The Coordination Committee meets biweekly to keep a follow-up of each of the projects in execution. All the functional areas involved in the execution of the projects are part of this committee where the progress of the development and construction of the projects is analysed and potential risks and solution are identified in order to ensure that the projects are successfully executed.

Executive Committee:

The Executive Committee is held on a quarterly basis. All persons responsible for the functional areas of Solarpack meet and the CEO of the company presents the objectives and budget for the year, and its follow-up. The objective of this Committee is to establish common objectives to all the areas of the company, so that all people who are part of the organisation are aligned for achievement.

On 9 August 2018, the General Meeting of Shareholders expanded the composition of the Board of Directors to a total of 6 members, and appointed new directors. The six current directors have drafted these Consolidated Financial Statements. Likewise, the Board of Directors has set up an Audit Committee and an Appointments and Remuneration Committee, which shall entry into force at the same time as the execution of capital increase in which the company is working.



Solarpack and its subsidiaries (hereinafter the "**Solarpack Group**") are structured through 49 legal entities, included in the scope of consolidation of the **Solarpack Group**, as well as those temporary JVs where to the Group is a part.

Subsidiaries are of two types:

- Operating companies: those through which the Solarpack Group develops activities of (i) development and construction of projects and (ii) services
- Special Purpose Vehicle Companies: those through which assets of photovoltaic solar electric power generation (hereinafter "**PV**") are operated

The section on Operation below describes in detail these activities developed by Solarpack Group. The usual administration structure in the subsidiaries is the existence of a sole administrator, although there are numerous subsidiaries that have a board as an administrative body, either due to (i) the existence of minority shareholders or (ii) the fact that regulation of the country where the company is established make it advisable or essential the existence of a board of directors.

In addition to the companies included in the consolidation perimeter, there are 14 companies wherein as of 31 December 2017 Solarpack Group holds interests, but not control, or else are inactive or highly irrelevant.

Note 1.1 and Annex I corresponding to the consolidated financial statements as of 31 December 2017 (the "**Consolidated Financial Statements**") show a detail of the corporate structure of Solarpack Group.

1.2. Operation

The Solarpack Group is a multinational company focused on the development of solar PV. It specialises in promoting, financing, construction, asset management, operation and maintenance, and consulting of PV solar plants.

The Solarpack Group was created and exists as a company to:

- Generate attractive "products and services" for our clients (governments, companies, individuals) in the sector of renewable energies.
- With an attractive, talented business culture, which generates an environment where we give the best of ourselves and work at ease.
- With attractive business and financial results that reflect the success in resource management and that contribute to the prosperity of society, wherever we act.

Its activities are channelled through three operating segments, which are the generators of value and cash flows for the company:

- Development and Construction (DEVCON), which develops business opportunities and executes the construction of solar PV plants.
- Services (SVCS), which provides operation and maintenance services and asset management in solar PV plants.
- Power Generation (POWGEN), which includes the investments in power generation assets from solar PV.

Solarpack was founded in 2005 and, since that date, it has maintained a constant path of organic growth in which the generation of value has allowed to create a leading multinational group in the photovoltaic solar energy sector.

Solarpack Group currently operates mainly in Spain, Latin America (largely, Chile, Peru, Uruguay and Colombia), the US, South Africa, India and South East Asia.

This geographic dissemination and growth were carried out having always in mind specific culture and values shared by any employee of the Solarpack Group, wherever they may be. Those values are the following:

Quality: we are obsessed with a job well done. A job well done the first time does not take more time than a mediocre one.

Integrity: honesty in our work and in the relationship with others as a basis for the trust we develop.

Agility: sense of anticipation, sense of urgency, which essential in the changing times we live and for our company profile.

Open mind: open-mindedness, sharing of knowledge, teamwork, as the foundation of a strong organisation with sound self-confidence.

Effort and dedication: essential in a highly competitive environment.

Results: our good work confirmed with economic results.

In summary, the activity of the operating segments is as follows:

- **Development and Construction (DEVCON):** Our DEVCON division focuses mainly on the development and construction of solar PV plants, which directly convert solar radiation into electrical power. The development phase of a solar PV project begins with the selection of suitable land, taking into account various factors, such as, e.g. solar radiation of the place, proximity to the transmission/distribution network, impact on the local community, sale alternatives for the electrical power and, depending on the size of the project, negotiations with possible co-investors. After obtaining the necessary internal approvals and administrative permits and licenses, we structure the financing of the project. Once this is achieved, we carry out our engineering activities, supply of main equipment and construction (EPC) in turnkey mode. A part of the solar plants that we develop and build are sold to third parties (Build & Sell mode) and another part is kept in our books for exploitation by our POWGEN division (Build & Own mode). Likewise, and opportunistically, the DEVCON division provides EPC services to third parties in projects in which the Group has not had any intervention in its development. The DEVCON division is the main generator of the company's future business, and its growth engine.
- **Services (SVCS):** Our SVCS division provides (i) technical Operation and Maintenance services and (ii) administrative and asset management services to PV solar power plants developed by both the Solarpack Group and third parties. This division develops a wide range of services and solutions to maximise the generation of electricity and the useful life of the PV solar systems it operates and manages. Specifically, we provide technical monitoring and supervision services, inspections, preventive maintenance of plants, repair and replacement of equipment in plant, and response to incidents. As of 31 December 2017, we provide technical Operation and Maintenance services in 11 solar PV plants (of which eight are owned mostly by third parties) with a total installed capacity of 154 MW. Our O&M services are monitored from our remote operations centre ("ROC") located in Getxo-Bizkaia, and executed by our operators in the field. In addition, as part of our asset management activities, we offer a wide range of commercial, accounting, financial, tax and corporate services for PV solar power plants in operation, with the objective of maximising the cash available for distribution to the shareholders of these assets. Specifically, the main focus of our asset management services includes ensuring compliance with the applicable regulatory framework, establishing an effective reporting and internal control system, advising clients on how to optimise plant performance, refinancing senior debt and daily management and optimisation of PPA contracts. As of 31 December 2017, we provide this type of asset management services to 22 PV plants (owned by us or by third parties) that represent a total installed capacity of 219 MW.
- **Power Generation (POWGEN):** When our DEVCON division completes the construction of a solar PV plant and this enters into operation, our POWGEN division generates income by selling the electricity produced by our PV solar plants under a specific PPA contract or other type of sales model. The amount of income generated depends mainly on the production level of the plant and the sale price of the power. We generate income from solvent buyers, including a combination of government entities or central and national services, such as the national electricity systems of Spain and Chile, the Republic of Peru and Southern/Northern Power Distribution Company of



Telangana (Indian energy distribution companies), as well as private companies such as Collahuasi and Codelco (Chilean mining companies). In general, we establish long-term electricity sales agreements with these energy buyers who pay a fixed price, in certain cases subject to adjustments for inflation, for the electricity generated by our PV solar power plants. As of 31 December 2017, we have interests in the capital of 11 solar PV projects with a total installed capacity of 252 MW (of which 128 MW are attributable to our proportional shares in these projects). These projects are structured through Special Purpose Vehicle (SPV) Companies which include, in isolation, the assets and liabilities of each project. Thus, it is possible to obtain Debt Project Finance, which does not require other guarantees than the project itself.

Our competitive advantages are summarised in these five pillars:

- Vertically integrated project execution platform with a presence in highly attractive, fast-growing solar PV markets
- Solid history in the execution of quality PV solar projects
- Attractive portfolio of projects in development that provide good income visibility and future results
- Diversified geographical implantation in 10 international markets, which allows cushioning the effects of a possible fall in one specific market
- A management team with long experience in the industry, led by the founding partners with a long-term approach on the sustainable generation of value

1.3. Business model

Historically, the Solarpack Group has developed a vertical integration business model with high asset turnover. This rotation has been motivated by a limited amount of financial resources, sufficient for the maintenance of investments in solar PV plants in the long term. For this reason, the Group proceeded to divest majority share packages in operating PV solar plants in order to finance the construction and start-up of the following plants, which we call the Build & Sell mode.

During fiscal year 2018, the group has decided to change its strategy, going on to keep in the medium-long term a majority of the assets developed, build and started by the group, which we call the Build & Own mode. This requires a contribution of new capital, as indicated in Note 34 of the Consolidated Financial Statements and will allow growth and recurrence of revenue and operating income to the Group.

Regarding the projects that the Group maintains in the development portfolio and that it aims to put into operation in the short term, approximately one third thereof will be built in Build & Own mode.

Likewise, the Group plans to execute EPC constructions for third parties, in those opportunities that will allow the Group to create synergies while developing projects through Build & Own and Build & Sell.

2. Development and performance of the business

2.1. Fundamental financial and non-financial indicators

Operating income

In fiscal year 2017 operating income was EUR 32 286 thousand, down 24% on the EUR 42 300 thousand of the first half of 2016. During fiscal year 2016, total and partial disinvestments of the Group's shareholdings were executed in various companies that own PV solar plants; these divestments have not been repeated

during the year 2017 and this meant a decrease in the sales of solar plants from 133 041 thousand euros in 2016 to 3640 thousand euros in 2017, which thus caused a decrease of the net amount of turnover of 139 774 thousand euros, from 152 934 thousand euros in fiscal year 2016 to 13 160 thousand euros in fiscal year 2017.

Revenue

The net amount of turnover decreased 139 774 thousand euros, to 13 160 thousand euros during fiscal year 2017, compared to 152 934 thousand euros during fiscal year 2016, mainly due to:

- In relation to our POWGEN division, income was reduced by 4461 thousand euros, to 6255 thousand euros in fiscal year 2017 from 10 715 thousand euros in fiscal year 2016. This decrease was mainly due to the fact that income was generated from the Moquegua FV and Ataca solar PV plants until the partial disinvestment thereof in September 2016, and did not have an equivalent income during 2017. In 2017 new solar PV plants have generated income in Telangana (India) and Calama (Chile) but not enough to compensate for the fall in revenues of the PV solar plants of Moquegua FV and Ataca.
- Regarding our DEVCON division:
 - the sales of solar plants classified as inventories, which have decreased from 133 041 thousand euros in fiscal year 2016 to 221 thousand euros in fiscal year 2017. These sales during the fiscal year 2016 came from the divestment in the PV solar plants of Alto Cielo (Uruguay), Moquegua FV (Peru) and Ataca (Chile). During fiscal year 2017, our income came from the sale of a special purpose company with rights on land and other permits and licenses related to the DAS project in Chile.
 - the income generated by development activities for third parties, which in 2016 reached 5807 thousand euros for the sale of a project in Chile; and in 2017 was non-existent.
 - income from EPC activities for third parties, which have increased by 3419 thousand euros in 2017, from zero during fiscal year 2016 and to 3419 million euros income during the fiscal year 2017. This income for 2017 is due to the construction of the DAS project in Chile.
- In relation to our SVCS division, income from third parties was reduced by 0.11 thousand euros in 2017 to 3264 thousand euros in fiscal year 2017 from 3370 thousand euros in fiscal year 2016.

Other operating income

"Other Operating Income" decreased by EUR 1331 thousand (-212%) to EUR 1959 thousand in fiscal year 2017, compared to EUR 628 thousand in fiscal year 2016.

Changes in inventories of finished goods and work in progress

Changes in inventories increased by EUR 128 429 thousand to EUR 17 167 thousand in the first half of 2017, from EUR 111 262 thousand in the first half of 2016. This increase was due to the fact that during fiscal year 2017 the inventories for PV solar plants available for sale increased by 17 167 thousand euros mainly due to the construction of the PV solar plants in Calama (Chile). However, during fiscal year 2016, there were divestments in the PV solar plants of Alto Cielo, Moquegua FV and Ataca that reduced the stock balance, above the increase in inventories due to the construction of the PV solar plants in Calama (Chile) during fiscal year 2016.

Operating expenses

The following table shows the breakdown of our operating expenses for fiscal years 2017 and 2016:

	Year		Percentage change
	2016	2017	
Procurements	(7.413)	(14.158)	91.0%

(in thousand euros, except percentages)



	Year		Percentage change
	2016	2017	
	(in thousand euros, except percentages)		
Personnel expenses	(5.434)	(7.622)	40.3%
Depreciation and amortisation charge	(367)	(416)	13.2%
Other operating income and expenses	(6.708)	(4.813)	(28.3)%
Operating expenses	(19.922)	(27.008)	35.6%

Operating expenses increased by 7086 thousand euros, or 35.6%, to 27 008 thousand euros in fiscal year 2017, from 19 922 thousand euros in fiscal year 2016, mainly due to an increase in procurement and personnel expenses.

Procurements

Procurement increased to 14 158 thousand euros in fiscal year 2017, from 7413 in fiscal year 2016. This increase was mainly due to procurement for the construction of the Calama and DAS (Chile) solar plants during fiscal year 2017, which were higher than those of 2016 due to the start of the construction of the PV solar plants in Calama (Chile) and the completion of the construction of the PV solar plant in Alto Cielo (Uruguay).

Personnel expenses

"Personnel expenses" increased by EUR 2118 thousand (+40.3%) to EUR 7622 thousand in fiscal year 2017, from EUR 5434 thousand in fiscal year 2016. This increase was mainly due to the extraordinary accrual in 2017 of a multi-year bonus to a group of employees, which was accounted for in full in fiscal year 2017

Depreciation and amortisation charge

The depreciation and amortisation charge increased by EUR 49 thousand to EUR 416 thousand in fiscal year 2017, from EUR 367 thousand in fiscal year 2016.

Other operating income and expenses

"Other Operating Income and Expenses" decreased by EUR 1895 thousand to EUR 4813 thousand in fiscal year 2017, from EUR 6708 thousand in fiscal year 2016. This decrease was mainly due to the extraordinary income due to late penalties paid by a contractor in relation to the construction of the solar PV plants in Telangana (India).

Net financial performance

In fiscal year 2017, the financial profit amounted to EUR 704 thousand, an increase of EUR 2715 thousand, from a net financial profit of EUR 2011 thousand in fiscal year 2016. This increase in the net financial performance was due to the combination of the following factors: (i) a financial income of 7884 thousand euros linked to the Telangana (India) project during the year 2017 linked to an exchange rate hedge contract, (ii) lower financial expenses for interest during fiscal year 2017 due to the lower amount of bank debt disposed during fiscal year 2016 arising from the divestments of solar PV plants made in September 2016 (iii) shareholding in Associates' income for 1215 thousand euros during fiscal year 2017, compared to 131 thousand euros in fiscal year 2016 and (iv) negative exchange differences of 3576 thousand euros in 2017 compared to positive exchange differences of 2716 thousand euros in 2016. The exchange rate differences come fundamentally from the variations of the US dollar and the rupee against the euro.

Profit tax

In fiscal year 2017 the Solarpack Group recognised income tax of EUR 623 thousand, down 88% on the EUR 5358 thousand recognised in the first half of 2016.

Profit for the year

As a result, the profit or loss for the period is reduced to EUR 5360 thousand in fiscal year 2017, compared to EUR 15 009 thousand obtained during fiscal year 2016.

Information by business segment

Note 5 of the Consolidated Financial Statements broadly explains the evolution of the activity in terms of the amount of operating revenues, gross margin and consolidated operating income, segmenting the information by each of the three divisions, as well as the manner in which this information is prepared and its reconciliation with the IFRS figures through adjustments and eliminations, the details whereof are given in said note. The reasons and the use of segmented information are also explained in Note 5.

Below, these same data are shown compared with fiscal year 2016:

(Thousand euros)	from 01.01.2017 to 31.12.2017							
	DevCon (A)	SVCS (B)	Structure (C)	Aggregate total (A+B+C=D)	Pow Gen (E)	Divisions Aggregate Total (D+E=F)	Eliminations	Total (F+G)
Operating income (a)	36766	4.679	0	41446	13052	54498	-22211	32286
Direct costs (b)	-22.093	-2.571		-24.664	-1.713	-26.377	5.694	20.683
Gross Margin (a=b=c)	14.674	2.108	0	16.782	11.339	28.121	16.517	11.603
Gross Margin % (c/a)	39,9%	45,1%		40,5%	86,9%	51,6%		35,9
SGA (d)	-5.161	-539	-223	-5.923	0	-5.923	14	5.909
EBITDA (c-d = e)	9.513	1.569	-223	10.859	11.339	22.198	16.503	5.695
EBITDA Margin % (e/a)	25,9%	33,5%		26,2%	86,9%	40,7%		17,6
Depreciation and amortisation charge (f)	-36	-7	0	-43	-4.023	-4.066	3650	(416)
PROFIT (LOSS) FROM OPERATIONS-EBIT (e-f=g)	9.476	1.563	-223	10.816	7.316	18.132	12.854	5.279
EBIT Margin % (g/a)	25,8%	33,4%	N/A	26,1%	56,1%	33,3%	57,9	16,3

(Thousand euros)	from 01.01.2016 to 31.12.2016							
	DevCon (A)	SVCS (B)	Estructura (C)	Aggregate total (A+B+C=D)	Pow Gen (E)	Divisions Aggregate Total (D+E=F)	Eliminations	Total (F+G)
Operating income (a)	22.938	4.200	0	27.138	12.727	39.864	2.436	42.300
Direct costs (b)	-13.186	-2.244		-15.430	-2.528	-17.958	1.708	16.250
Gross Margin (a=b=c)	9.751	1.956	0	11.708	10.199	21.906	4.144	26.050
Gross Margin % (c/a)	42,5%	46,6%		43,1%	80,1%	55,0		61,6
SGA (d)	-2.598	-413	-325	-3.336	0	-3.336	32	3.305
EBITDA (c-d = e)	7.153	1.543	-325	8.371	10.199	18.570	4.176	22.745
EBITDA Margin % (e/a)	31,2%	36,7%		30,8%	80,1%	46,6%		53,8
Depreciation and amortisation charge (f)	-14	-6	0	-20	-4.782	4.802	4.435	(367)
PROFIT (LOSS) FROM OPERATIONS-EBIT (e-f=g)	7.139	1.537	-325	8.351	5.416	13.768	8.610	22.378
EBIT Margin % (g/a)	31,1%	36,6%	N/A	30,8%	42,6%	34,5	353,5	52,9

Fiscal year 2017 has been characterized by:

- A significant growth in DEVCON activities with respect to fiscal year 2016, which is a consequence of the construction of new PV solar plants in Chile and India; in particular 13 828 thousand euros more in Operating Income. In Chile, Solarpack Group developed the role of a turnkey contractor (EPC) in the construction of 3 solar plants in the north of the country, for a total capacity of approximately 30 MW. Also, although not in the role of EPC contractor, Solarpack Group developed DEVCON contracts during the execution of the new PV solar plants in the state of Telangana (India), for a total capacity of 104 MW.
- Slight increase in operating income in the POWGEN division, since the projects of India and Chile put into operation during the second half of 2017 have compensated for the loss of Operating



Income from the PV solar plants in Chile and Peru that were sold in September 2016 and that until that date were generating activity for Solarpack Group.

- Significant growth in SVCS activity, specifically 11.4% in terms of operating income, with a less significant 1.7% increase in EBIT.
- Overheads decreased significantly, from EUR 325 thousand in fiscal year 2016 to EUR 223 thousand in fiscal year 2017.

This year 2017 meant for the Solarpack Group a change in the scale of the projects undertaken. Up to that date, the fiscal year in which more MWs of new capacity were installed by Solarpack Group was 2012, with 43 MW. During fiscal year 2017, Solarpack Group put into operation 125 MW and almost completed the construction of 8.4 MW more.

2.2. Issues related to environment and personnel

In the Solarpack Group, as in many industrial and advanced technology activities, issues related to environment and personnel are key to future success and development.

Both elements, personnel and environment, are well identified in our mission as a business organisation:

- Generate attractive "products and services" for our clients (governments, companies, individuals) in the sector of renewable energies.
- With an **attractive, talented business culture**, which generates an environment where we give the best of ourselves and work at ease.
- With attractive business and financial results that reflect the success in resource management and that **contribute to the prosperity of society**, wherever we act.

These commitments have recently been publicised, since in December 2017 the Solarpack Board of Directors approved (i) a Quality, Environment and Health and Safety Policy, as well as (ii) a Corporate Social Responsibility Policy.

Both policies are published on our website (www.solarpack.es) and are accessible to any person or entity related in any way to us, or on which our activity has influence.

The information in this section also includes the information necessary to understand the evolution, the results and the situation of the group, and the impact of its activity regarding, at least, environmental and social issues, as well as regarding personnel, respect for human rights and the fight against corruption and bribery; all this in accordance with the principles established in Royal Decree-Law 18/2017, of 24 November which modifies the Code of Commerce, the revised text of the Law on Corporations approved by Legislative Royal Decree 1/2010, of 2 July and Law 22/2015, of 20 July on Audit of Accounts, regarding non-financial information and diversity.

In this sense, the basic pillars of our Quality, Environment, and Health and Safety Policy are the following:

1. **Quality.** Prioritise Quality, understood as the fulfilment of the Client's requirements and the satisfaction of a job well done, being able to attain their needs and expectations and anticipating possible changes, working at all times with professionalism, ethics and transparency.
2. **Management systems.** Establish management systems based on continuous improvement and the establishment of adequate objectives in order to optimise performance.
3. **Mitigate Risks.** Identify, evaluate, prioritise and mitigate the Health and Safety risks associated with the activities developed in our companies and the work places where they are carried out, with preventive purpose.
4. **Health and Safety.** Prioritise and give high visibility to Health and Safety practices in SOLARPACK, informing workers adequately about the risks to which they may be subjected.

5. **Environment.** Prevent pollution and protect the environment, identifying and minimising the environmental impact derived from our activities, with a sustainable use of resources and the best available technologies and practices.
6. **Compliance.** Ensure compliance with applicable legislation, customer requirements and other minimum requirements that the company subscribes in each and every one of the countries where SOLARPACK develops its activity.
7. **Motivated employees.** Achieve the active and responsible involvement of all employees of SOLARPACK, promoting personal development, teamwork and adequate training to facilitate their performance and participation in the continuous improvement of the management of the company.
8. **Motivated contractors.** Integrate our contractors in the commitment of quality, the environment and safety and health, within the process of project execution.
9. **Commitment.** Carry out a specific follow-up of this Policy through the Audit Committee of the Board of Directors of SOLARPACK.

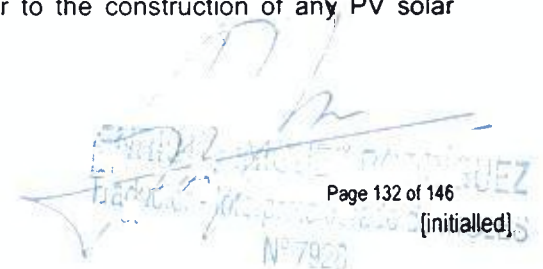
The basic pillars of our Corporate Social Responsibility Policy are the following:

1. **Compliance.** Comply with current legislation in the countries in which we operate, adopting, complementarily, international standards and guidelines where there is no adequate legal framework. No employee will consciously collaborate with third parties in the breaking of any law, nor participate in any action that compromises respect for the principle of legality.
2. **Human rights.** Respect the Declaration of Human Rights and, especially, those rights the violation whereof degrades the collective of workers, rejecting child and forced labour.
3. **Favourable Labour Framework.** Develop a favourable framework for labour relations based on equal opportunities, non-discrimination and respect for diversity, promoting a safe and healthy work environment and facilitating communication between the human team of SOLARPACK.
4. **Integrity.** Reaffirm Integrity as one of the main principles of SOLARPACK's corporate culture.
5. **Ethics.** Act ethically in all our relationships, both internal and external. Avoid conflicts of interest, dealing appropriately with them when they may occur.
6. **Development.** Contribute to the development of the social environments in which we operate, respecting the identity of local communities and maintaining a permanent dialogue with all stakeholders, incorporating their expectations into the projects.
7. **Social Projects.** Focus our Social Projects in meeting needs and in promoting our values in the environments where our work centres, facilities and offices are located.
8. **Participation.** Involve collaborators in all activities derived from these values and commitments, by communicating, instructing and demanding compliance in all activities developed in SOLARPACK.

2.2.1.Environment

The environmental impact of the Solarpack Group is reduced since its activity is the generation of solar PV projects. As is widely known, this technology allows the generation of significant volumes of electricity using a renewable resource, free of emissions harmful emissions for the environment. Therefore, our activity is in the front row of the fight against climate change, by directing the energy matrix of the countries towards non-polluting sources.

However, at the time of planning and building a new solar PV generation project, environmental considerations are of great importance and are constantly present in our decision making. Solarpack must overcome strict environmental controls set by public authorities prior to the construction of any PV solar project.


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Voluntarily, the company applies the methodology called "IFC Performance Standards" in projects located in developing countries as a tool to control and monitor environmental and social risks in the construction of new solar PV generation plants. This tool is universally known in the industry of financing projects and meets the regulatory deficiencies that many developing countries have to ensure in all cases a correct environmental and social management of the project.

The capabilities and experience of Solarpack in this field are supported by project financing executed by rigorous multilateral institutions such as the IADB, the CAF and Proparco.

2.2.2. Personnel

The Solarpack Group has a positive working environment and the vast majority of its employees work with high motivation rates. Note 24 of the Consolidated Financial Statements details how personnel expenses are structured, as well as the distribution of the personnel.

