MANAGEMENT REPORT FROM
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Saeta Yield, S.A.
and Subsidiaries

Condensed Consolidated Interim Financial Statements and Interim Directors' Report for the six-month period ended 30 June 2017

Saeta Yield, S.A. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION at 30 June 2017 and 31 December 2016

ASSETS	Thousands of Euros 30/06/2017 Unaudited	Thousands of Euros 31/12/2016
NON-CURRENT ASSETS	**2,044,966**	**1,905,621**
Intangible assets (Note 5)	198,805	240
Property, plant and equipment (Note 6)	19,177	19,196
Property, plant and equipment in projects (Note 7)	1,720,272	1,771,753
Long-term loans to Group and related companies (Note 16.b)	1,128	1,128
Other non-current financial assets (Note 8)	14,108	14,206
- Available-for-sale financial assets	2,106	2,106
- Other loans	12,002	12,100
Investments accounted for using the equity method (Note 8)	12,395	13,031
Deferred tax assets (Note 15)	79,081	86,067
CURRENT ASSETS	**316,221**	**343,176**
Inventories	131	298
Trade and other receivables (Note 9)	85,509	69,520
Current tax assets (Note 15)	4,957	4,649
Other accounts receivable from public authorities (Note 15)	472	454
Other current financial assets with Group and related companies (Note 16.b)	92	356
Other current financial assets (Note 8)	86,253	72,983
Current accrued expenses and deferred income	2,889	-
Cash and cash equivalents (Note 10)	135,918	194,916
TOTAL ASSETS	**2,361,187**	**2,248,797**

The accompanying explanatory Notes 1 to 20 are an integral part of the condensed consolidated statement of financial position at 30 June 2017.

Saeta Yield, S.A. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION at 30 June 2017 and 31 December 2016

EQUITY AND LIABILITIES	Thousands of Euros 30/06/2017 Unaudited	Thousands of Euros 31/12/2016
EQUITY (Note 11)	**554,155**	**551,547**
Share capital (Note 11.a)	81,577	81,577
Share premium (Note 11.b)	606,352	637,057
Other reserves	(81,837)	(111,800)
Profit for the period attributable to the Parent Company	13,733	29,963
Valuation adjustments	(65,670)	(85,250)
- Hedging transactions (Note 11.c)	*(64,688)*	*(85,250)*
- Translation differences	*(982)*	-
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	**554,155**	**551,547**
NON-CURRENT LIABILITIES	**1,603,503**	**1,525,845**
Non-current provisions (Note 5)	1,606	-
Long-term project financing (Note 13)	1,418,069	1,341,757
Other financial liabilities with Group and related companies (Note 16.b)	4,000	-
Other financial liabilities (Note 5)	3,929	-
Financial instrument payables (Note 14)	92,426	120,350
Deferred tax liabilities (Note 15)	83,473	63,738
CURRENT LIABILITIES	**203,529**	**171,405**
Short-term project financing (Note 13)	121,458	96,905
Financial instrument payables (Note 14)	33,902	35,461
Other current payables	-	-
Trade and other payables	32,745	25,438
Other financial liabilities with Group and related companies (Note 16.b)	58	174
Current tax liabilities (Note 15)	197	-
Other accounts payable to public authorities (Note 15)	15,169	13,427
TOTAL EQUITY AND LIABILITIES	**2,361,187**	**2,248,797**

The accompanying explanatory Notes 1 to 20 are an integral part of the condensed consolidated statement of financial position at 30 June 2017.

Saeta Yield, S.A. and Subsidiaries

CONDENSED CONSOLIDATED INCOME STATEMENTS for the six-month periods ended 30 June 2017 and 30 June 2016