As of 31 December 2017, the Solarpack Group had 119 employees. The majority of our personnel (specifically 81.5%) is devoted to technical areas, which include engineering, construction, operation and maintenance activities.

Fiscal year 2017 represented a growth of 25.9% over the average headcount during fiscal year 2016. This growth was due to the entry into force of new operation and maintenance contracts, as well as the greater intensity of DEVCON activities. The average cost per employee during fiscal year 2017 was EUR 64,231, including both salary concepts and social security expenses. It should be noted that within this fiscal year, 1527 thousand euros are included as 100% of the accrual of the multi-year bonus for the 2015-2017 period, since with the profit and loss as of 31 December 2016, the foreseeable amount of liquidation of the aforementioned bonus was zero.

The Solarpack Group strives to keep cohesion in a group of employees dispersed in ten different countries, for which several activities are developed:

- Existence of a unified employee manual, so that all employees of the company have the same values and culture, as well as similar operating rules, always respecting the labour regulations of each country.
- A corporate communication platform that allows easy interconnection from any device connected to the Internet, with any employee of the company in their workplace, so that videoconferences and audioconferences can be made in a simple and economical way
- Regular company meetings in which a large majority of employees have the opportunity to meet personally, exchange experiences and align themselves with business objectives

The employee's manual contains a Code of Integrity and Conduct that is assumed by each employee when they join the Solarpack Group. This code raises four simple questions to assess whether a given behaviour is in line with the principles of integrity. Likewise, a specific e-mail box is available for anonymous reports on behaviours within the company that do not comply with said principles of integrity.

The prevention of occupational risks is a very important aspect in the construction and operation and maintenance activities. Therefore, in the development of these activities, the company maintains a high level of activity in training and awareness of employees, who are responsible for their own safety, as well as the safety of other subcontractors that carry out their work in facilities owned by the Solarpack Group. Control of accesses, induction talks and adequate supply of protective equipment is part of our daily activities.

The Audit Committee of the Board of Directors of Solarpack performs a monitoring and quarterly review of all incidents and accidents in the Health and Safety area of the company. During fiscal year 2017 there have been no accidents or incidents classified as fatal or serious, which means that the employee needed to cease working as a consequence thereof.

3. Liquidity and capital resources

3.1. Liquidity

Prudent management of liquidity risk implies the maintenance of sufficient cash and the availability of financing through a sufficient amount of credit facilities. In this connection, the Solarpack Group's strategy is to maintain, through its financial department, the required financing flexibility by means of available credit lines.

Note 3.1.c of the Consolidated Financial Statements shows the relevant information to evaluate Solarpack Group's liquidity reserve at 31 December 2017, and 2016 and 2015. The reserve of liquidity of Solarpack Group is as of 31 December 2017 an amount of 32 786 thousand euros. This liquidity reserve increased from 31 December 2016 in 746 thousand euros.

However, a portion of this liquidity, EUR 8,456 thousand at 31 December 2017, corresponds to various SPVs of the POWGEN division. This cash cannot be used for needs other than those of each project or SPV, as a result of the obligations that govern the long-term financing agreements of the aforementioned plants. It should be noted that priority in the use of this liquidity will be given to settling operating expenses and, afterwards, to project finance debt servicing. This liquidity can be used by the DEVCON and SVCS divisions when the conditions permitting cash distributions from the projects to the related shareholders have been met. That said, the directors consider that the liquidity reserves that can be used by the DEVCON and SVCS divisions, specifically EUR 24,330 thousand at 31 December 2017, are sufficient for their operating needs.

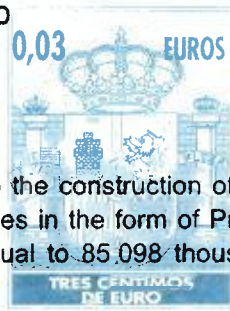
Note 3.1 to the consolidated financial statements also shows the Solarpack Group's working capital position at 31 December 2017 and the comparative figures at 31 December 2016 and 2015. In this sense, the composition of the Working Capital Fund has been significantly altered in 2017, as both current assets and current liabilities increased, as a result of the new PV solar plants put into operation during fiscal year 2017 in India and Chile. However, the total amount of the Working Capital Fund did not change greatly, reaching 41 291 thousand euros as of 31 December 2017, from 48 104 thousand euros as of 31 December 2016.

Although the size of the working capital considered in isolation is not a key parameter required to understand the Group's interim consolidated financial statements and related explanatory notes, the Group actively manages the working capital through the net operating working capital and the current and non-current net financial debt, on the basis of the solidity, quality and stability of relationships with its customers and partners with which it has made investments in other countries, as well as an exhaustive monitoring of its position with the banks.

Note 16 to the consolidated financial statements shows the Solarpack Group's debt at 31 December 2017 and the comparative figures at 31 December 2016.



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Indebtedness increased notably in 2017 due to the construction of new PV solar plants in Chile and India that were financed mostly with external resources in the form of Project Finance Debt. As of 31 December 2017, the balance of this type of debt was equal to 85,098 thousand euros in the short term and 3,352 thousand euros in the long term.

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In the case of the new PV solar plants in Chile and India, to be sold in the short term, the debt is classified in the short term, consistent with the classification of the PV solar plants as stocks in the asset.

Likewise, these PV solar plants have minority shareholders, and the subordinated debt they have contributed to the subsidiaries that own these PV solar plants has also increased with respect to fiscal year 2016, where this circumstance did not exist. Specifically, as of 31 December 2017 there is a total of 3,717 thousand euros in this type of subordinated debt.

However, the directors consider that there is no significant liquidity risk.

3.2. Capital resources

The Group's capital management objectives are to safeguard its ability to continue as a going concern, generate returns for the shareholders and maintain an optimal capital structure while reducing the cost thereof.

The POWGEN division has the greatest influence on the capital structure. This is due to the significant level of investment it requires and the high visibility of the long-term cash flows it offers. Therefore, it is habitual for investments in the POWGEN division to be around 75% financed with non-current borrowings with limited guarantees. These non-current borrowings are more than sufficiently secured by the solar PV plants that they are financing, and in general terms guarantees are not provided by the shareholders ("**project finance borrowings**"). Therefore, most of the Solarpack Group's borrowings are arranged in "watertight compartments", and any repayment problems affecting one project finance arrangement would not affect Solarpack Group assets other than those associated with the solar PV plant that is experiencing the repayment difficulties.

The monitoring of capital resources is carried out by Solarpack Group in accordance with the leverage ratio, which is calculated as the net financial debt divided by the total capital employed in the business. This index changed substantially during fiscal year 2017, since the net financial debt was increased by 87,542 thousand euros as a result of the new Debt Project Finance subscribed and paid in the new solar PV plants built in India and Chile. Note 3.3 of the Consolidated Financial Statements shows the leverage ratio as of 31 December 2017, which stood at 0.58. Thus, the leverage ratio grew from -0.32 at 31 December 2016 to +0.58 at 30 December 2017.

This leverage ratio is below the usual leverage ratio of 0.75 at the POWGEN division, which indicates that the DEVCON and SVCS divisions have additional capital resources.

3.3. Analysis of contractual obligations and off-balance sheet transactions

Note 29 to the consolidated financial statements shows the main items relating to these matters. It should be noted in this regard that there were no investment commitments at 31 December 2017, although the information contained in Note 34 to the consolidated financial statements should be considered in connection with the acquisition of certain ownership interests in solar PV plants.

As regards its contractual lease obligations, the Solarpack Group leases most of the land on which its solar PV plants are located, with the exception of that corresponding to its assets in Telangana, India. These leases are long-term leases, but most can be terminated by the lessee in the event of the discontinuation of power generation activities. Before the solar PV plants are built and brought into service the leases arranged are essentially lease options for the lessee and, accordingly, they do not give rise to any material contractual obligations.

The great majority of the off-balance sheet transactions relate to guarantees and surety bonds associated with the various activities of the Solarpack Group's divisions. Note 29 to the consolidated financial statements includes information on the amount of these obligations. The division that requires the most guarantees for its activities is the DEVCON division. In this regard, it is customary to have to provide guarantees or surety bonds in electricity supply tenders in order to obtain new PPAs. Also, the construction activity requires guarantees to secure the obligations to which we commit ourselves within the framework of EPC contracts, which we provide as a turnkey constructor.

4. Main risks and uncertainties

4.1. Operational risks

4.1.1. Regulatory risk

The electricity generation activity is regulated in all the jurisdictions in which the Solarpack Group operates. Therefore, regulation can have a direct impact on the Group's earnings. Note 1.1 to the consolidated financial statements contains an overview of the most relevant regulatory frameworks affecting the Group.

Regulatory risk can arise in the following ways:

- At the POWGEN division
 - It can impact the power generation revenue of the power generation assets subject to regulated selling prices. This is the case of the generation assets in Chile (small distributed generation means ("PMGDs")) and in Spain. Unfavourable changes in the regulations in either market could affect the average selling price of these assets.
 - New technical requirements or new taxes on generation could give rise to an increase in the operating costs of any asset that is adversely affected by regulatory changes of this nature.
- At the DEVCON division
 - If the regulations make the process of obtaining permits and licences for a project more expensive, for example by demanding greater investments in electricity interconnection work, the margins of our DEVCON division could be reduced.
 - In addition, any regulatory change that makes the use of solar PV technology in the generation market less attractive could result in lower growth possibilities for the industry and a lower volume of future business for our DEVCON division.
- There are not expected to be any significant regulatory risks affecting the SVCS division.

4.1.2. Operational risk

Operational risk in the Solarpack Group's activities exists to the extent that the Group carries on industrial power generation activities at its POWGEN division, and construction activities when the process of developing a project at its DEVCON division has been completed.



The operational risk lies in the impossibility of generating electricity or of completing work on a solar PV plant. In order to minimise these risks, the Solarpack Group takes the following measures:

- Insurance: the vast majority of the aforementioned operational risks can be insured. Thus, during both the operation and the construction of the solar PV solar plants the Group designs a complete insurance programme with insurers of acknowledged solvency in order to adequately cover these risks.
- Quality processes: the Group develops adequate O&M processes so that uninsurable power generation outages are kept to a minimum. Also, the Group keeps certain spare parts at plant so that generation outages can be resolved rapidly.

4.1.3. Customer concentration

The Solarpack Group operates at its POWGEN division with PPAs for the sale of electricity or with regulatory schemes that in many cases have a principal customer as the buyer of the power (100% in the case of PPAs with a single customer). As regards its DEVCON division, when the Group performs "Build&Sell" projects, high customer concentrations arise as a result of the volume of EPC contracts signed. The SVCS division generally generates less revenue, has greater customer dispersion than the other two divisions and is more stable from one period to the next and, therefore, it is not significant for the purpose of analysing the concentration of the Solarpack Group's customers.

In fiscal year 2017 the volume of business under "Build&Sell" projects dropped and, therefore, the degree of customer concentration was determined by the POWGEN division. Specifically, in fiscal year 2017 47% of the Solarpack Group's billings were concentrated at 3 customers, specifically the Chilean company S-Energy Chile SPA and the Indian state electric utilities Southern Power Distribution Company of Telangana, Ltd. and Northern Power Distribution Company of Telangana, Ltd. The Chilean company S-Energy Chile SPA belongs to the DEVCON division and was provided with development and construction services, thus concentrating 27% of the Solarpack Group's turnover in fiscal year 2017. The Indian state electric companies are under the POWGEN division and electricity buyers through PPA contracts.

This high concentration of customers is mitigated by the fact that PPAs are long term and oblige the buyer to purchase power during the whole term of the agreements and, therefore, after a PPA has been signed, any loss of business in the future would only arise in the event of the insolvency of the buyer and not as a result of commercial decisions of the latter. In other words, in this case of customers of this nature the risk is more financial and not so much operational, since these two customers that account for a significant percentage of our sales will continue to acquire, for the next 25 years, the electricity that we generate due to the firm obligations provided for in the related PPAs.

The EPC contracts that are usually signed in "Build&Sell" projects are also binding for the buyer and generally have a construction period of less than one year.

4.2. Financial risks

4.2.1. Market risk

4.2.1.1. Interest rate risk

The existence at the Group of bank borrowings tied to a floating interest rate, as part of the financial debt, means that the Solarpack Group is exposed to the risk of interest rate fluctuations, which directly affect profit or loss and the generation of cash flows. This is made even more significant by the fact that the average term of the Solarpack Group's borrowings is high, due to the relative importance of project finance borrowings.

The objective of the Solarpack Group in this area is to arrange hedging financial instruments, mainly interest rate derivatives (IRSs), which eliminate a substantial portion of this risk. The complete elimination of risk in project finance arrangements is also undesirable because it introduces barriers to future refinancing or early partial repayments of the debt.

The specific policies that the Solarpack Group seeks to apply in this regard are:

- No IRS hedging for floating-rate loans or credit lines with maturity of three years or less.
- IRS hedging for up to 74% of the term and 75% of the outstanding balance in the case of financing with a term longer than three years.

Note 17 to the consolidated financial statements shows the IRSs that the Solarpack Group had arranged at 31 December 2017.

Also, there are some currencies, for example the Indian rupee, for which it is difficult to arrange effective IRS hedging and in liquid markets; with this, the Solarpack Group seeks to arrange fixed-rate borrowings with the longest term possible. Therefore, the borrowings in Indian rupees indicated in Note 16, with an equivalent euro value of EUR 57,782 thousand, bear interest at a fixed rate for a period of ten years from the date on which they were arranged in fiscal year 2017.

In addition to the interest rate risk associated with borrowings, given the nature of its business, the Solarpack Group must manage interest rate risk from the date on which it signs a PPA or is awarded a tender for the long-term sale of power under any regulatory framework and the date on which it is able to conclude a financing agreement. In this case, having used interest rate assumptions when bidding for the PPA or tendering some kind of other bid, there is an interest rate risk that can make the project unfeasible when interest rates have been increased when concluding the financing. As a result, and when there are periods of longer than 18 months between the signing of the PPA and the conclusion of the financing agreement, the sensitivity of the interest rate risk in the operation is analysed and derivative instruments such as swaptions or IRS forwards are arranged where necessary.

4.2.1.2. Foreign exchange risk

The activity of the Solarpack Group is highly international and, therefore, subject to the influence of various currencies. These currencies include most notably the US dollar and the Indian rupee.

The foreign currency risk is different for each of the Solarpack Group's divisions.

- POWGEN: In this case, the foreign currency risk arises when the revenue from the sale of electricity is denominated in a currency other than the euro. The Solarpack Group applies the following policies for managing this risk:
 - The project finance borrowings must be denominated in the same currency as the long-term revenue from the project in question. Where this is not possible, repayments of project finance borrowings must be hedged with a long-term foreign currency risk hedging instrument.
 - The EPC turnkey construction contract for each new solar PV plant must be denominated in the same currency as the long-term revenue from the project in question. Where this is not possible, the payments under the EPC contract must be hedged with a short-term foreign currency risk hedging instrument with a maximum term of one year.
 - Equity investments in SPVs owning solar PV plants whose long-term revenue is denominated in currencies other than the euro or the US dollar must be hedged by foreign currency hedges with a minimum term of one year, and these must be renewed on expiry if the Solarpack Group has retained its ownership position. These foreign currency hedges only cover the risk relating to the capital invested in the SPV, and not the latter's profit or loss or dividends.



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- DEVCON: The foreign currency risk arises when the development and construction contracts for a project are denominated in a currency other than the euro. The Solarpack Group applies the following policies for managing this risk:
 - When the EPC turnkey construction and assembly contract is entered into, any supply of equipment or construction materials in a currency other than that of the EPC contract must be analysed and, depending on the term, amount and currency risk, a foreign currency derivative must be arranged.
- SVCS: In this case, the main risk arises when the currency in which staff costs are denominated is different from that in which the related SVCS contract is denominated. The Solarpack Group applies the following policies for managing this risk:
 - For contracts (i) with a term of more than four years; (ii) whose selling price is not indexed to inflation; and (iii) in which the staff costs exceed 40% of the selling price, the foreign currency risk must be hedged.

Note 17 to the consolidated financial statements shows the foreign currency hedging instruments that the Solarpack Group has arranged.

Specifically, an Indian rupee-euro foreign currency hedge to hedge the foreign currency risk relating to the equity invested in the PV solar plants located in Telangana, India, whose long-term power sale contracts are denominated in Indian rupees; under this hedge the Group sells euros and buys rupees. Likewise, there is a hedge in favour of the EPC contractor of the Telangana project (India) for the exchange rate risk Indian rupee v US dollar; under this hedge, the Group buys rupees and sells US dollars.

4.2.1.3. Financial instrument price risk

The Solarpack Group's exposure to equity security price risk is close to zero because it does not hold any investments classified in the consolidated balance sheet as available for sale or as at fair value through profit or loss.

4.2.1.4. Commodity price risk

Within the POWGEN division and given the renewable nature of the Solarpack Group's power generation business, there is no exposure to commodity price risk relating to raw materials used in the production process.

The DEVCON division does have slight exposure to commodity price risk relating to raw materials such as steel or zinc, in the supply of metallic structures and profiles in the construction of its projects, but it is not material and the contracts for the supply of these materials are generally negotiated at fixed prices.

The SVCS division is not exposed to any input that might have an impact on the risk of the activity due to changes in raw material prices.

4.2.2. Credit risk

Note 9 to the consolidated financial statements shows the balances of "Trade and Other Receivables". Note 11 to the consolidated financial statements shows the balances of "Cash and Cash Equivalents".

The credit risk that arises in relation to cash and cash equivalents and bank deposits is considered to be immaterial due to the credit ratings of the banks with which the Group operates and the instruments in which the cash equivalents are invested.

The credit risk relating to accounts receivable is not considered to be high because the customers are leading companies in each of the countries in which these plants operate, with high credit ratings and, therefore, no specific hedges are arranged to hedge this risk. The accounts receivable as of 31 December 2017 are concentrated mainly at the companies in the POWGEN division, since 45% of the balance of the trade receivables relates to this division. These companies are mostly public and private electricity distributors.

The main credit risks are in the Operations and Maintenance and Asset Management activities in Spain, since the customers of these activities are companies affected by the reduction of the compensation to solar generators. However, all these clients have a stable cash flow and in their long-term non-recourse senior debt agreements it is stipulated that the payment of operating expenses is a priority before the payment of debt, specifically to keep the assets operating and generating cash.

As of 31 December 2017, the Group does not have any amount of impairment corresponding to receivables when considering the credit analysis of its assets positions.

4.2.3. Liquidity risk

Liquidity risk is addressed in detail in section 3.1, Liquidity.

5. Important circumstances that occurred after the end of the fiscal year

As detailed in Note 34 to the consolidated financial statements, in July and August 2018 Solarpack entered into various agreements for the purchase of shares of companies owning solar PV plants located in Spain.

All these agreements are subject to conditions precedent, including the obtainment of financing by the Group and, therefore, these transactions do not give rise to any liquidity risk for the Group. See paragraph in Note 34 to the consolidated financial statements for information on the obtainment of financing by the Group.

The purpose of entering into these agreements is to strengthen our POWGEN division and increase the volume of electricity sold in order to shore up the Group's ability to achieve its growth targets. These are quality assets, and the Group has been operating them for more than ten years in some cases, meaning that it has extensive experience in this regard.

As part of the development of its business, the Group is exploring various financing alternatives, including a possible transaction in the capital markets. Any such transaction is subject to a review and subsequent consideration by the Company and the time of such transaction would be subject to general trade and market conditions.

6. Information on the expected evolution of the entity

The Solarpack Group decided in May 2018 a change in its business model, going from high activity in rotation of solar PV assets, to a greater degree of retention of these assets under the Build & Own mode. This change in business model has two fundamental impacts:

- Higher levels of investment and growth of the balance volume
- Increased revenue recurrence due to the increase in the importance of the PWGEN and SVCS divisions in the company's income

The Solarpack Group is working intensively on two fronts in order to successfully implement this new business model:

- A process for obtaining financing as detailed in Note 34 of the Consolidated Financial Statements
- The consolidation of a portfolio of ready projects whose construction can be executed in the coming months

The culmination of these two fronts will imply an important transformation of the company, due to an increase in volume of activity and of power generation.

In relation to the second front, the company has managed to largely advance during 2017 a volume of project contracts in Build & Own and Build & Sell modes that offer a very good visibility of business achievement during the next 24 months.

The objectives of the company during the period January 2018 to December 2019 go through the following milestones:

- Continuous improvement in the operation of (i) the operating assets of POWGEN and (ii) the existing contracts of SVCS
- Complete the construction of
 - A solar PV plant currently under construction in Colombia, with an installed capacity of 10.5 MW, under an EPC contract mode.
 - Two solar PV plants located in Spain for a total of 100 MW of installed power under the Build & Sell mode, for which it has already signed EPC and PPA contracts with a third party. These contracts are subject to the condition of obtaining of permits and authorisations that will allow to start construction.
 - Three solar PV plants located in Spain for a total of 111 MW of installed power under the Build & Own mode. These solar PV plants will benefit from the rights obtained by Solarpack in the renewable energy auction convened by the Government of Spain in July 2017, in which Solarpack was awarded rights for an installed capacity of 100 MW.
 - One solar PV plant located in Chile for a total of 124 MW of installed power under the Build & Own mode. This solar PV plant will benefit from the PPA contracts that the Solarpack Group has signed with the regulated electricity distribution companies of Chile, after the renewable energy auction convened by the Government of Chile in 2016 in which Solarpack was awarded rights for the sale of power of up to 280 GWh annually during a period of 20 years starting on 1 January 2021.
 - Six solar PV plants located in Chile for a total of 66 MW of installed power under the Build & Sell mode, for which it has already signed EPC and PPA contracts with a third party. These contracts are subject to the condition of obtaining of permits and authorisations that will allow to start construction.
 - Five solar PV plants located in India for a total of 130 MW of installed power under the Build & Own mode. This solar PV plants will benefit from the PPA contracts that the Solarpack Group has signed with three public electricity companies of the state of Karnataka (India), after the renewable energy auction convened by the Government of state of Karnataka in 2018 in which Solarpack was awarded rights for the sale of the power generated by those plants during a period of 25 years.
- Conclude the purchase and sale of shares in holding companies of solar PV plants located in Spain, as indicated in section 5 of this Management Report.

The achievement of these objectives will lead to

- a significant volume of cash generated by the activities of DEVCON, both in Build & Sell and in Build & own projects

- a high investment to be made in the Equity capital required by the SPVs of the new Build & Own facilities
- start the year 2020 with an installed power proportionally attributable to Solarpack in our POWGEN division of 507 MW

This Management Report of the Solarpack Group contains certain prospective information that reflects the plans, forecasts, or estimates of the company's managers, which are based on assumptions that are considered reasonable by them. However, the user of this report must bear in mind that prospective information should not be considered as a guarantee of the entity's future performance, in the sense that such plans, forecasts or estimates are subject to numerous risks and uncertainties that imply that the future performance of the entity does not have to coincide with its planned performance. Such risks and uncertainties are described throughout the management report, mainly, although not exclusively, in the section that deals with the main risks and uncertainties that the entity faces.

7. RD&I activities

The Solarpack Group has always given relevance to the knowledge of new technologies in solar PV generation and other complementing technologies. Our activity is not manufacturing, but system integration. In this sense, the company pursues the knowledge of innovative technologies that can increase competitiveness of its future projects, as a guarantee of the future growth of the Group.

During fiscal year 2017, the company has focused its efforts on the following RD&I lines.

- Storage Committee Electrical storage systems with batteries are a novelty that can bring important changes in how the solar PV plants of the future are designed on an industrial scale. Every month this committee meets to analyse the novelties of the battery market, evaluate business models in the field of battery system uses, and propose RD&I investments as indicated in the previous point.
- In the DEVCON division, work is being done on the processing of permits and licenses for two projects, on an industrial scale, for the integration of battery systems with solar PV generation, with the aim of
 - Run one of them as a pilot installation, with a total of 3 MW of installed power.
 - Prepare the second to offer PPA contracts exceeding the generation time limitations of solar PV.
- In the SVCS division, the company has continued with the improvement and fine-tuning of the computer remote operating centre (ROC) to monitor the technical activities of operation and maintenance.
- Likewise, in the SVCS division, a new computerised system for reporting and recording the activities of the entire team of operators has been implemented, through which the traceability of activities and the performance and design of maintenance plans will be improved.

8. Acquisition and disposal of own shares

Not applicable.

9. Further relevant information.

9.1. Dividend policy



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Solarpack intends to reinvest the generation of cash in new developments of projects that will allow the company's business to grow in the medium term and thus increase the value of the shares of its partners. Therefore, Solarpack does not plan to pay dividends in the next three years. Once that period has ended, with visible growth, the company will analyse the growth opportunities at that time and reassess the dividend policy.