	Thousands of Euros 30/06/2017 Unaudited	Thousands of Euros 30/06/2016 Unaudited
Revenue (Note 17.a)	152,121	126,559
Other operating income	5,223	1,972
Cost of materials used and other external expenses	(131)	(136)
Staff costs	(1,790)	(1,086)
Other operating expenses	(45,552)	(38,381)
Depreciation and amortisation charge (Notes 5, 6 and 7)	(52,837)	(46,110)
Impairment and gains or losses on disposal of non-current assets (Note 7)	(980)	-
PROFIT FROM OPERATIONS	**56,054**	**42,818**
Finance income (Note 17.b)	238	128
Finance costs (Note 17.b)	(37,716)	(31,507)
Change in fair value of financial instruments	332	(699)
Exchange differences	(323)	-
FINANCIAL LOSS	**(37,469)**	**(32,078)**
Results of associates (Note 8.b)	(42)	-
PROFIT BEFORE TAX	**18,543**	**10,740**
Income tax (Note 15)	(4,810)	(2,574)
PROFIT ATTRIBUTABLE TO THE PARENT COMPANY	**13,733**	**8,166**
Earnings per share (Note 3.c)		
from continuing operations €/share		
Basic	0.17	0.10
Diluted	0.17	0.10

The accompanying explanatory Notes 1 to 20 are an integral part of the condensed consolidated income statement at 30 June 2017.

Saeta Yield, S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS for the six-month periods ended 30 June 2017 and 30 June 2016

	Thousands of Euros 30/06/2017 Unaudited	Thousands of Euros 30/06/2016 Unaudited
A) CASH FLOWS FROM OPERATING ACTIVITIES	**71,202**	**62,749**
1. Profit before tax	**18,543**	**10,740**
2. Adjustments for:	**91,328**	**78,188**
a) Depreciation and amortisation charge	52,837	46,110
b) Finance income	(238)	(128)
c) Finance costs	38,039	31,507
d) Results of companies accounted for using the equity method	42	-
e) Impairment and gains or losses on the disposal of non-current assets	980	-
f) Change in fair value of financial instruments	(332)	699
3. Changes in working capital	**(1,372)**	**4,640**
a) Inventories	167	109
b) Trade and other receivables	(10,246)	8,440
c) Trade and other payables	5,500	2,249
d) Other current assets and liabilities	(1,033)	1,487
e) Other non-current assets and liabilities	4,240	(7,645)
4. Other cash flows from operating activities	**(37,297)**	**(30,819)**
a) Interest paid	(36,994)	(32,799)
b) Income tax recovered/paid	(303)	1,980
B) CASH FLOWS FROM INVESTING ACTIVITIES	**(57,664)**	**(90,863)**
5. Payments due to investments	**(56,638)**	**(90,444)**
a) Non-current assets in projects (Note 7)	(1,311)	-
b) Changes in the scope of consolidation (Note 4)	(55,328)	(90,444)
6. Payments and proceeds from disposals	**(1,025)**	**(419)**
a) Financial investments	(1,025)	(419)
C) CASH FLOWS FROM FINANCING ACTIVITIES	**(72,536)**	**30,066**
7. Proceeds from issuance of financial liability instruments	**8,957**	**103,600**
a) Credit institutions (Note 13)	8,957	103,600
8. Payments relating to repayment of financial liability instruments	**(50,788)**	**(44,909)**
a) Credit institutions (Note 13)	(50,788)	(44,909)
9. Dividends paid and returns on other equity instruments	**(30,705)**	**(28,625)**
a) Dividends (Note 3.b)	(30,705)	(28,625)
D) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**(58,998)**	**1,952**
Cash and cash equivalents at beginning of period	**194,916**	**138,415**
Cash and cash equivalents at end of period	**135,918**	**140,367**

The accompanying explanatory Notes 1 to 20 are an integral part of the condensed consolidated statement of cash flows at 30 June 2017.

Saeta Yield, S.A. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME for the six-month periods ended 30 June 2017 and 30 June 2016

	30/06/2017 Unaudited	30/06/2016 Unaudited
	Thousands of euros	Thousands of euros
	Total	Total
CONSOLIDATED PROFIT FOR THE PERIOD (I)	**13,733**	**8,166**
Income and expense recognised directly in equity		
- Arising from translation differences	(982)	-
- Arising from cash flow hedges	6,306	(22,846)
- Tax effect	(1,576)	6,155
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)	**3,748**	**(16,691)**
Income and expense recognised directly in profit or loss		
- Arising from cash flow hedges (Note 17.b)	21,110	18,268
- Tax effect	(5,278)	(4,567)
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN PROFIT OR LOSS (III)	**15,832**	**13,701**
TOTAL COMPREHENSIVE INCOME (I)+(II)+(III)	**33,313**	**5,176**