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SOLARPACK CORPORACION TECNOLOGICA, S.A. AND SUBSIDIARIES

Annex I: Alternative Performance Measures

Alternative Performance Measures

Measures	Unit	Definition	31/12/2015	31/12/2016	31/12/2017
Direct costs	th euros	Procurement + Direct personnel expense + Other income/direct operating expenses	(45,354 th€) = (37,564 th€) + (3,685 th€) + (4,105 th€)	(16,250 th€) = (7,413 th€) + (3,867 th€) + (4,971 th€)	(20,683 th€) = (14,158 th€) + (3,957 th€) + (2,569 th€)
Gross Margin	th euros	Operating income + Direct costs	12,935 th€ = 58,289 th€ + (45,354 th€)	26,050 th€ = 42,300 th€ + (16,250 th€)	11,603 th€ = 32,286 th€ + (20,683 th€)
Gross Margin %	%	Gross Margin / Operating Income	22.2% = 12,935 th€ / 58,289 th€	61.6% = 26,050 th€ / 42,300 th€	35.9% = 11,603 th€ / 32,286 th€
SGA	th euros	Procurement + personnel expense + Other income/operating expenses - Direct expense	(2,700 th€) = (37,564 th€) + (45,15 th€) + (5,975 th€) + 45,354 th€	(3,305 th€) = (7,413 th€) + (5,434 th€) + (6,708 th€) + 16,250 th€	(5,909 th€) = (14,158 th€) + (7,622 th€) + (4,813 th€) + 20,683 th€
Profit (Loss) from operations-EBITDA	th euros	Operating income + Procurement + Personnel expenses + Other income/operating expenses	10,235 = 58,289 th€ - (37,564 th€) + (4,515 th€) + (5,975 th€)	22,745 th€ = 42,300 th€ + (7,413 th€) + (5,434 th€) + (6,708 th€)	5,695 th€ = 32,286 th€ + (14,158 th€) + (7,622 th€) + (4,813 th€)
EBITDA %	%	Gross Operating Result (EBITDA) / Operating Income	17.6% = 10,235 th€ / 58,289 th€	53.8% = 22,745 th€ / 42,300 th€	17.6% = 5,695 th€ / 32,286 th€
EBIT	th euros	Gross Operating Result (EBITDA) + Amortisation of fixed assets	9,873 th€ = 10,235 th€ + (362 th€)	22,378 th€ = 22,745 th€ + (367 th€)	5,279 th€ = 5,695 th€ + (416 th€)
EBIT %	%	Gross Operating Result (EBIT) / Operating Income	16.9% = 9,873 th€ / 58,289 th€	52.9% = 22,378 th€ / 42,300 th€	16.3% = 5,279 th€ / 32,286 th€
Net financial debt	th euros	Debts with credit institutions + Other current financial liabilities - Cash and other cash equivalents - Other short-term financial assets - Short-term credit	98,739 th€ = 13,101 th€ + 6,913 th€ + (16,338 th€) + (4,916 m€) + (20 th€)	(14,362 th€) = 4,023 th€ + 5,156 th€ + (16,474 th€) + (6,495 m€) + (571 th€)	73,111 th€ = 88,478 th€ + 8,989 th€ + (19,529 th€) + (4,648 m€) + (109 th€)
Indebtedness	%	Net financial debt / (Equity + Net financial debt)	66.88% = 98,739 th€ / (48,903 th€ + 98,739 th€)	(34.2 th€) = (14,362 th€) / ((14,362 th€) + 56,373 th€)	58% = 73,111 th€ / (52,960 th€ + 73,111 th€)

th€= thousand euros



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In compliance with the provisions of the Law on Corporations, the directors of Solapack Corporación Tecnológica S.A., who met on 6 November 2018, formulate these consolidated annual accounts (consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flow and consolidated report) and the consolidated management report for the fiscal year ended on 31 December 2017, comprising 146 pages numbered from 1 to 146, all of them signing on this page, as an acceptance sign, as well as Mr Joseba Olamendi Lopez, Secretary (Non-Director) of the Board of Administrators in each of the pages of the documents mentioned for identification purposes.

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Mr Jose Maria Galindez

[illegible signature]

Mr Pablo Burgos Galindez

Mr Antonio Galindez Zubiria *

[illegible signature]

Mr Ignacio Artázcoz Barrena

Ms Begoña Beltran de Heredia Villa *

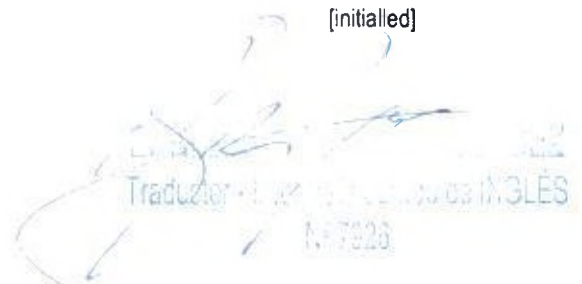
Ms Ines Arellano Galindez *

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Mr Joseba Olamendi López

* The above-mentioned person does not sign these Interim Financial Statements due to her not being physically present at the time of the formulation; their connection at that time was by telephone.

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I, Enrique Íñiguez Rodríguez, Sworn Translator of the English language, certified by the Spanish Ministry of Foreign Affairs, do hereby certify this is a full and faithful translation of a certificate written in the Spanish language. Witness my hand and seal on this 12th day of November, 2018.

Don Enrique Íñiguez Rodríguez, Traductor-Intérprete Jurado de inglés nombrado por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

En Valencia, 12 de noviembre de 2018



The image shows a handwritten signature in blue ink, which appears to be "Enrique Íñiguez Rodríguez". Below the signature is a blue official stamp. The stamp contains the text "ENRIQUE ÍÑIGUEZ RODRÍGUEZ" and "TRADUCTOR-INTÉRPRETE JURADO DE INGLÉS". There is also a date stamp "12/11/2018" and a number "17" visible on the stamp.



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SOLARPACK CORPORACIÓN TECNOLÓGICA. S.L.

Independent audit report. Annual accounts as of
December 31, 2017 and Management Report for



**AUDIT REPORT OF ANNUAL ACCOUNTS ISSUED
BY AN INDEPENDENT AUDITOR**

To the shareholders of SOLARPACK CORPORACIÓN TECNOLÓGICA, SL:

Opinion

We have audited the annual accounts of SOLARPACK CORPORACIÓN TECNOLÓGICA, SL (the Company), which comprise the Balance Sheet as of December 31, 2017, the Profit and Loss Account, the Statement of Changes in Equity, the Cash Flow Statement and the Annual Report corresponding to the year ended on that date.

In our opinion, the accompanying annual accounts express, in all significant respects, the true image of the Company's equity and its financial position as of December 31, 2017, as well as its results and cash flows for the year ending in said date, in accordance with the applicable regulatory framework of financial information (which is identified in Note 2.1 of the report) and, in particular, with the accounting principles and criteria contained therein.

Basis of opinion

We have carried out our audit in accordance with the regulations governing the account auditing activity in force in Spain. Our responsibilities in accordance with said standards are described later in the section *Auditor's Responsibilities regarding the audit of the annual accounts* of our report.

We are independent from the Company, under the ethics requirements, including those of independence, which are applicable to our audit of the annual accounts in Spain as required by the regulations governing the auditing of accounts activity. In this sense, we have not provided services other than those specific to the audit of accounts, nor have situations or circumstances concurred that, in accordance with the provisions of the aforementioned governing regulations, have affected the necessary independence so that the latter has been compromised in any manner whatsoever.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those which, in our professional judgement, have been considered as the risks of material misstatements most significant in our audit of the annual accounts for the current year. These risks have been dealt with in the context of our audit of the annual accounts as a whole, and in the process of our judgement thereof, and we do not express a separate opinion on those risks.

(Text on the left-hand side of the page: AUREN AUDITORES SP S.L.P. Tax Id B-87352357 registered in the Mercantile Registry of Madrid, Volume 33., Folio 89, Section 8, Sheet M-608799, Entry 1st. R.O.A.C. S2347, Avda. General Perón, 38 28020 MADRID)

Member of

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AUDITORÍA Y ASSURANCE



Recovery of investments in group companies

Investments in group companies and associates represent a significant percentage of the Company's net assets. The amounts of equity instruments and long and short-term loans granted amounted to € 21,690 thousand Euros, 10,159 thousand Euros and 3,307 thousand Euros, respectively. The Company's management annually assess whether there are indications of impairment and determines the recoverable value of said investments. This assessment includes the comparison of the carrying amount of the investment with the equity of each company, as well as the analysis of the estimation of the future cash flows derived from the investment that requires significant judgements by the Management on certain assumptions and hypothesis. This fact, together with the relative importance of these assets and the possible significant effect on the annual accounts of the Company of an inappropriate valuation, causes the recovery of these assets to become a relevant aspect of the audit.

Our audit procedures have included, among others, the understanding of the Company's process in the assessment and analysis of the recovery of the investments value. Additionally, we have carried out consistent substantive procedures, among others, to compare the net carrying amount of the investments with the equity of each company and to review and assess the reasonableness of the projections of results and future cash flows and the main key assumptions used in their determination, also comparing the projected annual results and flows with those actually achieved in the fiscal year 2017.

Likewise, we have evaluated that the information disclosed in the annual accounts complies with the requirements of the regulatory framework of the financial information applicable to the company.

Other information: Management report

Other information comprises exclusively the management report for the fiscal year 2017, whose preparation is the responsibility of the Company's directors and is not an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility for the management report, in accordance with the provisions in the regulations governing the audit activity, is to evaluate and inform on the consistency of the management report with the annual accounts, based on the knowledge of the entity obtained during the performance of the audit of the aforementioned accounts and without including information other than that obtained as evidence during the same. Likewise, our responsibility is to evaluate and inform on the conformity of the content and presentation of the management report with the applicable regulations. If, based on the work we have carried out, we conclude that there are material misstatements, we are obliged to report it.

Based on the work carried out, as described in the previous paragraph, the information contained in the management report is consistent with that in the annual accounts for the fiscal year 2017 and its contents and presentation are in accordance with applicable regulations.

Responsibility of administrators in relation to the annual accounts

The directors are responsible for formulating the accompanying annual accounts, so that they express the true image of the assets, the financial statement and the results of the Company, in accordance with the regulatory framework of the financial information applicable to the entity in Spain, and of the internal control that they consider necessary to allow the preparation of annual accounts free of material misstatements, due to fraud or error.



(Logo of AUREN)

In the preparation of the annual accounts, the directors are responsible for assessing the Company's ability to continue as a going concern, revealing, as appropriate, those issues related to the operating company and using the accounting principle of the going concern, except when the administrators intend to liquidate the company or cease operations, or else, there is no other realistic alternative.

Responsibilities of the auditor in relation to the audit of the annual accounts

Our objectives are to obtain reasonable assurance that the annual accounts as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that reflects our opinion.

Reasonable assurance is a high degree of security, but does not guarantee that an audit carried out in accordance with the regulations governing the audit activity in force in Spain will always detect an existing material misstatement. Inaccuracies may be due to fraud or error and are considered material if, individually or as a whole, can reasonably be expected to influence the economic decisions that users make based on the annual accounts.

As part of an audit in accordance with the regulations governing the account auditing activity in force in Spain, we use our professional judgement and maintain an attitude of professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement in the annual accounts, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our judgement. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since the fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or deliberate lack of internal control.
- We obtain knowledge about the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We assess whether the accounting policies applied are suitable, as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the directors.
- We conclude on whether the use, by the administrators, of the accounting principle of the going concern is appropriate and, based on the audit evidence obtained, we conclude on whether or not there is a material uncertainty related to facts or conditions that can generate significant doubts about the ability of the Company to continue as going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the annual accounts or, if such disclosures are not adequate, to express an amended opinion. Our conclusions are based on the audit evidence obtained to date from our audit report. However, future events or conditions may cause the Company to cease being a going concern.
- We assess the overall presentation, the structure and contents of the annual accounts, including the disclosed information, and whether the annual accounts reflect the underlying transactions and events in such a way that they reflect the true image.

We contact the entity's directors regarding, among others, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we have identified in the course of the audit.

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AUDITORIA Y ASURANCE



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CLASE 8.^a

(logo of AUREN)

Among the significant risks reported to the entity's directors, we determine those of the greatest significance in the audit of the annual accounts of the current period and that are, consequently, the risks considered most significant.

We describe those risks in our audit report unless legal or regulatory provisions prevent public disclosure of the matter.

AUREN AUDITORES SP. S.L.P.
Registered in the R.O.A.C (Official Registry of Auditors) No. S2347.

(illegible signature)
Juan Ignacio Irigoras Olabarria
Registered in the R.O.A.C. No. 18810

(Stamp of AUDITORES
INSTITUTO DE AUDITORES JURADOS DE
CUENTAS DE ESPAÑA)

June 4, 2018

AUREN AUDITORES SP.
S.L.P.

2018 No. 03/18/02180

CORPORATION SEAL 96.00 EUR

Audit report of accounts subject to the Spanish or
international regulations of audit of accounts

Member of ANTECA

4



AUDITORÍA Y ASSURANCE

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.L.

Annual Accounts corresponding
to the year ended on
December 31. 2017





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SOLARPACK CORPORACIÓN TECNOLÓGICA, S.L.

BALANCE SHEET AS OF DECEMBER
31, 2017 AND 2016

Units: Euro

ASSETS	NOTES ANNUAL REPORT	31/12/2017	31/12/2016
A) NON-CURRENT ASSETS		35,410,900.94	21,322,099.34
I Intangible assets	6	85,762.30	1,200.00
3 Patents, licenses, trademarks and similar		600.00	1,200.00
5 IT applications		85,162.30	
11. Tangible assets	5	185,022.02	241,261.03
2. Technical facilities and another tangible assets		185,022.02	241,261.03
IV. Long-term investments in group companies and associates		31,849,023.57	18,194,968.24
1 Equity instruments	8.4	21,689,639.87	16,169,597.31
2 Loans to companies	8.1.1 15	10,159,383.70	2,025,370.93
V. Long-term financial investments		2,042,437.19	2,533,694.83
1. Equity instruments	8.1.1	1,589,190.69	1,523,868.62
2. Loans to third parties	8.1.1	453,246.50	1,009,826.21
VI. Deferred tax assets	10	1,248,655.86	350,975.24
B) CURRENT ASSETS		15,225,137.46	23,577,776.91
11. Stock		103,276.40	
3. Work in progress		103,276.40	
111. Trade and other accounts receivable		1,676,815.79	4,715,198.83
1. Customers receivables for sales and services	8.1.2	175,416.56	133,097.51
2. Customers, group companies and associates	8.1.2 15	1,202,344.91	4,275,068.31
3. Other receivables	8.1.2	31,548.30	34,010.54
6. Other credits with Public Administrations	10	267,506.02	273,022.47
IV. Short-term investments in group companies and associates		3,595,288.16	5,106,839.32
2 Loans to companies	8.1.2 15	3,595,288.16	5,106,839.32
V. Short-term financial investments		1,707,275.68	1,183,258.95
2. Loans to companies	8.1.2	46,419.77	86,433.69
5 Other financial assets	8.1.2	1,660,855.91	1,096,825.26
VI. Short-term accruals		37,464.50	28,008.30
VII. Cash and cash equivalents		8,105,016.93	12,544,471.51
1. Liquid assets	8.1.2	8,105,016.93	12,544,471.51
TOTAL ASSETS (A + B)		50,636,038.40	44,899,876.25





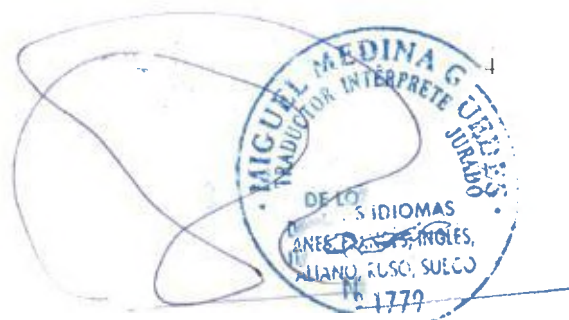
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SOLARPACK CORPORACIÓN TECNOLÓGICA, S.L.

BALANCE SHEET AS OF DECEMBER 31, 2017 AND 2016

EQUITY AND LIABILITIES CLASE 8.	NOTES	31/12/2017	31/12/2016
A) NET EQUITY		42,810,212.16	37,733,400.27
A-1) Shareholders' equity		42,810,212.16	37,733,400.27
I Capital	8.3	426,650.00	426,650.00
1. Authorised capital		426,650.00	426,650.00
11. Share premium	8.3	5,213,066.13	5,213,066.13
111. Reserves	8.3	31,743,778.76	29,605,303.73
1. Legal and statutory		85,330.00	80,000.00
2. Other reserves		31,658,448.76	29,525,303.73
VII. Profit and Loss of the Fiscal Year	3	5,426,717.27	2,488,380.41
B) NON-CURRENT LIABILITIES		1,844,555.36	2,898,108.69
11. Long term debts	8.2.1	-	776,726.12
4. Derivatives		-	459,500.13
5. Other financial liabilities		-	317,225.99
111. Long-term payables to group companies and associates	8.2.1	1,637,792.61	1,929,228.57
IV. Deferred tax liabilities	10	206,762.75	192,154.00
C) CURRENT LIABILITIES		5,981,270.88	4,268,367.29
111. Short term payables		1,124,852.20	19,862.88
2. Payables to credit institutions	8.2.2	14,927.48	19,862.88
4. Derivatives	8.2.2	600,155.37	8
5. Other financial liabilities	8.2.2	509,769.35	-
IV. Short-term payables to group companies and associates	8.2.2 / 15	2,277,290.77	-
V. Trade and other payables		2,377,259.01	1,893,521.37
1. Suppliers	8.2.2	408,337.35	2,153,178.53
2. Suppliers. group companies and associates	8.2.2 / 15	2,046.15	3
4. Wages payable (salaries pending payment)	8.2.2 10	1,845,272.48	1,572,955.94
6. Other payables to the Public Administrations	8.2.2	120,269.90	4
7. Advance payments from customers		1,333.13	120,342.65
VI. Short-term accruals		201,868.90	5
			294,533.34
			153,827.42
			11,519.18
			201,804.51
TOTAL. NET EQUITY AND LIABILITIES (A + B + C)		50,636,038.40	44,899,876.25

Unit Euro



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SOLARPACK CORPORACIÓN TECNOLÓGICA, S.L.

PROFIT AND LOSS ACCOUNT CORRESPONDING TO THE YEAR 2017 AND 2016

Unit Euro

	ANNUAL REPORT	(Debit) Credit	
		2017	2016
A) CONTINUING OPERATIONS			
1. Net amount of the turnover	17	17,398,206.73	11,425,285.48
a) Sales		7,115,382.80	8,724,403.52
b) Provision of services		1,646,012.12	1,851,602.55
c) Dividends on shares in group companies and associates		7,063,297.46	.
d) Income from loans granted to group companies and associates		1,573,514.35	849,279.41
3. Capital assets betterments and improvements		29,003.43	66,658.88
4. Supplies	11	(5,138,067.28)	(4,578,489.86)
a) Consumption of goods		103,276.40	(79,287.22)
c) Works done by other companies		(5,241,343.68)	(4,499,202.64)
5. Other operating income		227,119.16	218,955.35
a) Income from ongoing operations	7	219,799.49	216,035.35
b) Operating subsidies included in year-end results		7,319.67	2,920.0
6. Personnel costs		(4,042,810.03)	(2,219,475.67)
a) Wages, salaries and similar		(3,691,137.52)	(1,911,429.47)
b) Social security contributions	11	(351,672.51)	(308,046.20)
7. Other operating expenses		(1,797,630.69)	(2,324,132.89)
a) External expenses		(1,787,675.75)	(2,318,221.62)
b) Taxes		(9,954.94)	(5,911.27)
8. Impairment and Gain/loss on disposals of financial instruments in group companies		(392,130.60)	(504,464.46)
a) Impairments and losses	8.4 / 15	(392,130.60)	(504,464.46)
9. Depreciation of fixed assets	5/6	(56,839.05)	(29,187.17)
13. Other income		(11,000.00)	(1,000.00)
A.1) OPERATING RESULT (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9 + 10 + 11 + 12 + 13)		6,215,851.67	2,054,149.6
14. Financial income		43,835.96	73,852.7
b) Of negotiable securities and other financial instruments		43,835.96	73,852.70
b 2) Third party		43,835.96	73,852.76
15. Financial expenses		(107,721.48)	(307,445.29)
a) For debts to group companies and associates		(7,690.43)	(40,404.72)
b) For debts to third parties		(100,031.05)	(267,040.57)
15. Variation in fair value of financial instruments		(140,655.24)	(459,500.13)
a) Trading portfolio	8.2.2	(140,655.24)	(459,500.13)
17. Exchange differences	9	(1,768,844.72)	1,185,213.0
18. Impairment losses and income from disposals of financial instruments		65,906.15	203,362.9
a) Impairment and losses	8.1.1	65,323.07	203,362.9
b) Losses and income from disposals and others		583.08	
A.2) FINANCIAL INCOME (14 + 15 + 16 + 17 + 18 + 19)		(1,907,479.33)	695,483.3
A.3) INCOME BEFORE TAXES (A.1 + A.2)		4,308,372.34	2,749,633.0
20. Income Tax	10	1,118,344.93	(261,252.62)
A.4) INCOME FROM ONGOING OPERATIONS (A.3 + 20)		5,426,717.27	2,488,380.41
8) INTERRUPTED OPERATIONS			
A.5) INCOME OF THE FISCAL YEAR (A.4 + 8)		5,426,717.27	2,488,380.41

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SOLARPACK CORPORACIÓN TECNOLÓGICA, S.L.

A) Income and expenses statement recognized in 2016	Notes Annual report	2017	2016
CLASE 8.ª			
A) RESULT OF THE PROFIT AND LOSS ACCOUNT	3	5.426.717,27	2.488.380,41
B) TOTAL INCOME AND EXPENSES DIRECTLY RECOGNIZED IN THE NET EQUITY			
C) TOTAL TRANSFERS TO THE LOSS AND PROFIT ACCOUNT			
TOTAL INCOME AND RECOGNIZED EXPENSES (A + B + C)		5.426,717 27	2.488,380 41

FINAL STATUS OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017	AUTHORISED CAPITAL	ISSUE PREMIUM	RESERVES	PROFIT & LOSS FOR THE YEAR	TOTAL
A. FINAL BALANCE OF THE YEAR 2015	4.000.00	100.000.00	33.614.437.82	6.342.379.39	40.060.853.20
I. Adjustments for change in criterium of the year 2015	-	-	-	-	-
II. Adjustments for errors of year 2016	-	-	-	-	-
B. ADJUSTED BALANCE, BEGINNING OF THE YEAR 2016	4.000.00	100.000.00	33.614.437.82	6.342.379.39	40.060.853.20
I. Total expenses and income recognized	-	-		2.488.380 41	2.488.380 41
II. transactions with partners or owners	422.650.00	5.113.066.13	(10.351.549.47)	-	(4.815.833.34)
1. Capital increases	422.650.00	5.113.066.13	296.000.00	-	5.239.716.13
4. (-) Dividend allocation	-	-	10.055.549.47		10.055.549.47
III. Other variations in net equity	-	-	6.342.379.39	(6.342.379.39)	-
C. FINAL BALANCE YEAR 2016	426.650.00	5.213.066.13	29.605.303.73	2.488.380.41	37.733.400.27
I. Adjustments for change in criterium year 2016	-	-	-	-	-
II. Adjustments for errors of the year 2016	-	-	-	-	-
D. ADJUSTED BALANCE, BEGINNING OF THE YEAR 2017	426.650.00	5.213.066.13	29.605.303.73	2.488.380.41	37.733.400.27
I. Total expenses and income recognized				5.426.717 27	5.426.717 27
II. transactions with partners or owners	-	-	(349.905.38)	-	(349.905.38)
4. (-) Dividend allocation			(349.905.38)	-	(349.905.38)
III. Other variations in net equity			2.488.380.41	2.488.380.41	
E. FINAL BALANCE OF YEAR 2017	426.650.00	5.213.066.13	31.743.778.76	5.426.717.27	42.810.212 16



SOLARPACK CORPORACIÓN TECNOLÓGICA, S.L.

STATEMENT OF CASH FLOWS CORRESPONDING TO THE YEARS 2017 AND 2016

Units: Euros

	2017	2016
A) Cash Flows from Operating Activities		
1. Earnings before taxes.	4,308,372.34	2,749,633.03
2. Adjustments to the result.	(6,279,779.75)	(621,331.88)
a) Amortization of fixed assets (+)	56,839.05	29,187.16
b) Valuation adjustments for impairment (+/-)	326,807.53	301,101.48
g) Financial income, dividend income and intra-group financing interest (-)	(8,680,647.77)	(73,852.76)
h) Financial expenses (+)	107,721.48	307,445.29
i) Exchange differences (+/-)	1,768,844.72	(1,185,213.05)
j) Variation in fair value in financial instruments (+/-)	140,655.24	
k) Other income and expenses (+/-)	-	
3. Changes in working capital	1,344,558.31	(2,344,831.29)
a) Stocks (+/-)	(103,276.40)	79,287.22
b) Customers and other accounts receivable (+/-)	2,935,908.30	(3,804,056.74)
c) Other current assets (+/-)	8,513.04	(16,344.69)
d) Creditors and other accounts payable (+/-)	(1,481,461.93)	1,264,866.09
e) Other current liabilities (+/-)	(15,124.70)	131,416.83
4. Other cash flows from operating activities.	7,215,709.68	(615,426.77)
a) Interest payments (-)	(107,721.48)	(307,445.29)
b) Dividend collections (+)	7,063,297.46	
c) Interest charges (+)	364,602.90	73,852.76
d) Collections / (payments) for corporate tax (+/-)	(104,469.20)	(381,834.24)
5. Cash flows from operating activities (+/- 1 +/- 2 +/- 3 +/- 4)	6,588,860.58	(831,956.91)
8) Cash flows from investment activities		
6. Investment payments (-)	(6,752,898.12)	(19,416,317.22)
a) Group companies and associates.	(5,847,820.74)	(18,324,394.57)
c) Tangible fixed assets.	(85,162.30)	(155,467.93)
e) Other financial assets.	(819,915.08)	(936,454.72)
f) Non-current assets held for sale.	-	
7. Divestment receipts (+)	508,626.96	50,904,191.81
a) Group companies and associates	-	46,526,450.37
e) Other financial assets	508,626.96	4,377,741.44
8. Cash flows from investment activities (7-6)	(6,244,271.16)	31,487,874.59
C) Cash flows from financing activities.		
9. Collections and payments for equity instruments.		5,239,716.13
a) Issuance of equity instruments (+)		5,239,716.13
10. Collections and payments for financial liability instruments.	(4,791,456.94)	(16,392,317.15)
a) Issuance	10,393,446.41	26,849,217.42
2) Debts with credit institutions (+).	553,879.00	20,247,209.72
3) Debts with group companies and associates (+)	9,607,120.69	5,785,579.16
4) Other payables (+).	232,446.72	816,428.55
b) Return and amortization of	(15,184,903.35)	(43,241,534.61)
2) Debts with credit institutions (-).	(566,439.21)	(37,131,831.32)
3) Debts to group companies and associates (-)	(14,568,789.08)	(6,109,703.29)
4) Other payables (-).	(49,675.06)	
11. Payments for dividends and remunerations of other equity instruments.	(349,905.36)	(10,055,549.47)
to Dividends (-)	(349,905.36)	(10,055,549.47)
12. Cash flows from financing activities (+/- 9 +/- 10-11)	(5,141,362.30)	(21,208,150.49)
D) Effect of changes in exchange rates.	357,318.30	(81,157.67)
E) Net increase / decrease in cash or equivalents (+/-)	(4,439,454.58)	9,366,609.55
Cash or equivalent at the beginning of the year	12,544,471.51	3,177,861.96
Cash or equivalents at the end of the year	8,105,016.93	12,544,471.51



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SOLARPACK CORPORACION TECNOLÓGICA, S.L.

Annual Accounts Report for the year ended December 31, 2017
(Expressed in Euros)



CLASE 8.ª

NOTE 1. NATURE AND MAIN ACTIVITIES

Solarpack Corporación Tecnológica, SL was incorporated on April 1, 2005 as a private limited company for an indefinite period of time. Its Tax ID No. is B-95.363.859. Its registered office is located on Avenida Algorta, 16 3º de Getxo Bizkaia, where it operates.

Solarpack Corporación Tecnológica, SL has as its corporate purpose and main activity the promotion, management and administration of companies that produce renewable energies, as well as the study, research, development and provision of all types of services related to these energies, including supply, installation and assembly of equipment and installations for power plants.

On June 28, 2014, the merger through absorption of Solarpack Inversiones y Promociones, S.L.U. (absorbed company) by Solarpack Corporación Tecnológica, S.L. (Absorbing company) was approved, with the dissolution of the absorbed company, without liquidation, and with the en bloc transmission of its assets by universal succession to the absorbing company. The Balances approved for the merger by absorption operation were those closed by the intervening companies as of December 31, 2013. All the operations of the absorbed company were considered carried out, for accounting purposes, by the absorbing company from January 1, 2014. The effect of this operation on the Net Equity of the 2014 financial year was a merger relief reserve amounting to 1.302.336.27 euros. The merger balance sheets of both companies were included in the 2014 financial statements.

Solarpack Corporación Tecnológica, S.L. is the parent company of a group of companies whose activity is related to the promotion, management and administration of companies producing renewable energies, as well as the study, research, development and provision of all types of services related to said energies, including the supply, installation and assembly of equipment and installations for power plants, including the construction and sale of photovoltaic parks. The operating geographical scope of the Group until the previous year was essentially Spain and Latin America. During 2016 the Group extended its geographical market to Asia.

The Directors submit separate consolidated annual accounts, prepared voluntarily in accordance with the International Financial Reporting Standards adopted by the European Union (EU IFRS). These consolidated annual accounts show a consolidated net equity of 52 million euros. Both the Individual and the Consolidated Annual Accounts for the year ended December 31, 2017 are formulated on April 4, 2018.

The operating currency of the Company is the euro, which is the currency in which the Company generates most of the resources and use those same resources within the operating scope.



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NOTE 2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

1. Faithful image and Regulatory Framework for Financial Reporting

The accompanying Annual Accounts have been obtained from the accounting records of Solarpack Corporación Tecnológica, S.L., and have been presented in accordance with the generally accepted accounting principles and valuation standards established in the General Accounting Plan approved by Royal Decree 1514/2007 and amended through Royal Decree 602/2016 as well as with the other mercantile legislation in force, so that they reflect the true image of the Company's assets, financial statement, profit and loss account and cash flows.

There are no exceptional reasons why, in order to show the true image, the legal provisions in accounting matters have not been applied.

The Annual Accounts of the previous year were approved by the Ordinary General Meeting on June 28, 2017.

2. Non-mandatory accounting principles applied

For the accounts to show the true image, it has not been necessary to apply non-mandatory accounting principles.

3. Critical aspects of the assessment and estimation of uncertainty

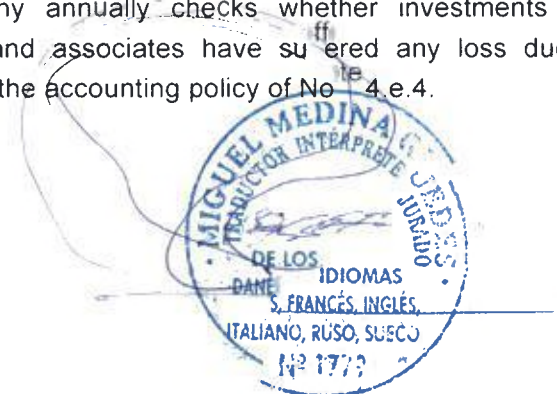
The preparation of the annual accounts requires from the Company the use of certain estimates and judgements regarding the future that are continually assessed and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

The resulting accounting estimates, by definition, will rarely match the corresponding actual results. Basically, these estimates refer to:

Valuation of certain assets as accounts receivable and interests in Group companies and associates

The valuation of investments in Group companies and associates is determined, in some cases, using valuation techniques. The Company uses judgement to select a variety of methods and makes assumptions, primarily based on the existing market conditions on the date of each balance sheet and on the future results projections of the subsidiaries.

The Company annually checks whether investments on the equity of Group companies and associates have suffered any loss due to impairment of value, according to the accounting policy of No. 4 e.4.





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Income Tax

The legal situation of the tax regulations applicable to the Company implies estimated calculations and an uncertainty in the final quantification of the tax. The calculation of the tax is based on the best estimates of the Management according to current fiscal regulations and taking the foreseeable evolution thereof into account (Note 10).

When the final taxable income is different from the amounts that were initially recognized, such differences will have an effect on the income tax in the year in which such determination is made.

Staff allowances

Within the agreements for multi-year bonus allowances with part of its current employees, the Company makes estimates on the amounts of the allowances to be paid and the bases for their calculation.

These estimates are re-assessed at the end of each accounting period, adjusting the provisions to the best estimates existing at each closing.

There are no reasonable doubts about the normal operation of the Company, so the Annual Accounts have been prepared under the going concern principle.

4. Comparison of information

The figures in these Annual Accounts for the year ended December 31, 2017 are fully comparable with those of the previous year, and it was not necessary to adjust the figures for the previous year.

5. Grouping of items

No items preceded by Arabic numbers have been grouped, neither in the Balance Sheet nor in the Profit and Loss Account.

6. Elements included in several items

No assets are registered under two or more items of the Balance.

7. Changes in accounting criteria

During the year corresponding to these Annual Accounts, there have been no changes in the accounting criteria with respect to those applied in the previous year.

8. Error correction

During the year corresponding to these Annual Accounts, it has not been necessary to correct any error from previous years or from the exercise itself.



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NOTE 3. APPROPRIATION OF EARNINGS

During the year, there has been a positive result after taxes of € 5,426,717.27, the proposal for the distribution of the income for 2017 made by the Company's Management Body being the following:

<u>Base for the distribution</u>	<u>Amount</u>
Balance of the Profit and Loss account	<u>5,426,717.27</u>
Total	5,426,717.27

<u>Appropriation of earnings</u>	<u>Amount</u>
To Voluntary Reserves	<u>5,426,717.27</u>
Total	5,426,717.27

There is no more limitation to the distribution of dividends than those provided for by the current legal regulations. There is no statutory limitation whatsoever.

NOTE 4. REGISTRATION AND VALUATION STANDARDS

The Annual Accounts have been prepared in accordance with the accounting principles and valuation and classification standards stated in the current General Accounting Plan.

The most significant accounting principles and valuation standards applied in the preparation of the Annual Accounts are those described below:

a) Intangible assets

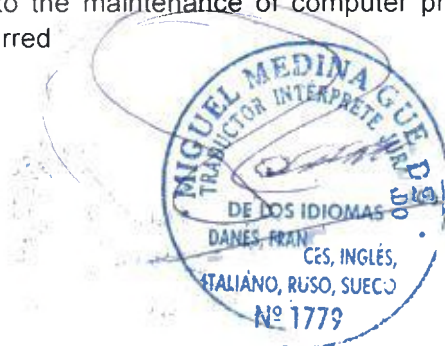
1 Licenses and trademarks

Licenses and trademarks have a defined useful life and are taken to cost less accumulated amortization and corrections for recognized impairment. Amortization is calculated on a straight-line basis to allocate the cost of the trademarks and licenses during their estimated useful life.

2 IT applications

Licenses for software purchased from third parties are capitalized on the basis of the costs incurred to purchase and prepare them in order to use the specific program. Internally developed intangibles developed for the Company's own fixed assets are valued at production cost. These costs are amortized over their estimated useful lives in 4 years.

Expenses related to the maintenance of computer programs are recognized as an expense when incurred



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b) Tangible assets

Tangible assets are recognized at their acquisition price or production cost less accumulated depreciation and the accumulated amount of recognized losses.

CLASE 8.^a

The amount of the works carried out by the Company for its own tangible fixed assets is calculated at the acquisition price of the consumables, plus the direct or indirect costs attributable to said assets.

The costs of expansion, modernization or improvement of tangible fixed assets are incorporated into the asset as an increased value of the asset only when they imply an increase in their capacity, productivity or extension of their useful life, and whenever it is possible to know or estimate the carrying amount of items that are removed from the inventory for their replacement.

The costs of major repairs are capitalized and depreciated over their estimated useful life, while recurrent maintenance expenses are charged against the profit and loss account for the period in which they are incurred.

Amortization of tangible fixed assets, with the exception of land, which is not depreciated, is systematically calculated on a straight-line basis depending on its estimated useful life, taking into account the depreciation actually suffered by its operation, use and enjoyment.

e) Interest costs

Financial expenses directly attributable to the acquisition or construction of elements of fixed assets that require a period of time exceeding one year to be in conditions of use are incorporated at cost until they are in working condition.

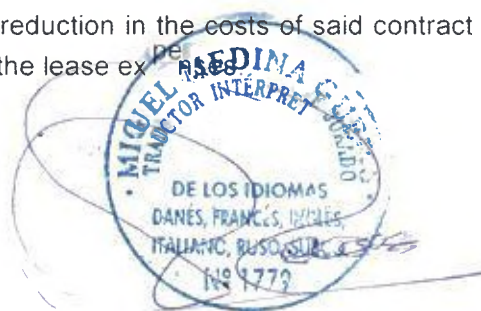
d) Leases and similar operations

Leasing operations are classified as finance leases and operating leases.

The leases in which the Company assumes the risks and benefits derived from the ownership of the leased asset are classified as financial leases.

Leases in which the lessor retains a significant portion of the risks and benefits derived from the ownership are classified as operating leases.

The lease expenses, when the Company is acting as lessee, are charged on straight-line basis to the income statement during the term of the contract, regardless of the form stated in said contract for the payment thereof. In the event that the contract had established incentives to it by the lessor, consisting of payments to be made by the latter that should correspond to the lessee, the income thereof is recognized in the income statement as a reduction in the costs of said contract on a straight-line basis in the same manner as the lease expenses.



e) **Financial assets**

1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except for maturities over 12 months from the balance sheet date, that are classified as non-current assets. They are included in "Loans to companies" and "Customers and other accounts receivable" in the Balance Sheet.

These financial assets are initially valued at their fair value, including the transaction costs that are directly attributable to them and subsequently at amortized cost, recognizing the accrued interest based on their effective interest rate, understood as the discount rate equalling the carrying value of the instrument with all estimated cash flows until expiry. Notwithstanding the foregoing, loans for commercial transactions with a maturity not exceeding one year are valued, both at the time of initial recognition and subsequently, at their nominal value, provided that the effect of not updating the flows is not significant.

At least, at the end of the year, the necessary valuation corrections for impairment of value are carried out if there is objective evidence that all the amounts owed will be collected.

The amount of the impairment loss is the difference between the carrying value of the asset and the current value of the estimated future cash flows, deducting the effective interest rate at the time of initial recognition. The value corrections, as well as their reversal, are recognized in the Profit and Loss Account.

2 Investments held until maturity

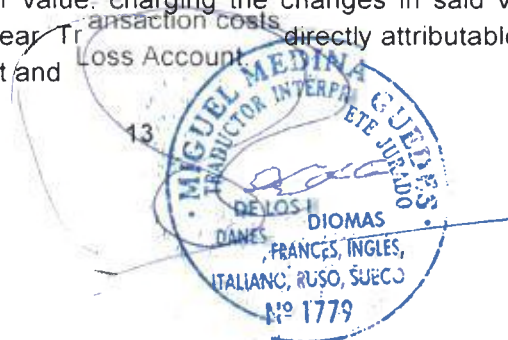
Assets held to maturity are representative debt securities subject to fixed maturity, which are traded in an active market and which are intended to be held until maturity.

The valuation criteria for these assets are the same as for loans and receivables.

3 Financial assets held for trading and other financial assets at fair value with changes in the profit and loss account

Held-for-trading financial assets are acquired to be sold in the short term or are a part of a portfolio of instruments identified and jointly managed for short-term profits, as well as the financial assets designated by the Company at the time of the initial recognition.

These financial assets are valued, both at the initial moment and in subsequent valuations for their fair value, charging the changes in said value to the Profit and Loss Account for the year. Transaction costs directly attributable to the acquisition are recognized in the Profit and



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4 Investments in the Equity of Group Companies, Multigroup and Associates

They are valued at their cost minus, where applicable, the accumulated amount of the adjustments for impairment of value. However, whenever there is an investment prior to their classification as a group company, multigroup and associate, the carrying amount of the investment is considered as the cost of the investment before it was so classified. Pre-existing value adjustments recognised directly in equity are maintained in equity until the asset is derecognised.

If there is objective evidence that the carrying amount is not recoverable, the appropriate valuation corrections are made for the difference between their carrying amount and the recoverable amount, this being understood as the greater amount between their fair value minus the selling costs and the current value of the cash flows derived from the investment. Unless there is a better evidence of the recoverable amount, in estimating the impairment of these investments, the net equity of the investee company is taken into account, corrected for the tacit capital gains existing on the valuation date. In certain investments in companies, the Company determines the recoverable amount thereof using valuation techniques. The Company uses judgement to select a variety of methods and make assumptions primarily based on the existing market conditions on the date of each balance sheet and on the future results projections of the subsidiaries. The value correction and, if applicable, its reversal is recorded in the Profit and Loss Account for the year in which it occurs.

5 Available-for-sale financial assets

Available-for-sale financial assets include debt securities and equity instruments that are not classified in any of the above categories.

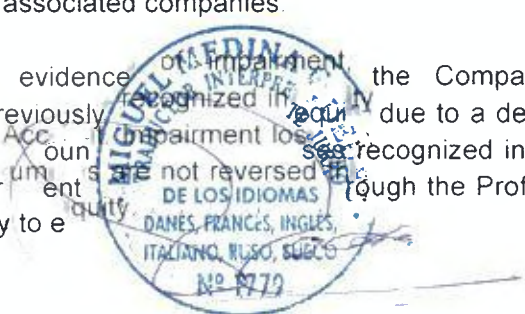
They are included within current assets, unless the Management intends to dispose of the investment within the twelve months following the balance sheet date.

They are valued at their fair value, recording changes occurred directly in equity until the asset is disposed of or impaired, at which time the accumulated losses and gains in equity are charged to the Profit and Loss Account, provided that the fair value can be determined. Otherwise, they are recorded at cost less impairment losses of value.

In these assets, valuation adjustments are made, if there is objective evidence that they have suffered a value impairment as a result of a reduction, or delay in future estimated cash flows in the case of debt instruments acquired, or due to the lack of recoverability of the asset's carrying amount for investments in asset instruments. The value adjustment is the difference between its cost or amortized cost minus, where applicable, any valuation correction previously recognized in the profit and loss account and the fair value at the time of the valuation.

In the case of equity instruments valued at cost, since their fair value cannot be determined, the value adjustment is stated in the same way as for investments in group, multi-group and associated companies.

If there is objective evidence of impairment, the Company recognizes the accumulated losses, previously recognized in equity, due to a decrease in fair value, in the Profit and Loss Account, unless they are not reversed through the Profit and Loss Account but will be taken directly to equity.



The Company's management determines the most appropriate classification for each asset at the time of acquisition, reviewing it at the end of each year.

Assets are derecognized in the balance sheet when all the risks and benefits inherent to the asset ownership are substantially transferred. In the specific case of accounts receivable, it is understood that this occurs generally if the insolvency and default risks, as well as control risks, have been transmitted.

f) **Financial derivatives, and accounting coverage.**

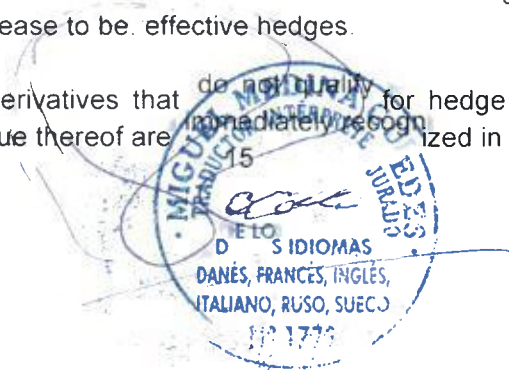
Financial derivatives are valued both at their initial moment and at subsequent valuations, at fair value. The method to recognize the resulting losses or gains depends on whether or not the derivative has been designated as a hedging instrument and, if applicable, the type of hedge. The Company designates certain derivatives as:

- Fair value hedge: Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk.
- Coverage of cash flows: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are temporarily recognized in equity. Its allocation to the profit and loss account is carried out within the years in which the expected hedged operation affects the result, unless the hedge corresponds to a forecast transaction that ends up in the recognition of a non-financial asset or liability, in which case the amounts recorded in equity are included in the cost of the asset when it is acquired or of the liability when it is assumed.
- The loss or gain relating to the non-effective portion is immediately recognized in the profit and loss account.
- Net investment hedge in a foreign operation: In hedging transactions for net investments in joint ventures lacking independent legal status and branches abroad, changes in the value of the derivatives attributable to the hedged risk are temporarily recognized in equity, and are allocated to the profit and loss account in the years in which the net investment in the foreign operations is disposed of.

Hedging operations of net investments in foreign operations in subsidiaries, multigroup and associates are treated as fair value hedges for the foreign exchange rate component.

Hedging instruments are valued and recorded according to their nature insofar as they are not, or cease to be, effective hedges.

In the case of derivatives that do not qualify for hedge accounting, the gains and losses on fair value thereof are immediately recognized in the profit and loss account.



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g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits in credit institutions, other highly liquid short-term investments with an original maturity of three months or less, and bank overdrafts. Investments greater than three months are classified as "Other financial assets" on the balance sheet, bank overdrafts are classified as borrowings under current liabilities, although the Company does not have bank overdrafts as of December 31, 2017 and 2016.

h) Net Equity

The share capital consists of ordinary shares.

The costs of issuing new shares are presented directly under equity as a reduction of reserves.

In the case of acquisition of new shares owned by the Company, the consideration paid, including any directly attributable incremental cost, is deducted from the net equity until its cancellation, new issuance or disposal. When these shares are subsequently sold or reissued, any received net amount of any directly attributable incremental cost of the transaction is included in equity.

ii) Financial liabilities

1) Loans and items payable

This category includes loans for commercial operations and debts for non-commercial operations. These loans and borrowings are classified as current liabilities, unless the company has an unconditional right to defer its settlement for at least twelve months after the balance sheet date.

These debts are initially recognized at their fair value adjusted for directly attributable transaction costs, being subsequently recorded at amortized cost according to the effective interest rate method. This effective interest rate is the discount rate that exactly matches the net carrying amount of a financial instrument with the expected stream of foreseen future payments until the expiration.

Notwithstanding the foregoing, debts for commercial transactions with a maturity not exceeding one year and that do not have a contractual interest rate, are valued, both initially and subsequently, at their nominal value when the effect of not updating the cash flows is not significant.

In the event of renegotiation of existing debts, it is considered that there are no substantial changes in the financial liability when the lender of the new loan is the same as the lender of the initial loan and the current value of the cash flows, including net commissions, does not differ by more than 10% from the current value of the outstanding cash flows of the original liability calculated using the same method.



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2) Held-for-trading financial liabilities and other financial liabilities at fair value with changes in the profit and loss account

These are liabilities for the purpose of repurchasing in the short term or are part of a portfolio of financial instruments identified and jointly managed to obtain short-term profits, as well as the financial liabilities designated by the Company at the time of initial recognition for its inclusion in this category.

These financial liabilities are valued, both at the initial moment and in subsequent valuations, at their fair value, allocating the changes that occur in said value in the Profit and Loss Account for the year. Transaction costs directly attributable to the issuance are recognized in the Profit and Loss Account for the year in which they arise.

j) **Stock**

They are valued at their production cost, which basically consists of direct labour costs and other chargeable costs.

When the net realisable value of the inventories is lower than acquisition or production cost, it is reflected by the appropriate value adjustment charged to the income statement for the year.

The net realisable value is the estimated sale price in the normal course of business.

If the circumstances that cause the value adjustment cease to exist, the amount of the adjustment is reversed and recognized as income in the profit and loss account.

k) **Transactions in foreign currency**

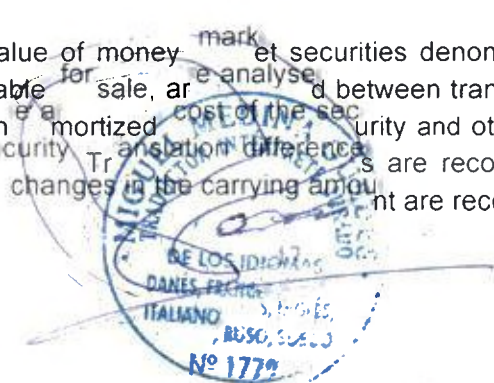
a) Functional and presentation currency

The annual accounts of the Company are presented in euros, which is the presentation and functional currency of the Company.

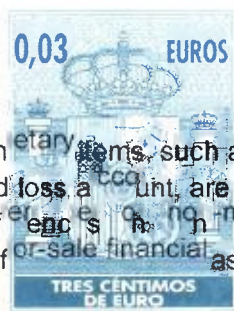
b) Transactions and balances

Transactions in foreign currency are converted to the functional currency using the exchange rates in force on the date of the transactions. Gains and losses in foreign currency resulting from the settlement of these transactions and the translation at the closing exchange rate of the monetary assets and liabilities designated in foreign currency are recognized in the profit and loss account, except when deferred in equity as in the case of qualifying cash flow hedges, and qualifying net investment hedges.

Changes in fair value of money market securities denominated in foreign currency, classified as available for sale, are analysed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences are recognized in the profit or loss account and other changes in the carrying amount are recognized in equity.



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Translation differences on non-monetary items, such as equity instruments held at fair value with changes in the profit and loss account, are presented as part of the gain or loss in fair value. Translation differences on monetary items, such as equity instruments classified as available-for-sale financial assets, are included in equity.

CLASE 8ª 1) Current and deferred taxes

The company is taxed under the consolidated declaration regime in the provincial territory of Bizkaia with the dependent companies listed below:

- Acrux Uno S.L.U.
- Antlia Dos. S.L.U.
- Andromeda Veintiseis. S.L.U.
- Cruz del Sur Cuarentainueve. S.L.U.
- Orion Setentaicuatro. S.L.U.
- Solarpack Promo2007 Treintaitres. S.L.U.
- Solarpack Promo2007 Treintaicinco. S.L.U.
- Solarpack Promo2007 Cincuentaisiete. S.L.U.
- Solarpack Promo2007 Sesentaitres. S.L.U.
- Solarpack Promo2007 Setentaidos. S.L.U.
- Solarpack Promo2007 Ochentaidos. S.L.U.