The accompanying explanatory Notes 1 to 20 are an integral part of the condensed consolidated statement of comprehensive income at 30 June 2017.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY for the six-month periods ended 30 June 2017 and 30 June 2016

	Thousands of Euros					
	Share capital	Share premium	Reserves	Profit attributable to the Parent Company	Valuation adjustments	Total
Balance at 31 December 2015	**81,577**	**696,388**	**(127,884)**	**16,055**	**(95,630)**	**570,506**
Recognised income and expense	-	-	-	8,166	(2,990)	5,176
Capital increase	-	-	-	-	-	-
Distribution of dividends	-	(28,625)	-	-	-	(28,625)
Distribution of 2015 profit	-	-	16,055	(16,055)	-	-
Balance at 30 June 2016 (unaudited)	**81,577**	**667,763**	**(111,829)**	**8,166**	**(98,620)**	**547,057**
Balance at 31 December 2016	**81,577**	**637,057**	**(111,800)**	**29,963**	**(85,250)**	**551,547**
Recognised income and expense	-	-	-	13,733	19,580	33,313
Distribution of dividends (Note 3.b)	-	(30,705)	-	-	-	(30,705)
Distribution of 2016 profit	-	-	29,963	(29,963)	-	-
Balance at 30 June 2017 (unaudited)	**81,577**	**606,352**	**(81,837)**	**13,733**	**(65,670)**	**554,155**

The accompanying explanatory Notes 1 to 20 are an integral part of the condensed consolidated interim statement of changes in equity at 30 June 2017.

Notes to the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2017

1. Group activity

Saeta Yield, S.A. ("the Parent Company") was incorporated as El Recuenco Eólica, Sociedad Limitada on 19 May 2009 and registered in the Mercantile Registry of Madrid in volume 26,842, page 14, sheet M-483.710. It became a public limited liability company on 28 October 2014, and adopted its current name by means of a resolution of the General Shareholders' Meeting on 28 November 2014, which was formalised in a public deed on 2 December 2014, and registered in the Mercantile Registry on 24 December 2014 under entry no. 13.

The Company's registered office is at Avenida de Burgos, nº 16D – 3º izquierda de Madrid.

Saeta Yield, S.A. is the head of a group of companies ("Saeta" or "the Group") that at the end of the first half of 2017 was comprised the following companies (group and associates):

Company	Registered office	% of Ownership	Business activity
Saeta Yield, S.A.	Madrid, Spain	100%	Securities holding
Extresol 1, S.L.U.	Madrid, Spain	100%	Power production
Extresol 2, S.L.U.	Madrid, Spain	100%	Power production
Extresol 3, S.L.U.	Madrid, Spain	100%	Power production
Manchasol 2 Central Termosolar Dos, S.L.U.	Madrid, Spain	100%	Power production
Serrezuela Solar II, S.L.U.	Madrid, Spain	100%	Power production
Al-Andalus Wind Power, S.L.U.	Madrid, Spain	100%	Power production
Parque Eólico Santa Catalina, S.L.U.	Madrid, Spain	100%	Power production
Eólica del Guadiana, S.L.U.	Madrid, Spain	100%	Power production
Parque Eólico Sierra de las Carbas, S.L.U.	Madrid, Spain	100%	Power production
Parque Eólico Tesosanto, S.L.U.	Madrid, Spain	100%	Power production
La Caldera Energía Burgos, S.L.U.	Madrid, Spain	100%	Power production
Parque Eólico Valcaire, S.L.U.	Madrid, Spain	100%	Power production
Extresol Almacenamiento GNL, AIE	Madrid, Spain	100%	Asset management
Derisia, S.A.	Montevideo, Uruguay	100%	Operation and maintenance
Viensos, S.A.	Montevideo, Uruguay	100%	Asset Management
Eskonel Company, S.A.	Montevideo, Uruguay	100%	Asset Management
Fingano, S.A.	Montevideo, Uruguay	100%	Power production
Vengano, S.A.	Montevideo, Uruguay	100%	Power production
Sistema Eléctrico de Conexión Valcaire, S.L.U.	Madrid, Spain	25%	Operation of electricity facilities
Sistema Eléctrico de Conexión Huéneja, S.L.	Madrid, España	5%	Operation of electricty facilities
Sistemas de evacuación Albuera SET Olivenza-Vaguadas	Madrid, Spain	59.97%	Operation of electricity facilities

The activities carried out by the Parent Company and its subsidiaries are classified into the following categories:

1. Operation of renewable energy and conventional generating assets, and energy distribution and transmission assets. The main activity is currently the operation of renewable energy generating assets in operation located in Spain.
2. Performance of studies, consultancy work, projects, and research and development services related to the aforementioned activities.
3. Administration, management and control of its investees.

The aforementioned activities may be wholly or partially carried on by Group Companies indirectly through the ownership of shares or other equity interests in other companies with an identical or similar corporate purpose.

2. Basis of presentation and accounting policies

a) Basis of presentation

Preparation of the Condensed Consolidated Interim Financial Statements

The Condensed Consolidated Interim Financial Statements of Saeta Yield, S.A. and Subsidiaries for the six-month period ended 30 June 2017 were approved by the Parent Company's Board of Directors at its meeting held on 19 September 2017, and were prepared using the accounting records kept by the Parent Company and the other companies within the Group.

The Board of Directors prepared the Condensed Consolidated Interim Financial Statements under the assumption that any reader will also have access to the corresponding Consolidated Financial Statements for the year ended 31 December 2016, prepared in conformity with the regulatory financial reporting framework applicable and, in particular, in accordance with the International Financing Reporting Standards adopted by the European Union. The bases of consolidation, accounting policies and measurement bases described in Notes 2 and 5 to these Consolidated Financial Statements have been applied, so that they present fairly the consolidated equity and the consolidated financial position of the Group as of 31 December 2016, as well as the consolidated results of its operations, changes in the consolidated statement of recognised income and expense, changes in consolidated equity and consolidated cash flows for the year then ended. These Consolidated Financial Statements for 2016 were authorised for issue by the directors at the Board meeting held on 28 February 2017 and approved by the shareholders at the Annual General Meeting held on 21 June 2017.

The accounting policies, estimates and criteria consistent with those used in the preparation of the aforementioned Consolidated Financial Statements for 2016 were applied in the preparation of these Condensed Consolidated Interim Financial Statements.

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, and all mandatory accounting policies and rules and measurement bases, all in accordance with the provisions of article 12 of Royal Decree 1362/2007.

In accordance with IAS 34, interim financial information is prepared solely to update the content of the most recent Consolidated Financial Statements prepared by the Group, focusing on new activities, events and circumstances arising during the six-month period, and does not duplicate the information previously reported in the Consolidated Financial Statements for 2016. Consequently, in order to be able to properly comprehend the information included in these condensed consolidated half-yearly financial statements, they should be read together with the Group's Consolidated Financial Statements for 2016.

b) Standards, amendments and interpretations effective this year

No new mandatory standards or interpretations entered into force in the first half of 2017 that were used in these condensed Consolidated Financial Statements.

c) Standards, amendments and interpretations issued but not yet in force

At the date of authorisation for issue of these Condensed Consolidated Interim Financial Statements, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the Consolidated Financial Statements or because they had not yet been adopted by the European Union:

		Mandatory application in the years beginning on or after:
Approved for use in the European Union		
New standards		
IFRS 9 Financial Instruments (last phase published in July 2014)	Replaces the requirements for classification and measurement of financial assets and financial liabilities, derecognitions and hedge accounting of IAS 39.	1 January 2018
IFRS 15 Revenue from Contracts with Customers (published in May 2014)	New standard for recognising revenue (Replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31)	1 January 2018