The parent company of this tax group is the main shareholder thereof, Beraunberri. SL. In fiscal year 2016, two new companies were incorporated into the tax group:

- Solarpack Monclova, S.L.
- Spk. Alvarado, S.L.

In fiscal year 2017, another new company has been included into the tax group, which has been incorporated by the Group in that year:

- Pedroso Solar. SL

This tax group is subject to the statutory regulations of the Corporate Tax, being taxed by this tax under the Special Regime of Fiscal Consolidation, currently regulated in the Regional Regulation 11/2013, of December 5, of the Historical Territory of Bizkaia, of the Corporate Tax.

The expense (income) for income tax is the amount that, for this concept, is accrued in the year and includes both the expense (income) for current tax and deferred tax.

Both the expense (income) for current and deferred tax are recorded in the profit and loss account. However, the tax effect related to items directly recorded in equity is recognized in equity.

Assets and liabilities for ordinary tax will be valued for the amounts that are expected to be paid or recovered by the tax authorities, in accordance with the regulations in force or approved and pending publication on the closing date of the fiscal year.

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Deferred taxes are calculated, under the liability method, on the temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts. However, if deferred taxes arise from the initial recognition of an asset or a liability in a transaction other than a business combination that, at the time of the transaction does not affect either the accounting result or the tax base of the tax, they are not recognized. The deferred tax is determined by virtue of the regulations and tax rates approved or about to be approved on the balance sheet date and that are expected to be applied when the corresponding deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent in which future tax profits are likely to be available to offset the temporary differences.

m) **Income recognition**

Incomes are recorded at the fair value of the consideration to be received and represent the amounts receivable for the goods delivered and the services provided in the ordinary course of the activities of Solarpack Corporación Tecnológica, S.L., less refunds, rebates, discounts and the Value Added Tax.

Solarpack Corporación Tecnológica, S.L recognizes the income when the amount of the same can be reliably valued, the future economic benefits are likely flow to the Company and the specific conditions for each of the activities are met as detailed below. The amount of income is not deemed to be able to be assessed reliably until all the contingencies related to the sale have been resolved. The Company bases its estimates on historical results, taking the type of customer, the type of transaction and the specific terms of each agreement into account.

According to the interpretation of the ICAC (Spanish acronym for Institute of Accounting and Accounts Auditing) published in its official bulletin of September 2009 (No.79), the companies considered as "industrial holding", as is the case of Solarpack Corporación Tecnológica, S.L will present the dividends, interest and management fees of shares of group, multigroup and associated as a Business Turnover in the Profit and Loss Account. The results of the sales of the shares in subsidiary companies that are incorporated for their sale once the photovoltaic solar plant is completed and started, whose operation will be the main activity thereof, are recorded within the Net amount of the turnover since it is part of its ordinary activity. The results arising from the eventual disposition of the remaining shares in subsidiaries, multigroup or associates will be presented as part of the operating income of the profit and loss account together with the possible impairment thereof.

l) Provision of services.

Regarding the incomes from the provision of services, these are recognized taking the degree of realization at the balance sheet date into account, as long as the result of the transaction can be reliably estimated.





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2) Interest income

Interest income is recognized using the effective interest rate method. When a receivable has a value impairment, the company reduces its carrying amount to its recoverable value, discounting estimated cash flows at the original interest rate of the instrument, and continues considering the discount as a reduction in interest income. Interest income on loans that have suffered impairment losses is recognized when cash is collected or on a cost recovery basis when conditions are guaranteed.

3) Dividend income

Dividend income is recognized as income in the profit and loss account when the right to receive the payment is established. Notwithstanding the foregoing, if the dividends distributed derive from results generated prior to the date of acquisition, they are not recognized as income, reducing the carrying amount of the investment.

n) **Provisions and contingent liabilities**

Provisions are recognized when the company incurs in an obligation, whether legal or implicit, as a result of past events, an outflow of resources is likely to become necessary to settle the obligation and the amount can be estimated reliably.

Provisions are valued at the current value of the disbursements expected to be necessary to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The adjustments in the provision due to its update are recognized as a financial expense as they are accrued.

Provisions with a maturity below or equal to one year, with a non-significant financial effect, are not discounted.

When part of the disbursement necessary to settle the provision is expected to be reimbursed by a third party, the reimbursement is recognized as an independent asset, provided that its reception is practically guaranteed.

On the other hand, contingent liabilities are considered to be those possible obligations arising from past events, whose materialization depends on the occurrence or not of one or more future events independent of the group's will. Said contingent liabilities are not subject to accounting records and, where appropriate, a detailed information thereof is included in the Report.

o) **Employees benefits**

1) Pension liabilities.-

The Company does not have retirement pension schemes for its employees.



2) Other post-retirement liabilities. -

Solarpack Corporación Tecnológica, S.L has no obligations to its employees after their retirement whatsoever.

3) Variable remuneration plans. -

The Company recognizes a liability and an expense, as variable remuneration based on formulas that take the evolution and results of the business into account. The Company recognizes a provision when it is contractually obligated, or, if, for any other reason, this remuneration becomes enforceable.

The Company has a multi-year variable remuneration agreement with some of its employees, which is determined based on the degree of achievement of a certain ratio, calculated from the group's accumulated results for the 2015-2017 period. As of December 31, 2017, the Company's management has estimated the basis for calculating it without having met the conditions for payment of said remuneration at said date, therefore, there is no liability recorded for this concept.

4) Termination benefits. -

Termination benefits are paid to employees as a result of the Company's decision to terminate their employment contract before the normal retirement age or when the employee agrees to voluntarily resign in exchange for these benefits. The Company recognizes these benefits when it has undertaken, in a way that can be demonstrated, to terminate the employment of current workers in accordance with a formal plan without the possibility of withdrawal or to provide severance indemnities as a result of an offer to encourage voluntary resignations. The benefits that will not be paid in the twelve months following the balance sheet date are discounted at their current value.

p) **Grants, donations and legacies**

Subsidies that are reimbursable are recorded as liabilities until they meet the conditions to be considered non-refundable, while non-refundable subsidies are recorded as income directly allocated to equity and are recognized as income on a systematic and rational basis in a correlated manner with the expenses derived from the subsidy. The non-refundable subsidies received from the partners are directly recorded in the shareholder's equity.

To that end, a subsidy is considered non-refundable when there is an individualized agreement for granting the subsidy, all the conditions established for the granting have been met and there are no reasonable doubts about its collection.

Grants of a monetary nature are valued at the fair value of the amount granted and non-monetary subsidies for the fair value of the asset received, both values referred to at the time of recognition.





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Non-refundable subsidies related to the acquisition of property, plant and equipment are recognized as income for the year in which the corresponding assets or, as the case may be, when their sale, valuation adjustment for impairment or balance derecognition occurs. On the other hand, non-refundable subsidies related to specific expenses are recognized in the Profit and Loss Account in the same year in which the expenses are accrued and those granted to compensate for operating deficit in the year in which they are granted, except when they are intended to offset operating deficits in future years, in which case they are allocated in those years.

q) **Business combinations**

Mergers, demergers and non-cash contributions of a business between group companies are recorded in accordance with the provisions for transactions between related parties.

Mergers or demergers other than the above and business combinations arising from the acquisition of all the assets of a company or of a part representing one or more businesses, are recorded in accordance with the acquisition method.

In the case of business combinations arising from the acquisition of shares or interests in the capital of a company, the Company recognizes the investment in accordance with the provisions for investments in the equity of the group, multi-group and associated companies.

r) **Joint Ventures**

Operation and jointly controlled assets

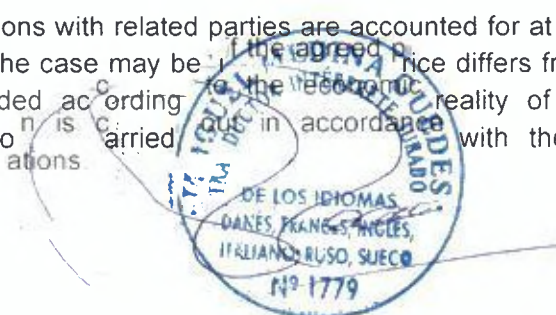
The Company recognizes its proportional share of jointly controlled assets and of liabilities incurred jointly, based on the percentage of ownership, as well as assets subject to joint operation that are under control and liabilities incurred as a result of the joint venture.

Likewise, in the profit and loss account, the corresponding portion of the income generated and the expenses incurred by the joint venture are recognized. Additionally, the expenses incurred in relation to the participation in the joint venture are recorded.

Unrealized gains or losses arising from reciprocal transactions are removed in proportion to the share, as well as the amounts of assets, liabilities, income, expenses and reciprocal cash flows.

s) **Transactions between group companies**

In general, transactions with related parties are accounted for at the initial moment at their fair value. As the case may be, if the agreed price differs from its fair value, the difference is recorded according to the economic reality of the operation. The subsequent valuation is carried out in accordance with the provisions of the corresponding regulations.



Notwithstanding the foregoing, in mergers, demergers and non-cash contribution of a business, the constituent elements of the acquired business are valued at the amount that corresponds to them, once the transaction is made, in the consolidated annual accounts of the group or subgroup.

When the dominant company of the group or subgroup and its subsidiary do not intervene, the annual accounts to be considered for this purpose will be those of the group or major subgroup in which the equity elements are integrated, whose parent company is Spanish.

In these cases, the difference that could be revealed between the net value of the assets and liabilities of the acquired company, adjusted for the balance of the grants, donations and legacies received and adjustments for changes in value, and any amount of the capital and issue premium, if any, issued by the acquiring company is recorded in reserves.

NOTE 5. TANGIBLE FIXED ASSETS

The detail of this chapter, as well as of the movement experienced during the years 2017 and 2016 regarding assets directly related to the operation is as follows:

COST:

Element	Balance as of 01/01/2016	Recognition	Derecognition	Balance as of 31/12/2016
Technical Installations	59,861.95	26,264.15		86,126.10
Machinery	7,026.15			7,026.15
Furniture	105,773.87	35,460.93		141,234.80
Equipment for IT processes	19,119.73	93,742.85		112,862.58
Transportation elements	24,190.12			24,190.12
Other Property, Plant and Equipment	4,670.75			4,670.75
Total cost	220,642.57	155,467.93		376,110.50

Element	Balance as of 31/12/2016	Recognition	Derecognition	Balance as of 31/12/2017
Technical Installations	86,126.10			86,126.10
Machinery	7,026.15			7,026.15
Furniture	141,234.80		1,118.40	140,116.40
Equipment for IT processes	112,862.58		13,060.18	99,802.40
Transportation elements	24,190.12		9,594.14	14,595.98
Other Property, Plant and Equipment	4,670.75			4,670.75
Total cost			23,772.72	352,337.78





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AMORTIZATION:

Element	Balance as of 01/01/2016	Recognition	Derecognition	Balance as of 31/12/2016
Amortization Technical Facilities	(15,464.55)	(9,889.41)		(25,353.96)
Machinery Amortization	(5,672.27)			(6,374.87)
Furniture Amortization CLASE 8.^a	(37,651.47)			(54,877.47)
Amortization IT Proc. Equipment	(18,613.18)	(769.15)		(19,382.33)
Amortization Transportation Elements	(24,190.12)			(24,190.12)
Amortization of other tangible fixed assets	(4,670.72)			(4,670.72)
Total amortization	(106,262.31)	(28,587.16)		(134,849.47)

Element	Balance as of 31/12/2016	Recognition	Derecognition	Balance as of 31/12/2017
Amortization Technical Facilities	(25,353.96)	(12,918.89)		(38,272.85)
Machinery Amortization	(6,374.87)	(524.67)		(6,899.54)
Furniture Amortization	(54,877.47)	(19,134.57)	(1,118.40)	(72,893.64)
Amortization IT Proc. Equipment	(19,382.33)	(23,660.88)	(13,060.18)	(29,983.03)
Amortization of Transportation Elements	(24,190.12)		(9,594.14)	(14,595.98)
Amortization of other tangible fixed assets	(4,670.72)			(4,670.72)
Total amortization	(134,849.47)	(56,239.01)	(23,772.72)	(167,315.76)

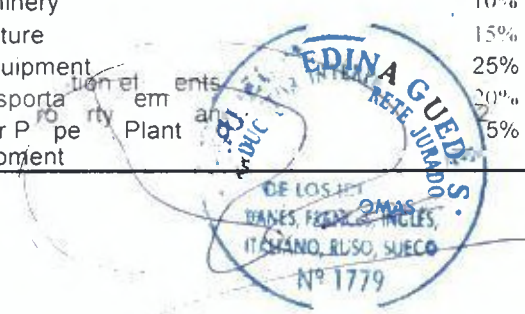
NET CARRYING AMOUNT:

Element	Balance as of 01/01/2016	Balance as of 31/12/2016	Balance as of 31/12/17
Technical facilities	44,397.40	60,772.14	47,853.25
Machinery	1,353.88	651.28	126.61
Furniture	68,122.40	86,357.33	67,222.76
IT equipment	506.55	93,480.25	69,819.37
Transportation elements			
Other Property, Plant and Equipment	0.03	0.03	0.03
Total Net Value	114,380.26	241,261.03	185,022.02

Amortization of tangible fixed assets that are not amortized is systematically calculated using the straight-line method based on their estimated useful life, taking into account the depreciation actually suffered by their operation, use and enjoyment.

The detail of the estimated useful life for each group of tangible fixed assets is as follows:

Element	% Amortization
Technical facilities	15%
Machinery	10%
Furniture	15%
IT equipment	25%
Transportation elements	20%
Other Property, Plant and Equipment	5%



During 2017 and 2016, significant impairment losses have not been recognized or reversed for any individual tangible fixed assets.

There are no significant elements of tangible fixed assets not assigned to exploitation.

The original cost of fully amortized items at the end of the current and previous year is as follows:

Element	Balance as of 31/12/2016	Balance as of 31/12/2017
Machinery		5,338.20
Furniture	10,609.77	14,820.33
IT equipment	18,219.08	5,158.90
Transportation elements	24,190.12	14,595.98
Other Property, Plant and Equipment	4,670.75	4,670.75
Total Cost	57,689.72	44,584.16

The Company has several insurance policies hired to cover the risks to which the property, plant and equipment are subject. The coverage of these policies is deemed sufficient.

NOTE 6. INTANGIBLE FIXED ASSETS

The detail of this chapter, as well as of the movement experienced during the years 2017 and 2016, regarding assets directly assigned to the operation is as follows:

COST:

Element	Balance as of 01/01/16	Recognition	Derecognition	Balance as of 01/01/16
Patents, licenses, trademarks and similar	6,000.00	-	-	6,000.00
IT	-	-	-	-
Total cost	6,000.00	-	-	6,000.00

Element	Balance as of 31/12/2016	Recognition Derecognition on	Balance as of 31/12/2017
Patents, licenses, trademarks and similar	6,000.00		6,000.00
IT	6,000.00	85,162.30	85,162.30
Total cost	6,000.00	85,162.30	91,162.30



NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE

The Company has contracted different operating leases for the ordinary development of its business.

The amount of the lease payments recorded as an expense for the year, as well as the most significant features of the lease agreements are the following:

Lease description	Expense of	Expense of	Maturity	Contract	Price update
	the year	the year	date	Renewal	criterium
	2017	2016			
Terrenos Isla Mayor	81.797.76	80.509.64	28/11/2030	(*)	CPI
Terrenos Lebrija	30.923.10	30.923.10	01/07/2046	(*)	CPI
Terrenos Llerena	113.820.16	113.934.08	01/04/2031	(*)	CPI
Getxo Office	92.723.28	75.223.28	31/12/2019	(*)	CPI
Total	319.264.30	300.590.10			

(*) The renewals, once the minimum duration has elapsed, are automatic and annual.

The lands that the Company has under operating lease are those where, at the time, the photovoltaic plants that were subsequently disposed of through the sale of the shares in the companies that own them, were built. The Company collects rents from these companies for the use of said lands. The revenues for 2017 amounted to 219,799.49 euros (2016: 216.035.35 euros) that are recorded in other operating income in the accompanying profit and loss account.

NOTE 8. FINANCIAL INSTRUMENTS

The carrying amount of each one of the categories of financial assets established in the ninth registry and valuation standard of the PGC (General Accounting Plan), except for investments in the equity of group companies and associates is as follows:

8.1 Financial assets

8.1.1 Long-term financial assets

	Long-term Financial Assets			
	Equity Instruments		Credits / Derivatives / Others	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Financial investments	1.589.190.69	1.523.868.62		
Loans and receivables			453.246.50	1.009.826.21
Loans to group companies (See Note 15)			- 10.159.383.70	2.025.370.93
Total		523.868.62	10,612,630.20	3,035,197.14



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The equity instruments match the shares in Tacna Solar companies, S.A.C. and Panamericana Solar, S.A.C. which are not listed on the stock market. The company has a 9.5% shareholding over them, not considering that there is significant influence over them. As of December 31, 2017, the interests in Panamericana Solar, S.A.C. have been impaired by an amount of € 198,410,577.2016 263,733.64.

CLASE 8.

From the amount shown as of December 31, 2017 in loans and receivables 82,518.31 euros correspond to the credit granted by Solarpack Corporación Tecnológica, S.L. to the company, not linked, Solarpack Promo2007 Ciento Dieciocho, S.L. together with interest accrued for the same according to the Euribor 90 days plus 0.5. The rest corresponds to the subordinated loans granted to the Peruvian companies Tacna Solar, S.A.C. and Panamericana Solar S.A.C. together with the interest accrued by them at an interest rate of 5.53% (€ 147,757.90 and € 222,970.29 respectively). The contractual amortization of the loans is due at maturity on May 15, 2031, however the companies have settled 556,579.71 euros in the current year.

Of the loans granted to group companies as of December 31, 2017, 690,022.12 euros corresponds to the novation of the subordinated credit granted to Solarpack Promo2007 Ciento Veintiuno, S.L. during the fiscal year 2011, executed between the parties on September 30, 2015 with new conditions. The balance as of December 31, 2016 was 930,323.28 euros. The novation contract establishes a maximum amount of 1,462,756.36 euros with capital amortization in a maximum term of 17 years and 6 months. The loan accrues interest at Euribor + 3.5. The contract establishes that the amount of the subordinated loan will be returned in one go at the expiration date, although according to the return conditions thereof, the company may redeem it in advance partially or totally on an annual basis if certain conditions are met. The company expects to collect 168,463.77 euros in the 2018 financial year, reason why this amount is reclassified in the short term (Note 8.1.2)

In 2016, the company subscribed convertible bonds in shares for an amount of 1,095,047.65 euros issued by the companies Padmajiwadi Solar Pte Ud, Renjal Solar Pte Ud, Gummadidala Solar Pte Ud, Thukkapur Solar Pte Ud and Achampet Solar Pte Ud. In 2017 fiscal year, the company subscribed 7,432,212.37 euros. Accrued interest pending maturity as of 31.12.2017 amount to 876,927.75 euros. These obligations have a term of 18 years and accrue interest at 18% payable annually

The rest of the amount, 65,173.81 euros, corresponds to the credit granted to SOLARPACK COLOMBIA, S.A.S. in the year 2017. The loan accrues interest at Libor + 3, and it has its maturity date in 2019. The contract establishes that the amount of the credit will be returned on one go at maturity date, although according to the return conditions thereof, the company may redeem it in advance, whether partially or totally, on an annual basis if certain conditions are met. These debts are classified in the long term, since the company does not expect its return in the 2018 fiscal year.

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8.1.2 Short-term financial assets

	<u>Short-term Financial Assets</u>	
	<u>Credits / Derivatives / Others</u>	
	<u>31/12/17</u>	<u>31/12/16</u>
Loans and receivables	3,116,585.45	5,625,435.31
Cash and cash equivalent	8,097,392.52	12,544,471.51
Loans to group companies (See Note 15)	3,595,288.16	5,106,839.32
Total	14,809,266.13	23,276,746.14

Of the amount recorded at December 31, 2017 in cash and cash equivalent, 2,084,549.32 euros correspond to financial investments convertible into cash, with a maturity not exceeding three months from the date of acquisition. The remaining amount, 6,020,467.61 euros are sight bank accounts. The interest rate accrued in the years 2017 and 2016 has been very insignificant. Regarding the cash balance that the Company presents among its financial assets, approximately 19% (2016: 12%) thereof comes from the integration of the Joint Ventures of which it is a participant. (See Note 13). A relevant part thereof is denominated in foreign currency (Note 9).

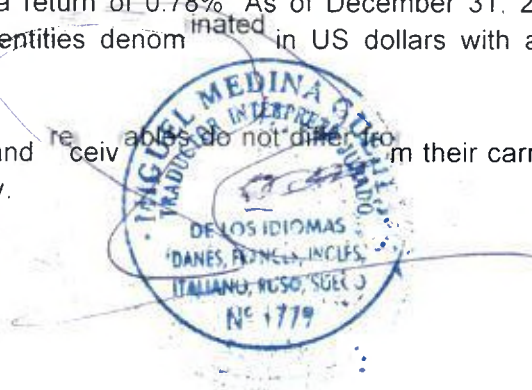
The detail of the loans and receivables is as follows:

	<u>Loans and Receivables</u>	
	<u>31/12/17</u>	<u>31/12/16</u>
Guarantees provided	121,123.83	116,123.83
Customer receivables for sales and services	175,416.56	133,097.51
Customers, group companies and associates (See Note 15)	1,202,344.91	4,275,068.31
Loans to companies	46,419.77	86,433.69
Other Receivables	33,662.66	59,046.00
Deposits provided	257,597.07	63,910.00
Time deposits	1,80,802.65	891,755.97
Total	3,116,585.45	5,625,435.31

The bonds included in the balance sheet as of December 31, 2017 and December 31, 2016 of the company Solarpack Corporación Tecnológica, S.L. correspond mainly to those established in favour of the lessor of the land where the Llerena's solar park is located (Note 7);

The time deposits include deposits for an amount of 400,000.00 euros, and deposits in US dollars in a financial institution whose counter value in euros, as of December 31, 2017, amounts to 880,020.65, with a return of 0.78%. As of December 31, 2016, deposits were collected in several financial entities denominated in US dollars with an average yield of approximately 0.43%.

The fair values of the credits and receivables do not differ from their carrying amounts since they have a short-term maturity.





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The credit risk of customers receivables and other accounts receivable is managed through the risk classification of each of its customer

Balances that have exceeded the nominal maturity date that are within the usual terms of the collection systems established with the different customers and debtors are not considered due accounts receivable. As of December 31, 2017, and 2016, there were no balances exceeding the established collection agreements and there are no impairments other than those discussed in Note 15.

8.2 Financial liabilities

8.2.1 Long-term financial liabilities

Long-term Financial Liabilities

	Payables to credit institutions		Other	
	31/12/17	31/12/16	31/12/17	31/12/16
Debit and accounts payable				776.726.12
Debts to group companies and associated			1,637,792.61	1,929,228.57
Total			1,637,792.61	2,705,954.69

The debt with group companies and associates corresponds to the debt generated by the Consolidated Company Tax.

The debits and accounts payable as of December 31, 2016 corresponded to derivatives and guarantees received. As of December 31, 2017, these balances are classified in the short-term (Note 8.2.2).

8.2.2 Short-term financial liabilities

The detail of the financial liabilities according to the nature of the operations is as follows:

Short-term Financial Liabilities

	Payables to credit institutions		Other	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Loans and accounts payable	14,927.48	19,862.88	3,366,913.83	1,999,351.11
Debts to group companies and associates (See Note 15)			2,277,290.77	1,893,521.37
Total	14,927.48	19,862.88	5,644,204.60	3,892,872.48

During 2016, the Company subscribed several credit lines for an amount of 8,500,000,00 euros of which there is no balance as of December 31, 2017. As of September 31, 2016, the company had no balance drawn down.



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The balance of Other loans and accounts payable corresponds to the following detail for this year and the previous one:

	31/12/2017	31/12/2016
Suppliers	408,337.35	1,572,955.94
Suppliers, group companies and associates (See Note 15)	2,046.15	120,342.65
Derivatives	600,155.37	
Guarantees received	509,769.35	
Personnel	1,845,272.48	294,533.34
Customer advances	1,333.13	11,519.18
Total	3,366,913.83	1,999,351.11

Approximately 55% of the balance shown in the suppliers heading of the accompanying balance sheet is derived from the integration of the Joint Ventures of which the Company is a participant (see Note 13). In 2016, the part of the balance derived from this integration was around 94% of the amount of the heading.

The personnel balance corresponds to the estimate of the annual variable compensation to be liquidated in the following year.