Not yet approved for use in the European Union		
New standards		
IFRIC 16 Leases (published in January 2016)	Replaces IAS 17 and the related interpretations. The main development involves the new standard proposing a single lessee accounting model, which will include all leases on the balance sheet (with specific exceptions) with an impact similar to that of current financial leases (right-of-use assets will be depreciated and a finance cost will be recognised for the depreciated cost of the liability).	1 January 2019
IFRS 17 Insurance	Standard envisaged for insurance companies and other entities that provide insurance services	1 January 2021
Amendments and/or interpretations		
Amendments to IAS 7: Disclosure initiative (published in January 2016)	It introduces the additional disclosure requirements for the purpose of improving the information provided to users	1 January 2017
Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses (published in January 2016)	Clarification of the principles established regarding the recognition of deferred tax assets for unrealised losses	1 January 2017
Amendments to IFRS 2: Classification and measurement of share-based payments (published in January 2016)	These are limited amendments that clarify specific matters such as the accounting for the effects of vesting conditions on cash-settled share-based payment transactions, the classification of share-based payment transactions with net settlement features and certain aspects of the modifications to the type of share-based payment.	1 January 2018
Clarifications to IFRS 15	Identification of performance obligations, principal versus agent considerations and licensing, and their recognition at a point in time, in addition to a number of clarifications concerning transition requirements.	1 January 2018
Amendments to IFRS 4: Insurance Contracts	Provides entities with the option of applying IFRS 9 or the deferral approach, within the scope of IFRS 4.	1 January 2018
Amendments to IFRS 40: Reclassification of Investment Property	The amendment clarifies that a reclassification of an investment as investment property shall only be permitted when it can be demonstrated that there has been a change in use.	1 January 2018
Improvements to IFRSs, 2014-2016 cycle	Minor amendments to a series of standards	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	This establishes the transaction date in order to establish the exchange rate applicable to transactions with advance considerations in foreign currency.	1 January 2018
IFRIC 23 Interpretation on income tax treatment	This interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12	1 January 2019

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (published in September 2014)	Clarification regarding the results of these transactions if they are businesses or assets	Date undetermined

None of the aforementioned standards were applied early in the preparation of these Condensed Consolidated Interim Financial Statements.

The Group continues to assess the effect that the future application of the standards already approved by the European Union might have on the Consolidated Financial Statements once they enter into force. It should be indicated that the analyses performed have not identified any significant effects on the consolidated financial statements. The main aspects analysed up until now are as follows:

IFRS 15 Revenue from contracts with customers

In relation to the Saeta Group's revenue, the potential effects of applying this standard in the future are still being analysed. The analysis carried out up until now, within the expected theoretical term, has not shown any significant differences between the current policies of recognising revenue and that determined by IFRS 15 for the different types of contracts with customers that the Group has, since the Group's most representative revenue is regulated and, apart from this, each company has contracts with a single customer.

IFRS 9 Financial Instruments

The Group is currently analysing the potential effect that could result of the entry in force of this standard, and subsequently the effects on the consolidated financial statements. Concretely, the points under analysis are:

- Impairment due to expected loss
- Financial Assets classification and valuation
- Hedge accounting

Regarding the impact of standards not yet adopted by the European Union:

IFRS 16 Leases

According to the IFRS, Saeta Group's leases are currently under analysis and diagnosis of the potential effect its future application could carry, which is still unapplied. Balance Sheet figures would increase due to asset recognition given the right of use and due to financial liabilities originated for future payment obligations, related to financial leases currently classified as operating leases. The date of definitive application will depend on the date of adoption by the European Union.

d) Accounting estimates and judgements

These Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2017 used estimates made by the Group's directors to measure certain assets, liabilities, income, expenses and obligations recognised herein, in accordance with that indicated in Note 5 to the Consolidated Financial Statements for 2016.

These estimates relate basically to the following:

- Future cost of reversing facilities or land dismantling.
- The useful life of the property, plant and equipment and intangible assets, as well as non-current assets in projects
- The assessment of possible impairment losses on certain assets
- The amount of certain provisions and the probability of occurrence of and the amount of liabilities that are uncertain as to their amount and contingent liabilities
- The market value of certain financial instruments
- The recoverability of deferred tax assets recognised
- The income tax expense, which in accordance with IAS 34 is recognised in interim periods on the basis of the best estimate of the weighted average tax rate expected by the Group for the yearly period
- The assets and liabilities acquired in the business combinations, which are detailed in Note 4 to these Condensed Consolidated Interim Financial Statements, relating to changes in the scope of consolidation, were measured based on the best information available at the date of preparation of these Condensed Consolidated Interim Financial Statements on the events analysed. Given that 12 months have not yet elapsed since the date of acquisition, as indicated in IFRS 3, any additional or more detailed information obtained that is not

currently available on these assets and liabilities may give rise to new valuations that might make it necessary to subsequently change (upwards or downwards) the valuations described in these Condensed Consolidated Interim Financial Statements.