The company has subscribed several Exchange Insurance between the months of March 2016 and January 2017, for a nominal value of 1,329,888,420 rupees (2016: 431,366,000.00 rupees), whose counter value in euros amounts to 16,668,181.61 (2016: 6,025,211.79 euros). The previous Exchange Insurance have been contracted by the company to cover the different investments made in its Indian subsidiaries. The settlement date is March 8, 2018 and the average exchange rate insured fluctuates between 76.77 INR / EUR and 86.41 INR / EUR. In the previous year these liabilities were recorded in the long-term. (Note 8.2.1)

In accordance with the provisions of Recognition and Measurement Ninth, section 6 of Royal Decree 1514/2007, of November 16, approving the General Accounting Plan (the "PGC"), the use of Exchange Risk as instruments of investment abroad by Solarpack Corporación Tecnológica, S.L. can be considered a hedge of the net investment in foreign business. It is a hedge of the risk of the exchange rate on investments in subsidiaries, associates, joint ventures and branches, whose activities are carried out in a functional currency different from that of the company preparing the annual accounts, therefore, changes in the fair value of the derivative will be recognized in the profit and loss account. The net investment as of December 31, 2017 in these companies amounts to 18,248,097.02 euros (2016: 5,927,112.67 euros).

As of December 31, 2017, the negative fair value of these financial instruments amounts to € 600,155.37 (2016: 459,500.13 euros). This result has been recognized in the Profit and Loss account under the heading "Variation in the fair value of financial instruments"

During 2016, the Company issued guarantees in the form of sureties in relation to power supply contracts in favour of the Indian subsidiary companies for an amount of 157,900,000 rupees, whose equivalent value amounts to 2,205,504 euros, which corresponds to the total of the securities required by Southern Power Distribution and North Power Distribution, with the company holding an interest in them of approximately 82%. During this fiscal year, guarantees have been issued in the form of sureties for an amount of 127,600,000 rupees, with an equivalent value in euros of 1,665,570 euros. The amount of the deposit received by the other partner as a counterpart of the guarantees issued corresponds to the interests thereof in said companies and amounts to 17,225.99 euros). By the end of 2016, this deposit was registered in the long-term based on its nature (Note 8.2.1). In this exercise, the company has recorded the same



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The carrying amount of short-term debts approximates their fair value, given that the effect of the discount is not significant.

Other information

CLASE 8.ª

- a) The Company does not have significant purchase or sales commitments of financial assets or sales.
- b) The Company is not facing litigation or liens affecting financial assets.
- c) The Company has sureties granted in different financial entities for an approximate amount of 17,751 thousand euros in 2017 and 20,248 thousand euros in 2016 to guarantee the proper functioning of certain plants of subsidiary companies and of tenders submitted pending award. In addition, the company has indirect risks as of December 31, 2017 amounting to 194.545 euros (218.159 euros in 2016). As of December 31, 2017, no circumstances arise in relation to these guarantees that entail an obligation or a contingent liability for the Company.
- d) As of December 31, 2017, and December 31, 2016, there was no financing additional to the aforementioned.

Information on the nature and level of risk from financial instruments

The Company's activities are exposed to various financial risks: market risk, credit risk and liquidity risk.

Risk management is controlled by the Financial Department of the Company, which identifies, assesses and covers financial risks in accordance with the policies approved by the Board of Directors. It provides policies for global risk management, as well as for specific areas. The following are the main financial risks having and impact on the Company:

- a) Market risk

Exchange rate risk

As noted in Note 9 to this annual report, a very important part of the transactions and financing of the company is carried out in foreign currency, mainly in US dollars and Indian rupees. Specifically, investments in group companies and associates as well as the financing granted to them, financial investments and part of the transactions and balances comprised by the operating joint venture in which it participates (Note 13). As a result, the company is exposed to exchange rate risk for these foreign currency transactions.

The Management of the Company has established a policy stating that all investments and financing made in foreign currency must be made in the functional currency of the subsidiaries.

The Company is, however, exposed to the risk of variations in the exchange rate of the currency in terms of the conversion of balances in foreign currency.



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On the other hand, the company uses derivative financial instruments (exchange rate insurance) to hedge or mitigate the risk of fluctuations in the exchange rate of investments in subsidiaries, associates, joint ventures and branches, whose activities are based or carried out in a currency other than US dollars and / or euros.

During the current fiscal year and the previous one, the figure of these contracts amounted to 1 329.888.420,00 rupees and 431 366.000,00 rupees, respectively (Note 8.2.1).

b) Credit risk

The company is exposed to credit risk to the extent that a counterparty or customer does not meet its contractual obligations. For this purpose, sales and service provision are made to customers with a good credit history.

During the exercises related to this information, the credit limits were not exceeded, and the management of the company does not expect losses due to non-compliance of any of the counterparties stated.

c) Liquidity risk

In order to ensure liquidity and meet all the payment commitments derived from its activity, the Company has the cash flow shown in the balance sheet, as well as the credit and financing lines detailed in Note 8.

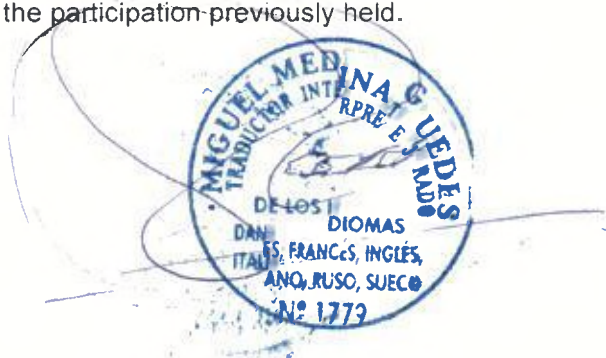
8.3 Shareholders' Equity

The share capital as of December 31, 2017 of Solarpack Corporación Tecnológica, SL, fully subscribed and paid, is represented by 426.650 company shares, all with the same rights, of 1.00 euros par value each, after transactions occurred during 2016 financial year and which are described below.

On June 1, 2016, the General Shareholders' Meeting of Solarpack Corporación Tecnológica, SL agreed to change the nominal value of the company's shares. In particular, it was agreed to split the shareholdings, each with a par value of 10 euros, by reducing their par value to 1 euro per share, multiplying at the same time the total number of social shares by ten. As a result of the agreement, the 400 previous shares were cancelled, and 4,000 social shares were created.

On the same date, the Meeting agreed to the increase in the share capital set in the amount of 4.000.00 euros to the figure of 400.000.00 euros. To this end, it was agreed to create 396.000 indivisible and accumulative shares of 1.00 euros in par value each. All of them were fully assumed and paid on the transaction's date. The capital increase operation was registered in the Mercantile Registry of Bizkaia on September 13, 2016. This increase was charged to reserves and to share premium for an amount of 296.000 euros and 100.000 euros, respectively. The members exercised their right to free allocation and assumed the shares proportionally to the participation previously held.

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On June 24, 2016, the partners of the Company, the original shareholders, holding 100% of the share capital, the Company itself, the rest of the partners with a participation in the capital of the subsidiaries Ataca Solar Haldeo, Spa and Pampul Haldeo, SL and Axa Clean Energy Fund 1 (ACE) signed an agreement adopting certain agreements and commitments, among which the following stand out:

CLASE 8.ª

- The acquisition by ACE of 81 % of the capital of the subsidiary Ataca Solar Haldeo, Spa. (80% of the capital being directly owned by the Company), which in turn owns 99% of the subsidiaries Pozo Almonte Solar 2, SA, Pozo Almonte Solar 3, SA and Calama Solar 3 SA (subsidiaries whose main assets are photovoltaic solar plants in Chile) and the acquisition of an 81 % stake in the equity loans granted to the subsidiary.
- The acquisition by ACE of 81% of the share capital of the subsidiary Pampul Haldeo, SL. (80% of the capital being directly owned by the Company). which in turn owns 99.99% of the subsidiary Moquegua FV, S.A.C. (dependent company whose main asset is a photovoltaic solar plant in Peru)
- After the shares purchase, the distribution of the shareholding of both companies will be ACE 81% and the Company 19% and will also participate in the same proportion in the equity loans granted to Ataca Solar Haldeo, Spa.
- Two capital increases were carried out in the company in 2016, for cash contributions that will be fully subscribed by ACE, after the shareholders waiver of their pre-emptive right, and will involve a total contribution of 5.879 .570 USE, including share premium. After the capital increases, the original shareholders of the company will hold 93.744% of the share capital of the company and ACE 6.246%
- The original partners assume the obligation to repurchase the shares to be subscribed by ACE in proportion to their shareholding in the share capital, also assuming a joint and several obligation, establishing the basis for the determination of the repurchase price, with a maximum limit. A pledge will be established on the distributions made to the original partners in favour of ACE
 - Additionally, the company grants ACE a put option on its shares in the company, under which ACE will be entitled to sell to the company, who will buy them, any new shares that were not acquired by the original partners in breach of their obligations. In guarantee of compliance with this obligation by the Company, a pledge is established on the retained shares of 19% in the capital of Pampul Haldeo, SL and Ataca Solar Haldeo, Spa, as well as 19% of the balance of the equity loans granted to the latter subsidiary

The directors of the company consider that the possibility of the original partner's non-compliance with the obligation to repurchase the new shares that ACE will subscribe is remote, given the aforementioned guarantees, as well as their financial capacity, considering also that the obligation assumed by these is a joint and several obligation

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In compliance with the commitments acquired in the agreement described above, on September 15, 2016, the General Shareholders' Meeting of Solarpack Corporación Tecnológica, SL agreed to an increase of the share capital amounting 409,391.00 euros, by issuing 9,391 indivisible and cumulative shares, of 1.00 euros of par value each and with a total share premium of 1,838,718.75 euros, 195.79 euros per share. Subsequently, on September 19, 2016, the General Shareholders' Meeting of Solarpack Corporación Tecnológica, SL agreed to a new capital increase through the issuance of 17,259 indivisible and cumulative shares, with a par value of 1.00 euros each, and with a total share premium of 3,374,347.38 euros, 195.51 euros per share. In both extensions, the partners waived their pre-emptive right. The shares issued in each of the two operations described were fully assumed and paid by a new member on September 15, 2016 and September 19, 2016, respectively. Both capital increase transactions were registered in the Mercantile Registry of Bizkaia on November 16, 2016.

As of December 31, 2017, and 2016, the companies directly owning more than 10% of the Company's share capital are Beraunberri, SL with a 75% share percentage and Burgest 2007, SL with a share percentage of 14.06%

The shares of the company are not admitted to official listing.

The company has no options or contracts on its own shares.

During the year, the company has not received any subsidies or donations

from its shareholders. The detail of the Company's reserves is as follows:

<u>Description</u>	<u>31/12/2017</u>	<u>31/12/2016</u>
Legal reserve	85,330.00	80,000.00
Voluntary reserves	30,356,112.49	28,222,967.46
<u>Merger relief reserve (Note 1)</u>	<u>1,302,336.27</u>	<u>1,302,336.27</u>
Total	31,743,778.76	29,605,303.73

The availability of these reserves is as follows:

Legal reserve:

The legal reserve has been endowed in accordance with article 274 of the Consolidated Text of the Capital Companies Act, which establishes that the company must endow 10% of the benefit for legal reserve until it reaches 20% of the share capital. The legal reserve may be used to increase the share capital in the part of its balance exceeding 10% of the already increased capital. With the exception of this purpose and as long as it does not exceed 20% of the share capital, the reserve may only be used to offset losses and provided that there are no other reserves available for this purpose.

Voluntary reserves:

There is no restriction to this reserve.





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Dividends:

On March 9, 2017, the General Shareholders' Meeting of Solarpack Corporación Tecnológica, SL agreed to distribute an extraordinary dividend charged to voluntary reserves amounting to USD 124,010.81, whose counter value in euros amounts to 116,547.96. The dividend disbursement has been paid throughout the year 2017.

On June 26, 2017, the General Shareholders' Meeting of Solarpack Corporación Tecnológica, SL, approved the distribution of an extraordinary dividend charged to voluntary reserves, amounting to 193,313.17 US dollars, whose counter value in euros amounts to 173.695.51. The dividend disbursement has been paid throughout the year 2017.

Subsequently, on September 18, 2017, the General Shareholders' Meeting of Solarpack Corporación Tecnológica, SL, approved the distribution of an extraordinary dividend charged to voluntary reserves, for an amount of 34.610.54 US dollars, whose counter value in euros amounts to 28.909.57. The dividend disbursement has been paid throughout the year 2017.

On December 19, 2017, the General Shareholders' Meeting of Solarpack Corporación Tecnológica, SL, approved the distribution of an extraordinary dividend charged to voluntary reserves, amounting to 36.169.44 US dollars, whose counter value in euros amounts to 30,49. 57 The dividend disbursement has been paid throughout the year 2017.

On September 7, 2016, the General Shareholders' Meeting of Solarpack Corporación Tecnológica, SL agreed to distribute a dividend charged to voluntary reserves amounting to 10.000.000.00 euros. Said agreement was approved by all shareholders. The disbursement of said dividend was paid in full throughout 2016 financial year.

Subsequently, on December 19, 2016, the General Shareholders' Meeting of Solarpack Corporación Tecnológica, SL, agreed to distribute an extraordinary dividend in a proportion different to that of the shareholding, charged to unrestricted reserves for an amount of 57.777.33 US dollars, with a counter value in euros of 55.549.47. The disbursement of said dividend was paid throughout 2016 financial year.

8.4 Group companies, multigroup and associates

The Company has equity instruments recorded in Non-Current Assets of the Balance Sheet amounting to 21.689.639.87 euros in the current year and 16.169,597.31 euros in the previous year corresponding to the shares owned in group companies, net of the corresponding value adjustments for impairment

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The detail and movement of the shares in group companies, multigroup and associates is as follows:

	Gross balance as of 31.12.2016	Recognition/ Transfers	Derecognition	Gross balance as of 31.12.2017
ACRUX UNO. S L.U	70,162.90			70,162.90
ANTLIA DOS S.L	43,410.00			43,410.00
ANDROMEDA VEINTISEIS, S.L.U	75,447.58			75,447.58
CRUZ DEL SUR CUARENTAINUEVE, S.L.U.	74,942.32			74,942.32
ORION SETENTAICUATRO, S.L	44,610.00			44,610.00
SOL.ARPACK PROMO2007 TREINTAITRES,SL	71,728.28			71,728.28
SOL.ARPACK PROMO2007 TREINTAICINCO, SL	71,728.28			71,728.28
SOL.ARPACK PROMO 07 CINCUENTAISETETE SL	65,544.17			65,544.17
SOL.ARPACK FROMO 2007 SESENTAITRES. SL	187,392.05			187,392.05
SOL.ARPACK PROMO 2007 SETENTAIDOS, SL	65,544.17			65,544.17
SOL.ARPACK PROMO 2007 OCHENTAIDOS. SL	3,010.00			3,010.00
SOL.ARPACK PROMO 2007 CIENTOVEINTIUNO. SL	2,081,553.30			2,081,553.30
SOL.ARPACK INGENIERIA. SLU	6,020.00			6,020.00
SOL.ARPACK SARL	123,203.86			123,203.86
SOL.ARPACK DEVELOPMENT, Inc	1,463,568.71			1,463,568.71
SOL.ARPACK CHILE, S.A.	125,000.00			125,000.00
KABI SOL.AR (PTY) LIMITED	14.33	779,508.31		779,522.64
SOL.ARGES PERU, S.L.	1,503.00			1,503.00
ECUADOR SOL.AR HOLDCO S.L.	2,076,618.39	15,105.10		2,091,723.49
PAMPUL HOLDCO S.L.	709,306.40			709,306.40
SOL.ARPACK PERU, S.A.C	58,820.02			58,820.02
ENERGIA REGIONAL, S.A. de C.V	27,629.17			27,629.17
PMGD HOLDCO, S.L.	4,898,299.69	1,600.00		4,899,899.69
SPK Energias Renovables Mexico 1 SA de CV	160.08			160.08
ATACA SOL.AR HOLDCO, SpA	1,226,106.77			1,226,106.77
PADMAJIWADI SOL.AR PRIVATE LIMITED	428,345.39	779,632.53		1,207,977.92
RENJAL SOL.AR PRIVATE LIMITED	716,638.16	1,097,841.82		1,814,479.98
GUMMADIDALA SOL.AR PRIVATE LIMITED	1,244,567.44	566,131.18		1,810,698.62
GHANPUR SOL.AR PRIVATE LIMITED	985,886.52	842,532.43		1,828,418.95
THUKKAPUR SOL.AR PRIVATE LIMITED	1,040,147.22	794,536.68		1,834,683.90
ACHAMPET SOL.AR PRIVATE LIMITED	416,480.29	808,097.34		1,224,577.63
SOL.ARPACK INDIA LLP	203,610.96	895,173.30		1,098,784.26
SOL.ARPACK ASIA SON, BHD	117,109.09			117,109.09
SPK SERVICES SINGAPORE PTE LTD	35,810.21			35,810.21
SPK ALVARADO, S.L	3,000.00			3,000.00
SOL.ARPACK MONCLOVA, S.L	3,000.00			3,000.00
PEDROSO SOL.AR, S.L.		3,000.00		3,000.00
PEÑAFLORES SOL.AR S.L.		3,000.00		3,000.00
SOL DE ALVARADO, S.L.		3,000.00		3,000.00
LOS LIBERTADORES SOL.AR SpA		25.32		25.32
EKIALDE SOL.AR PRIVATE LIMITED		13,246.23		13,246.23
SOL.ARPACK COLOMBIA, SAS		24,898.81		24,898.81
Total				25,393,247.80





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The variations in gross investments in 2017 with respect to the previous year correspond to the following:

On January 9, 2017 the company has made new contributions to the companies Padmajiwadi Solar Pte Ltd., Renjal Solar Pte Ltd, Thukapur Solar Pte Ltd and Champet Solar Pte Ltd, with domicile in India. These contributions have been fully paid in the year 2017. The different share issuance transactions carried out by these companies throughout the year have led to variations in the percentage of participation, with the percentage of participation indicated in the following table.

On February 28, 2016, the company incorporated Solarpack India, LLP, subscribing 99.99% of the share capital amounting 100,000,300 rupees, whose counter value in euros amounts to 1.320.678.19. In the year 2016, the company paid 230,296.74 dollars, the counter value in euros being 203,610.96. In the current fiscal year, the company has made additional disbursements amounting to 1,720,000 rupees, and 771,899.54 dollars, with a counter value of 895,173.30.

On March 16, 2017, the company incorporated Solarpack Colombia, SAS, subscribing 100% of the share capital amounting to 86,144,000 Colombian pesos, whose counter value in euros amounts to 24,898.81. As of December 31, 2017, the company has paid 100% of the shares.

On March 19, 2017, the company Ekialde Solar Pvt. Ltd. is incorporated with a share capital of 100,000 rupees. The company subscribes and pays 99.99% of the share capital. Subsequently, on September 11, 2017, a share capital increase of 900,000 rupees was approved, which is fully subscribed and paid by the company.

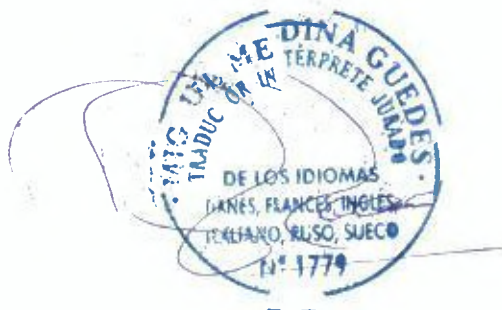
On September 28, 2017, the General Shareholders' Meeting of the company PMGD Haldeo, SL approves a contribution of funds to its participation percentage.

On December 5, 2017 the company acquires 20% of the shares of the company Los Libertadores Solar SpA from a third party for its par value, 30.00 dollars, with a counter value in euros of 25.32.

On December 31, 2017, the shareholders of Kabi Solar (Pty) Ltd., agree to capitalize one of the loans granted by the shareholders. The share percentage of the company has not changed, since said loan was granted in the same proportion to the percentages of participation of the partners.

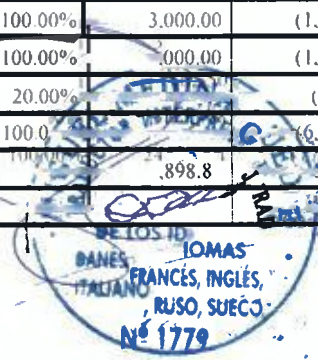
During the year 2017, the company incorporates the companies Pedroso Solar, SL, Peñaflo Solar, SL and Sol de Alvarado, SL, subscribing 100% of the shares of each of them for the amount of 3,000 euros, respectively.

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Below we detail the information as of December 31, 2017 of the shares in group companies and associates

	Gross Investment	% Direct Share	Capital + Premium + Reserves	Rdo. 17	Shareholders Equity	VTC Part.	Impairment
ACRUX UNO, S.L.U.	70,162.90	100.00%	254,502.15	10,366.26	264,868.41	264,868.41	
ANTLIA DOS, S.L.	43,410.00	100.00%	195,683.50	8,209.24	203,892.74	203,892.74	
ANDROMEDA VEINTISEIS, S.L.	75,447.58	100.00%	254,164.59	9,902.07	264,066.66	264,066.66	
CRUZ DEL SUR CUARENTAINO, S.L.	74,942.32	100.00%	258,813.68	10,576.24	269,389.92	269,389.92	
ORION SESENTA CUATRO, S.L.	44,610.00	100.00%	194,555.75	8,238.41	202,794.16	202,794.16	
SOLARPACK PROMO2007 TREINTAITRES, S.L.	71,728.28	100.00%	178,916.79	3,463.04	182,379.83	182,379.83	
SOLARPACK PROMO2007 TREINTAICINCO, S.L.	71,728.28	100.00%	179,755.94	3,463.06	183,219.00	183,219.00	
SOLARPACK PROMO 07 CINCUENTAISIETE, S.L.	65,544.17	100.00%	193,800.03	12,888.74	206,688.77	206,688.77	
SOLARPACK FROMO 2007 SESENTAITRES, S.L.	187,392.05	100.00%	122,947.43	12,890.35	135,837.78	135,837.78	
SOLARPACK PROMO 2007 SETENTAIDOS, S.L.	65,544.17	100.00%	193,123.59	12,889.35	206,012.94	206,012.94	
SOLARPACK PROMO 2007 OCHENTAIDOS, S.L.	3,010.00	100.00%	505.27		505.27	505.27	2,504.73
SOLARPACK PROMO 2007 CIENTOVEINTIUNO, S.L.	2,081,553.30	49.76%	3,707,630.37	474,464.82	4,182,095.19	2,081,010.57	
SOLARPACK INGENIERIA, S.L.U.	6,020.00	100.00%	2,501,791.59	(394,443.39)	2,107,348.20	2,107,348.20	
SOLARPACK SARL	123,203.86	100.00%	(77,510.00)	(1,374.00)	(78,884.00)	(78,884.00)	123,203.86
SOLARPACK DEVELOPMENT, Inc.	1,463,568.71	100.00%	21,944.54	(56,450.26)	(34,505.72)	(34,505.72)	1,463,568.71
SOLARPACK CHILE, S.A.	125,000.00	80.00%	11,821,181.63	3,732,317.20	15,553,498.83	12,442,799.07	
KABI SOLAR (PTY) LTD.	779,522.64	60.00%	(548,121.30)	(8,067.96)	(556,189.26)	(333,713.56)	779,522.64
SOLARGIS PERU, S.L.	1,503.00	100.00%	4,008.60		4,008.60	4,008.60	
ECUADOR SOLAR HOLDCO S.L.	2,091,723.49	50.00%	2,296,024.94	(492,717.43)	1,803,307.51	901,653.76	1,190,069.75
PAMPUL HOLDCO S.L.	709,306.40	19.00%	3,995,072.66	51,240.40	4,046,313.06	768,799.48	
SOLARPACK PERU, S.A.C.	58,820.02	100.00%	79,177.95	423,176.24	502,354.19	502,354.19	
ENERGIA REGIONAL, S.A. de CV	27,629.17	100.00%	38,209.02		38,209.02	38,209.02	27,629.17
PMGD HOLDCO, S.L.	4,899,899.69	80.00%	5,508,104.30	(1,481.61)	5,506,622.69	4,405,298.15	
SPK Energias Renovables Mexico I SA de CV	160.08	99.97%	(21,443.66)	(9,502.50)	(30,946.16)	(30,936.87)	
ATACA SOLAR HOLDCO, SpA	1,226,106.77	19.00%	6,742,241.27	(17,598.02)	6,724,643.24	1,277,682.22	
PADMAJIWADI SOLAR PRIVATE LIMITED	1,207,977.92	82.64%	1,223,200.59	180,440.73	1,403,641.31	1,159,899.98	
RENJAL SOLAR PRIVATE LIMITED	1,814,479.98	82.62%	1,841,870.43	219,811.56	2,061,681.99	1,703,447.42	
GUMMADIDALA SOLAR PRIVATE LIMITED	1,810,698.62	82.66%	1,857,639.07	692,216.04	2,549,855.11	2,107,670.20	
GHPANPUR SOLAR PRIVATE LIMITED	1,828,418.95	82.66%	1,863,210.90	(15,307.82)	1,847,903.08	1,527,480.56	
THUKKAPUR SOLAR PRIVATE LIMITED	1,834,683.90	82.66%	1,872,216.31	177,990.11	2,050,206.42	1,694,629.89	
VCHAMPET SOLAR PRIVATE LIMITED	1,224,577.63	82.64%	1,222,372.60	107,976.40	1,330,349.00	1,099,389.24	
SOLARPACK INDIA LLP	1,098,784.26	99.99%	941,203.44	(430,532.86)	510,670.57	510,619.51	
SOLARPACK ASIA SON, BHD.	117,109.09	100.00%	19,900.75	(49,453.93)	(29,553.18)	(29,553.18)	117,109.09
SPK SERVICES SINGAPORE PTE LTD	35,810.21	95.00%	(6,924,414.81)	7,313,255.04	388,840.23	369,398.22	
SPK ALVARADO, S.L.	3,000.00	100.00%	3,000.00	(426.22)	2,573.78	2,573.78	
SOLARPACK MONCLOVA, S.L.	3,000.00	100.00%	3,000.00	(1,233.96)	1,766.04	1,766.04	
PEDROSO SOLAR, S.L.	3,000.00	100.00%	3,000.00	(619.62)	2,380.38	2,380.38	
ALVARO SOLAR, S.L.	3,000.00	100.00%	3,000.00	(1,035.01)	1,964.99	1,964.99	
SOL DE ALVARADO, S.L.	3,000.00	100.00%	3,000.00	(1,092.95)	1,907.05	1,907.05	
LOS LIBERTADORES SOLAR SpA	25.32	20.00%		(851.21)	(688.71)	(137.74)	
ELKALDE SOLAR PRIVATE LIMITED	246.23	100.00%		(6,113.51)	6,942.17	6,942.17	
SOLARPACK COLOMBIA, SAS	24,888.81	100.00%	898.8	(666.90)	(52,768.09)	(52,768.09)	
Total	25,393,24				54,005,465.23	36,318,100.25	3,703,607.95



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The movement produced during the years 2017 and 2016 in the adjustments for impairment is as follows:

	2017	2016
As of January, 1	5	2,562,605.54
Provision for value impairment	4	56.000.00
Transfer of impairment	779,522.64	0.00
Reversal of impairment		(22,284.09)
As of December, 31	3,703,607.93	2,596,321.45

During the year, the company capitalized part of the credit it held with Kabi Solar (PTY) Ud. for the amount of 779,522.64 euros. This credit was recorded in the net balance of a provision for impairment of the same amount (Note 15). This deterioration corresponds to the amount of transfers from the table above.

In the case of holdings in Solarpack India LLP, Padmajiwadi Solar Private Limited, Renjal Solar Private Limited, Achampet Solar Private Limited, Thukkapur Solar Private Limited, Ghanpur Solar Private Limited and PMGD Haldeo, SL the equity theoretical amount of the shares is lower than their carrying amount, but no deterioration is possible, based on the estimate of expected flows

The companies SPK Alvarado, SL, Solarpack Monclova, SL, Pedroso Solar, SL, Peñafior Solar, SL, Sol de Alvarado, SL, Los Libertadores Solar SpA, Ekialde Solar Private Limited and Solarpack Colombia, SAS, are newly created. The company does not deem that they are subject to impairment.

The information on the group companies and associates is the following

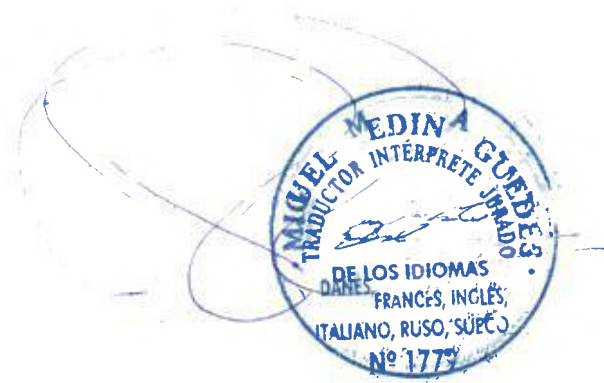
Name	Registered Office	Activity	% %	Capital portion	
				Direct	Indirect
Acrux Uno, S.L.U		c/ Cristóbal Colón, 8B Getxo Bizkaia		Photovoltaic facilities operation	100.00%
Antlia Dos S L		c/ Cristóbal Colón, 8B Getxo Bizkaia		Photovoltaic facilities operation	100.00%
Andromeda Veintiseis, S L U		c/ Cristóbal Colón, 8B Getxo Bizkaia		Photovoltaic facilities operation	100.00%
Cruz del Sur Cuarentainueve, S L U		c/ Cristóbal Colón, 8B Getxo Bizkaia		Photovoltaic facilities operation	100.00%
Orion Setentaicuatros, S L		c/ Cristóbal Colón, 8B Getxo Bizkaia		Photovoltaic facilities operation	100.00%
Solarpack Promo2007 Treintaitres, SL		c/ Cristóbal Colón, 8B Getxo Bizkaia		Photovoltaic facilities operation	100.00%
Solarpack Promo2007 Treintaicinco, SL		c/ Cristóbal Colón, 8B Getxo Bizkaia		Photovoltaic facilities operation	100.00%
Solarpack Promo2007 Cincuentaesiete, SL		c/ Cristóbal Colón, 8B Getxo Bizkaia		Photovoltaic facilities operation	100.00%
Solarpack Promo2007 Sesentaies, SL		c/ Cristóbal Colón, 8B Getxo Bizkaia		Photovoltaic facilities operation	100.00%
Solarpack Promo2007 Setentaidos, SL		c/ Cristóbal Colón, 8B Getxo Bizkaia		Photovoltaic facilities operation	100.00%
Solarpack Promo2007 Ochentaidos, SL		c/ Cristóbal Colón, 8B Getxo Bizkaia		Photovoltaic facilities operation	100.00%
Solarpack Promo2007 Ciento Ventiuno, SL		c/ Cristóbal Colón, 8B Getxo Bizkaia		Photovoltaic facilities operation	49.76%
Solarpack Ingeniería, SLU	module 5 Sevilla	62, Avenue du 8 mai DE LOS IBERIANOS	45.64100	Design, Promotion and Construction for plant facilities of power generation	100.00%
Solarpack SARL		62, Avenue du 8 mai DE LOS IBERIANOS	45.64100	Promotion and management of photovoltaic projects	100.00%



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CAPITAL PORTION

NAME	REGISTERED ADDRESS	ACTIVITY	DIRECT %	INDIRECT %
Solarpack Development, Inc	3730 Mt. Diablo Boulevard Suite 120 Lafayette. CA 94549-USA	Promotion and management of photovoltaic projects	100%	
Solarpack Chile. S.A. (1)	Avda Vitacora n° 2909 Oficina n° 306 Ciudad de Santiago (Chile)	Design, promotion and construction for facilities of power generation	80%	
Amunche Solar SpA	Avda Vitacora n° 2909 Oficina n° 306 Ciudad de Santiago (Chile)	Operation of photovoltaic facilities		80%
Kabi Energy Limited	27 7 th Aveue. Parktown North 2193 Johannesburg	Promotion of power generation plants	60%	
Solarges Perú. S L	C/ 3.Ombú 2ª planta Madrid	Development of renewable energies projects, mainly photovoltaic solar energy	50%	
Energía Regional SA de C V	Dpto De San salvador	Production, generation and marketing of energy	90%	
Solarpack Uruguay. S.A	Hermano Damasceno 1678 Bis-Montevideo	Ownership and operation of own real property	100%	
SPK Energias Renovables Mexico 1 SA de CV	Angel Urraza 314 del Valle Benito Juarez. Mexico. Distrito	Design, promotion and construction for facilities of power generation	100%	
PMGD Holdco S L (1)	Avenida Algorta 16 3ª Getxo - Bizkaia	Design, promotion and construction of facilities	80%	
Pozo Almonte 1 SA	Avda Bitacura n° 2909 oficina 306. Ciudad Santiago (Chile)	Operation of photovoltaic facilities		80%
Calma Solar 1 SA	Avda Bitacura n° 2909 oficina 306. Ciudad Santiago (Chile)	Operation of photovoltaic facilities		80%
Calma Solar 2 SA	Avda Bitacura n° 2909 oficina 306. Ciudad Santiago (Chile)	Operation of photovoltaic facilities		80%
Ataca Solar Holdco SpA (2)	Avda Bitacura n° 2909 oficina 306. Ciudad Santiago (Chile)	Operation of photovoltaic facilities	19%	
Calma Solar 3 SA	Avda Bitacura n° 2909 oficina 306. Ciudad Santiago (Chile)	Operation of photovoltaic facilities		19%
Pozo Almonte 2 SA	Avda Bitacura n° 2909 oficina 306. Ciudad Santiago (Chile)	Operation of photovoltaic facilities		19%
Pozo Almonte 3 SA	Avda Bitacura n° 2909 oficina 306. Ciudad Santiago (Chile)	Operation of photovoltaic facilities		19%
Ecuador Solar Holdco SL (3)	c/Cristobal Colón 8B Getxo Bizkaia	Promotion, development and construction of photovoltaic solar plants	50%	
Itok Solar Incorporated. SL	c/Cristobal Colón 8B Getxo Bizkaia	Counselling on renewable energies, promotion, development and construction of photovoltaic solar plants, securities holding		37.50%
Condorsolar. SA	Cantón Pedro Monacyo. Parroquia de Tabacundo Provincia de Pichincha /Ecuador)	Development of renewable energies projects		37.50%
Generación de Energía Solar Solarconnectin. SA	c/Luis Reina y Río Chinchipe. Ibarra. Imbadura (Ecuador)	Development of renewable energies projects		37.50%
Pampul Holdco.SL (4)	c/Cristobal Colón 8B Getxo Bizkaia	Securities holding	19%	
Moquegua FV. SAC	Jr Huascar 205. Jesus Maria. Lima (Perú)	Operation of photovoltaic facilities		19%
Spk Services Singapore Pte. Ltd	Wallich Street. 14-01 Guoco Tower – Singapore 078881	Development of renewable energies projects	95%	
Solarpack Asia SDN. BHD	8-1 & 8-2 Level 8. Menara CIMB. n° 1. Jalan Stesen Sentral 2. Kuala Lumpur Sentra 50470 (Kuala Lumpur)	Operation of photovoltaic facilities	100%	



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Name	Registered Office	Activity	Capital portion
			Direct
Solarpack Perú S.A.C.	Avda. Manuel O. de Urribe 335 of 905 Urb. Monterrico, Montebello, Lima	Design, Promotion and Construction of facilities for generation plants	100.00%
Gestión Solar Perú S.A.C.	Asociación LTE	Development, management and administration of companies, projects and companies linked to production and generation of renewable energies	50.00%
Padmajwadi Solar Pte. Ud.	4th Floor, Rectangle One, D-4, Dist. Center Saket, New Delhi - 110017, <u>Delhi, India</u>	Operation of photovoltaic facilities	82.64%
Renjal Solar Pte. Ud.	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, <u>Delhi, India</u>	Operation of photovoltaic facilities	82.62%
Gummadidala Solar Pte Ud.	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, <u>Delhi, India</u>	Operation of photovoltaic facilities	82.66%
Ghanpur Solar Pte Ud.	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, <u>Delhi, India</u>	Operation of photovoltaic facilities	82.66%
Thukkapur Solar Pte Ud.	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, <u>Delhi, India</u>	Operation of photovoltaic facilities	82.66%
Achampet Solar Pte. Ud.	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, <u>Delhi, India</u>	Operation of photovoltaic facilities	82.64%
Solarpack India LLP	First Floor, Southern Park, D-2 District Centre, Saket, New Delhi, South Delhi Delhi - 110017, India	Promotion, development and construction of photovoltaic solar plants.	99.99%
Spk Alvarado, S.L.	c/ Avenida Algorta 16, 3º Getxo Bizkaia	Photovoltaic facilities operation	100.00%
Solarpack Monclova, S.L.	c/ Avenida Algorta 16, 3º Getxo Bizkaia	Photovoltaic facilities operation	100.00%
Pedroso Solar, S.L.	c/ Avenida Algorta 16, 3º Getxo Bizkaia	Promotion of the production of renewable energies	100.00%
Peñaflor Solar S.L.	c/ Avenida Algorta 16, 3º Getxo Bizkaia	Promotion of the production of renewable energies	100.00%
Sol De Alvarado, S.L.	c/ Avenida Algorta 16, 3º Getxo Bizkaia	Promotion of the production of renewable energy	100.00%
Los Libertadores Solar SpA	Avda. Vitacura n°2909 oficina n°306, Ciudad de Santiago (Chile)	Photovoltaic facilities operation	20.00% 80.00%
Ekialde Solar Private Limited	4th Floor, Rectangle One District Centre Saket New Delhi, Delhi	Promotion, development and construction of photovoltaic solar plants	100.00%
Solarpack Colombia, SAS	Bogota D.C.	Study, research, development and provision of all kind of counselling services, assistance and technical management in the field of renewable energies	100.00%

(1) Parent company of the investee company listed in the table below (located in Chile)

(2) Parent company of the investees listed in the table below (located in Chile)

(3) Parent company of the investees listed in the table below (located in Chile)

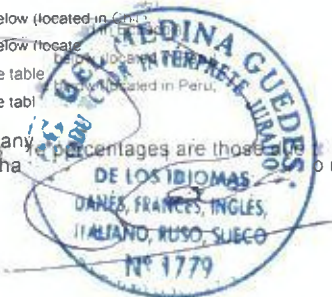
(4) Parent company of the investees listed in the table below (located in Chile)

(5) Parent company of the investee company listed in the table below (located in Peru)

(6) Parent company of the investee company listed in the table below (located in Peru)

None of the companies is a listed company. The only variations in the shareholdings percentages are those movements in the portfolio indicated in this note.

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NOTE 9. FOREIGN CURRENCY

The aggregate amount of the most significant elements of assets denominated in foreign currency, amounts to 42,312,454.66 euros (30,414,971.58 euros in 2016). The detail of the elements is as follows:

Element	Currency	31/12/2017	31/12/2016
Invest. In group companies and associates l/t	USD/CLP/ZAR/MXN/INR	28,285,413.13	14,404,300.29
Financial investments l/t	USD	1,959,798.66	2,451,055.30
Short-term loans to companies	USD	11,265.80	15,103.55
Customers	USD		
Customers, group companies	UUSD/ ZAR/ INR	1,199,424.90	4,030,152.70
Invest. In group companies and associates s/t	UUSD/ ZAR	3,410,671.90	4,901,078.81
Financial investments s/t	UUSD	880,020.65	891,755.97
Liquid assets	UUSD/ZAR	6,565,859.62	3,721,524.96
Total		42,312,454.66	30,414,971.58

The more significant liabilities denominated in foreign currency amount to 1,000,854.52 euros (1,762,088.23 euros in 2016), with the following breakdown:

Element	Currency	31/12/2017	31/12/2016
Suppliers	USD/MYR	229,571.27	1,451,209.00
Short-term payables to group companies	USD	771,283.25	310,879.23
TOTAL		1,000,854.52	1,762,088.23

The main transactions carried out in currencies other than the euro are detailed below.

Transaction	Currency	2017	2016
Work done by other companies	USD	3,782,615.69	4,501,561.98
Sales and provision of services	USD/ZAR	7,584,971.91	7,070,932.96
Dividends	USD	6,742,733.69	0.00
Services received	USD / CLP / ZAR / MYR / INR / R	621,768.11	406,080.04
Total		14,553,678.30	11,978,574.98

Most of the transactions in foreign currency for the year result from the integration of Joint Ventures of which the company is a participant, as mentioned in Note 13.

The detail of the exchange rate differences recognized in the result of the year per types of financial instruments is as follows:

Financial instrument	Currency	2017	2016
Equity instruments	USD/ INR		22,977.50
Credits / Loans Relt. Comp.	USD / ZAR/ INR	(969,686.17)	(995,922.30)
Credits and receivables	USD/ ZAR/ INR	(337,386.18)	15,841.52
Loans and accounts payable	USD / ZAR/ INR		794,166.79
Liquid assets	USD		1,287,477.63
Assimilation balances J.V	USD	(68,844.72)	60,671.91
			85,213.05





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NOTE 10. FISCAL STATUS

Solarpack Corporación Tecnológica, S.L. subject to the statutory regulations of Bizkaia of the Corporation Tax, is taxed by this tax under the Consolidated Tax Return, with Beraunberri SL being the parent company of the tax group (Note 4.1).

CLASE 8.ª

The reconciliation between the net amount of income and expenses for the year and the corporate tax base is as follows:

	2017	2016
Net Profit After Tax	5,426,717.27	2,488,380.41
<u>Permanent Differences</u>	<u>(8,473,233.86)</u>	<u>(2,079,070.63)</u>
Corporate Tax	(1,118,344.93)	261,252.62
Exempt Income	(291,591.47)	(2,948,067.32)
Accounting errors	-	-
Other Non-Deductible Expenses	-	3,439.47
Not deductible amounts	-	604,304.60
Dividends	(7,063,297.46)	-
<u>Temporary Differences</u>	<u>(760,768.94)</u>	<u>(155,297.07)</u>
Bases Joint Ventures of the current year	(738,438.41)	(692,825.36)
Bases Joint Ventures of the previous year	692,825.36	66,779.74
Domestic credit impairment	(715,155.89)	470,748.55
Corporate Tax Base	(3,807,285.53)	254,012.72

The breakdown of the corporate tax expense is as follows:

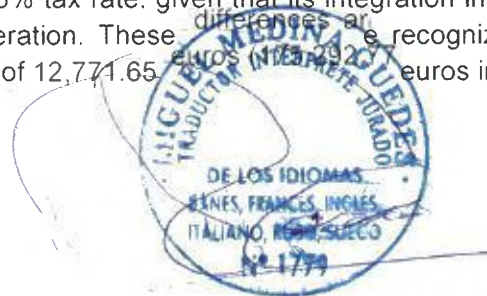
	2017	2016
Expenses / (income) for current tax	-	(6,645.99)
Deferred tax income	(872,624.65)	38,583.18
Tax expense paid in other countries	-	378,826.33
Regularization of tax previous years	(245,720.28)	(149,510.90)
Total expense for corporate tax	(1,118,344.93)	261,252.62

The tax on profits for the year 2017 and 2016 totally corresponds with continuing operations.

The result of the Consolidated Corporation Tax for the year 2017 has implied a decrease in its debt payable to the group companies of 129,021.99 for Solarpack Corporación Tecnológica, SL due to the negative tax bases generated by Solarpack Corporación Tecnológica, SL, and used during this year by the tax group companies (Note 8.2.1).

The permanent differences correspond, mainly, with the income generated by the collection of dividends from the subsidiaries (note 17), based on article 33 of the Statutory Regulation 11/2013, of December 5, of the Corporation Tax.

During 2017 fiscal year, as in 2016, temporary differences have arisen from the integrated tax bases of the Joint Ventures of which the Company is a shareholder, and which have been calculated at a 28% tax rate, given that its integration into the base is carried out the year following its generation. These differences are recognized within the liability in the balance for an amount of 12,771.65 euros in 2017 and 11,292.92 euros in 2016).



Likewise, the negative tax base has increased due to the reversal of the impairment incurred in the year of the credit granted to the subsidiary Kabi Energy Limited (Note 15).

During 2017 fiscal year, there has been an adjustment made for the difference between the estimate for the calculation of Corporate Tax for 2016 and the final calculation thereof.

The movement of deferred taxes is as follows:

	<u>2017</u>	<u>2016</u>
Deferred tax assets	1.448.899.51	350.975.24
Deferred tax liabilities	(407,006.40)	(192,154.00)
Net deferred taxes	<u>1,041,893.11</u>	<u>158,821.24</u>

The breakdown and movement of deferred tax assets and liabilities is as follows:

<u>Deferred tax assets</u>	Negative <u>Tax basis</u>	Tax credit for <u>deductions</u>	Temporary <u>differences</u>	<u>Total</u>
Balance as of January 1, 2016		57,045.65		57,045.65
(Charge) / payment to P&L account			293.929.59	293.929.59
Balance as of December 31, 2016		57,045.65	293,929.59	350,975.24
(Charge) / payment to P&L account	940,483.96	157,440.31	(200,243.65)	897.680.62
Balance as of December 31, 2017	940,483.96	<u>214,485.96</u>	<u>93,685.94</u>	<u>1,248,655.86</u>

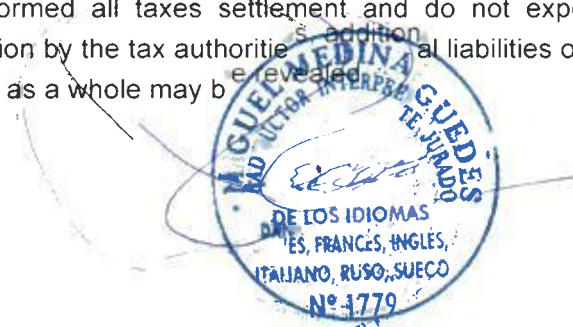
<u>Deferred tax liabilities</u>	Temporary <u>Differences</u>	<u>Total</u>
Balance as of January 1, 2016	18,698.33	18,698.33
Charge / (credit) to the P&L account	173,455.67	173,455.67
Balance as of December 31, 2016	192,154.00	192,154.00
Charge / (credit) to the P&L account	14,608.75	14,608.75
Balance as of December 31, 2017	<u>206,762.75</u>	<u>206,762.75</u>

Deferred tax assets correspond, basically, to the negative tax bases generated in the current year. Deferred tax liabilities basically correspond to the results of the Joint Ventures generated in the year whose integration in the tax base will take place in the following year.

According to current legislation, taxes cannot be considered definitely settled until inspected by the tax authorities or the four-year prescription period has elapsed.

As of December 31, 2017, the Company had all taxes corresponding to the non-prescribed years open to inspection.

The administrators of Solarpack Corporación Tecnológica, SL consider that they have adequately performed all taxes settlement and do not expect that, in the case of an eventual inspection by the tax authorities, additional liabilities of this nature that affect these annual accounts as a whole may be revealed.





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The detail of the balances with Public Administrations that appear in the current assets under the heading "Other Receivables" and in the current liabilities under the heading "Other Payables" as of December 31, 2017 and 2016 is as follows:

Description	Debt balances		Credit balances	
	2017	2016	2017	2016
CLASE 8.º				
VAT tax receivables	247,329.85	273,022.47		
Withholding tax payable	20,176.17		85,637.34	119,395.61
Social security creditor current year			34,632.56	34,431.81
Total	267,506.02	273,022.47	120,269.90	153,827.42

NOTE 11. INCOME AND EXPENSES

The detail of the supplies during this year and the previous one is as follows:

Description	2017	2016
Work performed by other companies	5,241,343.68	4,499,202.64
Variation of ongoing projects	(103,276.40)	79,287.22
Total	5,138,067.28	4,578,489.86

Almost all the work carried out by other companies, both in 2017 and 2016, comes from those of the Joint Ventures of which the Company is a shareholder (Note 13).

The breakdown of the social charges accounted for as an expense during this year and the previous one is as follows:

Description	2017	2016
Social Security payable by the company	351,672.51	308,046.20
Total Social Charges	351,672.51	308,046.20

NOTE 12. ENVIRONMENTAL INFORMATION

Given the business activity of Solarpack Corporación Tecnológica, SL, described in Note 1 of this report, it has no responsibilities, expenses, assets or provisions of an environmental nature that could be significant in relation to the equity, the financial status, the results and the cash flows.

With regard to the possible contingencies that may occur regarding such matter, the Company's Directors consider that they are sufficiently covered by the liability insurance policies subscribed, thus not having any provision for this item in the balance sheet as of December 31, 2017.



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NOTE 13. JOINT VENTURES

During 2017 and 2016 fiscal years, the balance sheet and the profit and loss account of the Temporary Joint Ventures in which the company has an interest, have been incorporated by the proportional consolidation method in the attached Annual Accounts.