Although these estimates were made on the basis of the best information available at the date of preparation of these Condensed Consolidated Interim Financial Statements on the events analysed, events that take place in the future might make it necessary to change these estimates in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future Consolidated Financial Statements, in accordance with that established in IAS 8.

In the first half of 2017 there were no significant changes in the estimates made at 2016 year-end.

e) Basis of consolidation

The bases of consolidation at 30 June 2017 are consistent with those applied in the Consolidated Financial Statements for the year ended 31 December 2016.

Additionally to the standards applied by the Group until last period, applicable standards related to foreign currency transactions had been taken into account, since companies which functional or presentation currency different from the Euro had been incorporated into the Group, being the latter the presentation currency of the Group (Note 3).

For consolidation purposes, assets and liabilities of the Group's companies abroad are translated at the exchange rate at the end of the period. Income and expenses are translated at average exchange rates during the period, unless significant changes due to extreme volatility had arisen. Share capital share premium and other reserves are translated at historical exchange rates. Resulting exchange differences are recognised as profit or loss during the period the investment is made or disposed.

f) Contingent assets and liabilities

At the end of 2016 there were no contingent assets or liabilities. No contingent assets or liabilities arose in the first six months of 2017.

g) Correction of errors

No significant errors needed to be corrected in the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2017.

h) Comparative information

The information contained in these Condensed Consolidated Interim Financial Statements for the periods ended 30 June and 31 December 2016 is presented solely for the purposes of comparison with the information for the six-month period ended 30 June 2017.

i) Seasonality of the Group's transactions

The activities carried out by the Group are subject to certain seasonality and the figures for a full year period based on the figures of a six-month period cannot be extrapolated.

In general, activity is slightly higher during the second half of the year than in the first half, mainly due to the fact that a portion of the revenue is dependent on weather conditions. Changes in the market price of electricity also have a significant effect. Specifically, EBITDA for the first half of 2015 represented 50.84% of total EBITDA for the year, whereas that of the first half of 2016 represented 44.68%. However, it should be noted that approximately 75% of the revenue is regulated, and not affected by price or production seasonality.

j) Materiality

In determining the information to be disclosed on the various items in the Condensed Consolidated Interim Financial Statements or other matters in the explanatory notes to the financial statements, the Group, in accordance with IAS 34, took into account their materiality in relation to the Condensed Consolidated Interim Financial Statements for the first half of the year.

k) Consolidated statement of cash flows

The following terms are used in the consolidated statement of cash flows, which was prepared using the indirect method, with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities: the Company's principal revenue-producing activities and other activities that are not investing or financing activities, tax payments and collections and interest payments and collections.

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents, relating mainly to:

    - Deposits made in the corresponding banks for the debt service reserve fund, required by the Financing Agreements entered into.

    - Payments for the acquisition of Viensos, S.A. and Eskonel Company, S.A. (Note 4), less the cash of these companies at the time of acquisition.

    - Acquisitions of property, plant and equipment and intangible assets

- Financing activities: activities that result in changes in equity and borrowings. They mainly include dividend payments (see Note 3.b), as well as amortisation payments and provisions for Financing Agreements (see Note 12).

l) Functional currency

The accompanying Condensed Consolidated Interim Financial Statements at 30 June 2017 are presented in euros, since this is the main functional currency in the area in which the Group operates.

m) Changes in the scope of consolidation

In the six-month period ended 30 June 2017 the changes to the scope of consolidation of the Saeta Yield Group were the result of the business combinations described in Note 4.