Below there is a breakdown of the assets, liabilities and consolidated transactions before the corresponding disappearance of these Joint Ventures at the end of the current and prior year, the share percentages and other relevant information thereof:

Name	Registered Office	Activity	Company's share	
			% Direct	% Indirect
UTE Chile Solar 1	c/ Cristobal Colón, 8B Getxo Bizkaia	Construction of facilities for power generation plants	80.00%	
UTE Tacna Solar	c/ Cristobal Colón, 8B Getxo Bizkaia	Design, technical assistance and supply of materials for photovoltaic plants	40.00%	
UTE Panamericana Solar	C/ Ombú 3, 2ª Planta, Madrid	Design, technical assistance and supplies of materials for photovoltaic plants	40.00%	
UTE Chile Solar 2	c/ Cristobal Colón, 8B Getxo Bizkaia	Supply of materials for photovoltaic plants	80.00%	
UTE Proyecto PMGD	c/ Avda. Algorta, 16 - 3º Getxo Bizkaia	Supply of materials for photovoltaic plants	80.00%	

2017

Company	% Share	Operational Fund	Net Equity	Current Assets	Current Liabilities	Income	Expenses	Profit or loss of the Fiscal Year
UTE Chile Solar 1	80%	8.000.00	165.597.61	165.432.02			165.58	(165.58)
UTE Tacna Solar	40%	2.400.00	43.334.39	43.143.58			190.81	(190.81)
UTE Panamericana Solar	40%	2.400.00	1.920.48		(1.920.48)			
UTE Chile Solar 2	80%	8.000.00	376.832.76	378.211.45		1.533.35	154.66	1.378.69
UTE Proyecto PMGD	80%	8.000.00	767.991.20	1.737.043.02	230.256.99	6.466.975.62	5.728.180.82	738.794.81

2016

Company	% Partic	Operational Fund	Equity Net	Assets current	Liabilities current	Income	Expenses	Profit or loss of the Fiscal year
UTE Chile Solar 1	80%	8.000.00	165.712.81	165.597.61			115.20	(115.20)
UTE Tacna Solar	40%	2.400.00	43.439.02	43.334.40			104.62	(104.62)
UTE Panamericana Solar	40%	2.400.00	1.920.48	2.162.05	241.57			
UTE Chile Solar 2	80%	8.000.00	383.467.02	378.179.38	1.346.62		6.634.26	(6.634.26)
UTE Proyecto PMGD	80%	8.000.00	75.061.22		049.756.90	5.400.902.91	4.707.972.94	692.929.97



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As detailed in the above-mentioned data, the Temporary Joint Ventures of which the company is a shareholder, with the exception of the Joint Venture Proyecto PMGD, have considerably reduced the volume of their activities since the projects of which they were created have come to an end. The Joint Venture Proyecto PMGD was incorporated in 2015 for the construction of photovoltaic plants in Chile. These projects have ended in 2017 fiscal year.

CLASE 8.^a

NOTE 14. EVENTS AFTER CLOSING

Dated March 27, 2018, the Official Gazette of Bizkaia published the Statutory Regulation 2/2018, of March 21, which characterizes the tax effects of certain European long-term investment funds and introduces amendments to the Statutory Regulation on Personal Income Tax, Capital Gain Tax, Corporate Tax, Property Transfer Tax and Stamp Duty, Tax on Property Conveyances and Documented Legal Acts and the Tax Regime of Cooperatives, as well as the General Tax Provincial Law of the Historical Territory of Bizkaia. This tax reform has entered into force on the day following its publication, on March 28, 2018 and will have effects for the tax periods beginning on January 1, 2018.

With regard to the reform of the Corporate Tax, important modifications are established, among which we have the reduction in the tax rate, which will go from the current 28% to 26% in 2018 and 24% from 2019, the establishment of a 50% limitation to the compensation of the negative tax bases pending compensation, the reduction of quota limits in deductions and the establishment of quota limits for deductions without limit. Likewise, a minimum tax percentage is established, as well as an instalment payment on account.

The company shows deferred tax assets in its balance sheet as of December 31, 2017 in the amount of 1,249 thousand euros, estimated in accordance with the tax regulations in force at that date. The contents of the corporate tax reform will require re-estimating the amount thereof, modifying it, where appropriate, in accordance with the result obtained, recording the differences that may arise in the 2018 fiscal year, as it is an approved and published regulation after the closing of the fiscal year 2017. According to a first estimate of the directors, the amount of the deferred tax assets recorded will not be significantly modified as a consequence of the mentioned fiscal reform.

With the exception of the foregoing, the Board of Directors is not aware of any additional events occurred after the end of the year and until the formulation of the annual accounts that could alter the results obtained in the year ended on December 31, 2017.

NOTE 15. RELATED PARTIES OPERATIONS

Goods and services

The usual goods and services of the group are acquired / lent in normal market conditions.

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The detail of the transactions carried out with related parties in the years 2017 and 2016 is the following:

	Income 2017	Income 2016	Expense 2017	Expense 2016
Solarpack Chile, SL	1,361,930.13	5,798,228.91	-	-
Solarpack Ingeniería SLU	366,956.03	364,926.45	-	73,360.35
SI en proyecto Isla Mayor, Lebrija y Llerena	10,751.95	11,871.82	-	-
Solarpack Promo 2007 Cientoventiuno, SL	-	18,579.05	-	-
Amunche SpA	-	54,595.36	-	-
Calama Solar 2 SA	-	-	-	-
Calama Solar 3 SA	1,466.62	2,285.38	-	-
Pozo Almonte 2, SA	17,343.79	16,840.00	-	-
Pozo Almonte 3, SA	35,893.18	35,730.19	-	-
Solarpack Peru SAC	134,602.55	157,758.76	-	-
Solarpack Uruguay SA	102,934.75	169,796.68	-	-
Ataca Solar Holdco SpA	11,789.12	751,087.50	-	-
GGestión Solar Peru SAC	-	1,102.02	-	-
Spk Services Singapore Pte. Ltd	31,185.27	489.12	-	-
Solarpack Promo2007 Cientodieciocho SI	-	1,438.46	-	-
Pampul Holdco, SL	11,227.72	-	-	-
Solarpack India LLP	13,366.10	-	-	-
Padmajiwadi Solar Pte, Ltd.	-	91,674.37	-	-
Renjal Solar Pte, Ltd.	-	137,511.56	-	-
Gummadidala Solar Pte, Ltd.	-	137,546.05	-	-
Ghanpur Solar Pte Ltd.	-	137,511.56	-	-
Thunkapur Solar Pte, Ltd.	-	137,511.56	-	-
Achampet Solar Pte, Ltd.	-	91,674.37	-	-
	2,099,477.20	8,118,159.17	-	73,360.35

The income corresponds mainly to the provision of services in the construction of photovoltaic plants in Chile (Note 13).

In addition, during the year, the Company has accrued interest income from loans with group companies and associated amounting to 1.573.514.35 euros, 849.279.41 euros in the previous year (Note 17).



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The balances recorded in the Balance Sheet of related parties as of December 31, 2017 and 2016 are as follows:

CLASE 8.^a

	Debit Balances 31/12/2017	Debit Balances 31/12/2016	Credit Balances 31/12/217	Credit Balances 31/12/2016
Solarpack. SARL	-	-	-	3.0
Solarpack Chile SL	-	2,915,126.76	2,046.15	31,573.63
Solarpack Development Inc	265.06	365.06	-	-
Solarpack Ingeniería SLU	-	233,015.97	-	88,766.02
Calama Solar 3 Sa	264.44	604.54	-	-
Pozo Almonte Solar 1.2.3	13,121.19	14,274.10	-	-
Panamericana Solar SAC	(1.94)	(1.94)	-	-
Kabi Energy Limited	51,995.93	51,995.93	-	-
Solarpack Peru SAC	126,662.28	78,092.23	-	-
Solarpack. Uruguay. SA	-	101,322.20	-	-
Solarpack Promo2007 Ciento Ventiuno SL	(15.40)	(15.40)	-	-
Padmajuwadi Solar Pte Ltd	143,413.33	88,562.12	-	-
Renjal Solar Pte Ltd	166,167.90	132,805.29	-	-
Gummadidala Solar Pte Ltd	185,748.74	137,546.05	-	-
Ghanpur Solar Pte Ltd	185,748.74	137,511.56	-	-
Thukkapur Solar Pte Ltd	185,748.74	137,511.56	-	-
Achampet Solar Pte Ltd	123,832.49	88,562.12	-	-
Antila Dos.SL	1,208.34	-	-	-
Cruz del Sur Cuarentainueve SLU	1,333.15	-	-	-
Solarpack India LLP	16,721.12	-	-	-
Total	1,202,344.91	4,117,309.55	2,406.15	120,342.65

As of December 31, 2016, the company had services pending billing, rendered to Solarpack Perú, SAC for an amount of 157.758.76 euros.

Financing agreements

Below are the financing agreement signed with related parties:



Company	Interest Rate	Report Notes	Gross Debit Balances 31/12/2017	Gross Debit Balances 31/12/2016	Gross Credit Balances 31/12/2017	Gross Debit Balances 31/12/2016
Solarpack Ingeniería SLU	Euribor 90+0.5	8.2.2	-	-	1,505,883.68	1,582,642.14
Solarpack Chile SL	-	8.1.2	-	11,456.08	-	-
Kabi Solar (Pty) Limited	8.5%	8.1.2	942,964.41	1,449,912.46	-	-
SI en Proyecto Isla Menor, Lebrija, Llerena	Euribor + 1.2	8.1.2	-	(755.42)	-	-
Ecuador Solar Holdco SL	-	8.1.2	-	11,044.23	-	-
Solarpack Promo2007 Ciento Veintiuno, SL	LIBOR annual+ 3.5	8.1.2	857,306.26	931,078.68	-	-
Solarges Peru SL	-	8.1.2	19,183.55	19,078.68	-	-
Solarpack Uruguay SA	LIBOR Annual +3	8.1.2	561,784.00	2,119,365.20	-	-
Ataca Solar Holdco Spa	10.00%	8.1.2	2,079,904.57	2,358,716.90	-	-
Solarpack Peru SAC	LIBOR 3m+2.4	8.1.2	-	282.15	-	291,062.83
Moquqegua FV SAC	-	8.1.2	-	-	118.84	135.21
Pampul Holdco Spa	-	8.1.2	-	-	-	(2,856.22)
Solarpack India LLP	-	8.1.2	-	17,867.74	-	-
Spk Services Singapore Pte Ltd	LIBOR annual+ 2.65	8.1.2	-	71,587.13	771,288.25	-
Spk Energías Renovables Mexico 1, SA de C	-	8.1.2	41,885.39	30,686.68	-	-
SPVs Indias	-	7.1.2	39,465.42	41,269.24	-	-
PMGD Holdco SL	-	7.1.2	-	54.52	-	-
Itok Solar Incorporated	-	7.1.2	670.53	85.43	-	-
Padmajiwadi Solar Pte Ltd	18%	8.1.1	1,174,113.30	348,260.23	-	-
Renjal Solar Pte Ltd	18%	8.1.1	1,748,563.09	173,537.18	-	-
Gummadidala Solar Pte Ltd	18%	8.1.1	1,770,085.61	183,244.57	-	-
Thukkapur Solar Pte Ltd	18%	8.1.1	1,772,448.40	339,939.61	-	-
Achampet Solar Pte Ltd	18%	8.1.1	1,171,524.80	50,066.06	-	-
Ghanpur Solar Pte Ltd	18%	8.1.1	1,767,467.57	-	-	-
Ekidale Solar Pte Ltd	-	8.1.2	932.66	-	-	-
Predroso Solar SL	-	8.1.2	550.00	-	-	-
Peñaflor Solar SL	-	8.1.2	550.00	-	-	-
Sol de Alvarado SL	-	8.1.2	550.00	-	-	-
Solarpack Colombia SAS	LIBOR annual+3	8.1.1	65,173.81	-	-	-
Solarpack Asia SDN. BHD.	LIBOR annual+3	8.1.2	56,897.18	13,684.12	-	-
Amunche Solar Spa	-	8.1.2	17,243.97	-	-	-
UTE PMGD (*)	4.25%	8.1.2	-	12,118.21	-	22,537.41
UTE Chile (*)	-	8.1.2	-	(725.75)	-	-
			14,089,264.52	8,181,958.80	2,277,290.77	1,893,521.37

As of December 31, 2017, the credit granted to the subsidiary Kabi Solar (Pty) Limited is impaired in the amount of € 334,592.66 (2016: 1,049,748.55 €).

For some of the provisions there are uncollateralized facilities as of December 31, 2017. The undrawn amounts as of December 31, 2017 are 870 thousand euros, 532 thousand euros in the previous year.



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Dividends and other benefits distributed
 The amount of dividends distributed in the last five years is as detailed below:

Fiscal Year	Amount
2017	349,905.38
2016	10,055,549.47
2015	4,514,350.00

CLASE 8.^a

The company has not distributed dividends in the years 2013 to 2014 (both included). In those periods there have been no votes against the proposed appropriation of earnings.

Board of Directors and senior management personnel

During the year 2017, the members of the Board of Directors and related companies have received a total of approximately 326 thousand euros in compensation for the performance of their management duties and for the provision of consulting and administration services, and during 2016 they received approximately 269 thousand euros in the same concept. No credits or other social benefits have been granted.

During fiscal year 2017, the company's directors additionally received a compensation of 99,000 euros in respect of mission subsistence allowances (2016: 93,500 euros).

The Board of Directors of the company considers as senior managers only the members thereof, considering that there is no additional senior management personnel other than that.

Information on situations of conflict of interest

In the course of fiscal year 2017, the Company's Directors, as defined in the Capital Companies Law, have not expressed to the other members of the Board of Directors that they, or their related persons, are involved in any situation of conflict, direct or indirect, with the interest of the Society.

NOTE 16. OTHER INFORMATION

Personnel Information

The average number of people employed during the fiscal years 2017 and 2016 and the number of people employed at the end of 2017 and 2016 financial years, expressed by categories and sex, was as follows:

Category	Averg. staff 2017		Staff 31/12/2017		Averg. staff 2016		Staff 31/12/2016	
	Men	Women	Men	Women	Men	Women	Men	Women
Rest of Management Staff	1		1		-	1.00		1
Professionals, Technicians and similar	15.11	5.29	16	5	9.04	5.42	11	6
Administration and similar staff	4.17	8.94	5	10	3.00	5.22	3	6
Cleaning Personnel	-	-	-	-	-	0.14		1
TOTAL	20.28	14.12	22	15	12.04	11.17	14	14



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Audit fees

The fees accrued during the year 2017 by AUREN AUDITORES SP. SLP for the audit services of the individual and consolidated annual accounts amounted to 59,840 euros (2016: 59,776 euros). Additionally, other services have been provided to the Company amounting to 4,580 euros (2016: 3,450 euros).

NOTE 17. SEGMENTED INFORMATION

Distribution of the net amount of turnover by category of activities

Activity	2017	2016
Construction Solar Plants	6,232,518.80	5,351,878.37
Income for shares sale	-	2,798,353.80
Consultancy and counselling	882,864.00	574,171.35
Other services	1,646,012.12	1,851,602.55
Dividends from subsidiaries	7,063,297.46	-
Income from group credits	1,573,514.35	849,279.41
Total	17,398,206.73	11,425,285.48

1. Sales and provision of services:

In fiscal year 2017 around 30% of the turnover derives from the integration of UTE PMGD (see Note 13). In the fiscal year 2016 this percentage amounted to approximately 45%. This fact is reflected, in turn, in the distribution of the turnover by geographic markets as detailed below:

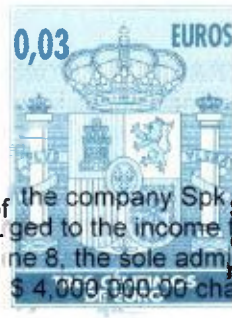
Geographical Market	2017	2016
Latam	87.08%	82.51%
National Market	12.57%	10.58%
Asia	0.35%	6.92%
Total	100%	100%

During 2016 the Company obtained capital gains on the sale of shares in certain subsidiary companies for a total amount of 2,798,353.80 euros according to the valuation rule described in note 4.m).

2. Dividends received from group companies:

During 2017 financial year, the General Shareholders' Meeting of the subsidiary Pampul Haldeo, SL, held on March 7, 2017, approves the distribution of dividends charged to the share premium for an amount of 652,688.47 dollars. In 2017 the Company has charged the amount corresponding to its participation amounting to 124,010.81 dollars, whose counter value in euros is 117,434.30. Subsequently, on September 12, 2017, the General Shareholders' Meeting approves the distribution of dividend allocated to the share premium for an amount of 182,023.73 dollars. The company has charged in 2017 the amount corresponding to its participation amounting to 34,584.51 dollar whose counter value in euros is 28,887.80.





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On May 17, 2017, the sole administrator of the company Spk Services Singapore Pte. Ud. approves the distribution of dividends charged to the income for the year 2017 in the amount of 4,500,000.00 dollars. Subsequently, on June 8, the sole administrator of this company approves the distribution of a dividend amounting to \$ 4,000,000.00 charged to the income for the year 2017. On December 31, 2017, the shareholders of the company agreed to cancel part of the dividends distributed during the year in the amount of 1,000,000.00 dollars, turning it into a loan. (Note 15). In the year 2017, the Company has collected dividends distributed according to its participation amounting to 7,125,000 dollars, its counter value in euros being 6,375,009.56.

On May 17, 2017, the General Shareholders' Meeting of Solarpack Promociones Cienfuegos, S.L. approves the distribution of dividends amounting to 338,556.05 euros charged to the share premium. In 2017, the company has received dividends distributed proportionate to its participation amounting to 168,463.77 euros.

On September 4, 2017, the General Shareholders' Meeting of the subsidiary Solarpack Perú, SAC, approves the distribution of dividends charged to retained earnings of the company amounting to 227,753.99 dollars. In 2017, the company received dividends distributed proportionate to its participation amounting to 182,203.19 dollars, its counter value in euros being 152,305.60.

On December 1, 2017, the General Shareholders' Meeting of the subsidiary Gestión Solar Perú, SAC, approves the distribution of dividends charged to the company's retained earnings of 1,650,000.00 soles. In 2017, the company received the dividends distributed proportionate to its participation amounting to 825,000.00 soles, with a counter value in euros of 69,096.40.

During the year 2017, the sole shareholder of the Investment Companies corresponding to the projects of Isla Mayor, Lebrija and Llerena, has approved the distribution of dividends for an amount of 152,100.00 euros, charged to reserves and share premium. These dividends have been collected in full by the company in the fiscal year 2017.

During the year 2016, no income was recorded from the distribution of dividends of group companies.

3. Interest on loans to group companies:

As of December 31, 2017, the Company has accrued interest income from loans to group companies and associates amounting to 1,573,514.35 euros. 849,279.41 euros in the previous year.

NOTE 18. INFORMATION ON GREENHOUSE GAS EMISSION RIGHTS

The Directors of the Company state that there is no item of environmental nature in the accounts corresponding to these Annual Accounts Report that must be included in the Abbreviated Report according to the provisions in the third part of the General Accounting Plan (Royal Decree 1514/2007, of November 16) and to the resolution of April 6, 2011 on registration, valuation and information on greenhouse gas emission rights.



NOTE 19. INFORMATION ON DEFERRALS OF PAYMENTS TO SUPPLIERS. Third additional provision "Duty of information" of the Law 15/2010, of July.

Based on the third additional provision, duty of information of Law 15/2010, of July 5 and in accordance with the instructions in the single additional provision of Resolution of January 29, 2016, of the Institute of Accounting and Auditing of Accounts, on the information to be included in the annual accounts in relation to the average period of payment to suppliers in commercial operations

the breakdown of the information required is reflected in the following table:

	Fiscal year 2017	Fiscal year 2016
	Days	Days
Average Period Payment to Suppliers	28.28	39.28
Ratio transactions paid	26.64	34.87
Ratio transactions pending payment	71.22	46.17
	Amount (Euros)	Amount (Euros)
Total Payments made	1,375,276.46	2,160,222.15
Total payments pending	54,594.69	84,774.26

The information included in the previous table has been drawn up in accordance with Law 15/2010, of July 5, amending Law 3/2004, of December 29, establishing measures against late payment in commercial operations and according to Resolution of January 29, 2016, of the Institute of Accounting and Auditing of Accounts, on the information to be included in the Annual Accounts Report in relation to the payment deferrals to suppliers in commercial operations.

The specifications with which this information has been prepared are the following:

- Ratio of transactions paid: amount in days resulting from the quotient between the sum of the products of the amount of each of the operations paid and the number of days of payment and, in the denominator, the total amount of the payments made in the year
- Ratio of operations pending payment: amount in days resulting from the quotient between the sum of the products of the amount of the operation pending payment and the number of days pending payment and, in the denominator, the total amount of the pending payments.
- Suppliers: commercial creditors included in the current liabilities of the Balance Sheet for debts with suppliers of goods or services
- The suppliers of fixed assets and financial leasing creditors lie outside the scope of information.



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CLASE 8.ª

MANAGEMENT REPORT 2017 SOLARPACK COPORACION TECNOLOGICA, SL

1. EVOLUTION OF THE COMPANY IN THE EXERCISE

Solarpack ended the year 2017 with a positive economic result, and has maintained a high investment activity during the year. The company has not divested assets during the year. The volume of occupation has been high, and the service provision maintains the levels registered in 2016 with a slight increase.

The investments of the company, and the associated indebtedness, have suffered variations during this fiscal year:

During the year the investment in vehicle companies for the operation of 6 solar photovoltaic plants located in the state of Telangana was concluded. In May, the project financing for these plants was signed for 4.650 million rupees. The total investment in the plant has been of 6,300 MM rupees. These companies were awarded long-term energy sales contracts in 2016 and in this year the plants have been connected to the power grid and have produced the first income for power generation.

Throughout the year we have awarded the contract for the implementation of a computerized management system (ERP) whose implementation will be carried out throughout 2018.

The company has reached an agreement in the last quarter of 2017 to buy the shares held in Solarpack Chile from the minority shareholders, remaining Solarpack Corporación Tecnológica as the sole shareholder of the entity.

2. FORESEEABLE EVOLUTION

During fiscal year 2018, the company's main challenges are:

- (i) The financial closing and commencement of the construction of its new projects in India and the project Granja Solar in Chile, totalling a total capacity of approximately 250 MW
- (ii) The conclusion of agreements for the commencement of construction works in our projects in Spain as a result of the reactivation of the Spanish market with the auction processes carried out by the Ministry of Industry, Energy and Tourism
- (iii) the consolidation of the subsidiaries in the markets of Colombia and the United States
- (iv) the successful conclusion of the capital increase planned by the company to undertake the investments in the projects held by the company.

The Operation and Maintenance and Asset Management activities of the company have a recurring and cumulative nature. Historical contracts are maintained, and service contracts are being incorporated into the new parks that the company is launching.

As for the evolution of the workforce, it has increased as it has been doing in recent years, with a total of 37 people at the end of 2017.



3. IMPORTANT EVENTS OCCURRED AFTER THE YEAR CLOSING

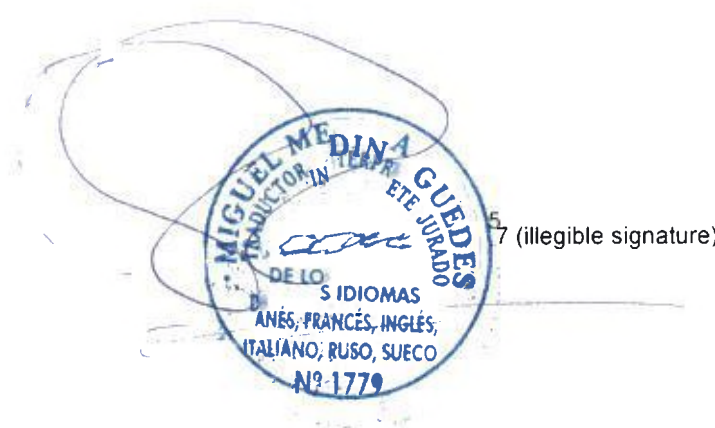
During the month of January 2018, we have been awarded five photovoltaic projects in the Indian state of Karnataka which will involve the construction of a total of 133 MWp of power in the next 18 months.

4. ACTIVITIES OF R&D

The company has several research lines in electrical storage open that it expects to implement during 2018.

5. ACQUISITION OF OWN SHARES OR INTERESTS

The company does not have own shares or interests as of the closing date of 2017, nor have they carried out any operations in this regard during the aforementioned year.

A handwritten signature in blue ink is written over a circular blue stamp. The stamp contains the text: "MIGUEL MEDINA GUEDES", "TRANSDUCTOR IN TERCER ETE JURADO", "DE LOS IDIOMAS", "ANÉS, FRANCÉS, INGLÉS,", "ITALIANO, RUSO, SUECO", and "Nº 1779". To the right of the stamp, the text "7 (illegible signature)" is present.



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Signature proceedings

CLASE 8.ª

In compliance with the provisions of the Capital Companies Act, the Directors of SOLARPACK CORPORACIÓN TECNOLÓGICA SL. meeting on April 4, 2018, have prepared these Annual Accounts (Balance Sheet and Profit and Loss Account), Statement of C

hanges in Net Equity, Statement of Flows of Cash and Annual Report) and the Management Report of the Company for the year ended on December 31, 2017 comprising 57 pages numbered from 1 to 57 all of them signing in this page in agreement as well as in turn by D. Jose Olamendi Lopez. Secretary (Non-Director) of the Board of Directors in each of the sheets of the documents mentioned for identification purposes.

Mr. Jose Maria Galindez Zubiria
(illegible signature)

Mr. Pablo Burgos Galindez
(illegible signature)

Mr. Anton Galindez Zubiria (*)

Falcon Solar, SLU (*)
Represented by Mr. Juan Angoitia Grijalba

Mr. Joseba Olamendi Lopez
(illegible signature)

(*) The person stated above does not sign these Annual Accounts because for not being physically present at the time of formulation, his connection at that time was on the telephone.

CERTIFICATION

MIGUEL MEDINA GUEDES
Sworn Translator in English
CERTIFIES that the above translation is
a true and full translation into English
from a document worded in Spanish.
Madrid, 06/27/ 2018

CERTIFICACIÓN

MIGUEL MEDINA GUEDES
Interprete jurado de Inglés
CERTIFICA que la que antecede es
traducción fiel y completa al Inglés
de un documento redactado en Español.
En Madrid, a 27/06/2018

Signature / Firma