3. Allocation of loss, Earnings per share and Dividends paid by the Company

a) Allocation of the Parent Company's loss for 2016

The proposed allocation of the Parent Company's loss for 2016, which was approved by the shareholders at the Annual General Meeting held on 21 June 2017, is as follows:

	Thousands of euros
Loss for 2016: Loss of the Parent Company	(2,780)
Allocation of loss: Voluntary reserves	(2,780)

b) Dividends paid by the Parent Company

The following approvals and dividend payments took place in the first six months of 2017:

- On 6 March 2017, a dividend was distributed with a charge to the share premium in the amount of EUR 0.1882 per share (equal to a total of EUR 15,352 thousand), approved by the Board of Directors on 28 February 2017 after having been delegated the authority to distribute dividends at the General Shareholders' Meeting held on 23 June 2016.
- On 31 May 2017, a dividend was distributed with a charge to the share premium in the amount of EUR 0.1882 per share (equal to a total of EUR 15,353 thousand), approved by the Board of Directors on 9 May 2017 after having been delegated the authority to distribute dividends at the General Shareholders' Meeting held on 23 June 2016.

The total amount of dividends paid in the first half of 2017 therefore amounted to EUR 30,705 thousand, equivalent to EUR 0.3764 per share, which is in line with the remuneration policy of the Company's shareholder established in the prospectus for the takeover bid and admission to listing of the shares of Saeta Yield, S.A. and updated at the Board of Directors meeting in May 2017.

c) Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the Group in the period from 1 January to 30 June by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

	30/06/2017	30/06/2016
Net profit attributable to the Parent Company (thousands of euros)	13,733	8,166
Weighted average number of shares outstanding	81,577	81,577
Basic earnings per share (euros)	0.17	0.10

Diluted earnings per share

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders adjusted for the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares of the Company.

At 30 June 2017 and 2016, the diluted earnings per share were the same as the basic earnings per share, since there were no debentures or shares that could potentially be converted into ordinary shares.

4. Changes in the scope of consolidation

On 25 May 2017, Saeta Yield entered into two sale and purchase agreements by virtue of which it acquired all ownership interest of Viensos, S.A. from Abatare Spain, S.L. and all ownership interest of Eskonel Company, S.A. from Constructora San José, S.A. Both companies are located in Uruguay.

The acquired companies hold all ownership interest in Fingano, S.A. and Vengano, S.A., the owners of two wind farms in operation (Carapé I and Carapé II) and, therefore, Saeta Yield now indirectly owns all ownership interest in these operating companies. The wind farms are located in the Department of Maldonado (Uruguay) and made up of a total of 31 generators with a total capacity of 95 MW and a load factor of 44%. Both facilities have been operational for more than a year and sell their energy under long-term energy sale and purchase agreements with Administración Nacional de Usinas y Trasmisiones Eléctricas (UTE), which is the state-owned company that carries out electricity generation and sale activities, and operates the transmission and distribution networks in Uruguay. The average remaining life of these Electricity Sale Agreements is 21 years.

The acquisition price amounted to a total of EUR 57,724 thousand, which is broken down as follows:

Data in thousands of euros	**Viensos, S.A.**	**Eskonel Company, S.A.**	**Fingano, S.A.**	**Vengano, S.A.**	**TOTAL**
Shares	837	93	32,757	17,611	51,298
Loans + Interest	4,025	2,401	-	-	6,426
TOTAL	**4,862**	**2,494**	**32,757**	**17,611**	**57,724**

The sale and purchase agreements of the companies do not include contingent considerations. However, if they include an adjustment to the price in addition to that mentioned above that was not closed at the date of authorisation for issue of these Condensed Consolidated Interim Financial Statements, it is considered to be scantly material.

The acquisition of all ownership interest of Viensos and Eskonel meant that the Saeta Yield Group took control over the four companies and, as of 26 May 2017, once the transaction was carried out as it was not subject to any condition precedent, the assets, liabilities, income and expenses of these companies were fully consolidated. The purpose of the business combinations carried out was to increase the Saeta Yield Group's asset portfolio and comply with its investment strategy.

At the date of acquisition, the Saeta Group determined the cost of the business combination pursuant to IFRS 3, as well as the fair value of the assets and liabilities acquired in the business combinations in accordance with that established in the measurement guidelines contained in IFRS 13, Fair Value Measurement.

The detail of the business combination is as follows (in thousands of euros):

Acquisition cost	51,298
Percentage acquired	100%
Carrying amount of the Companies at 25/05/2017	25,289
Net changes in value of the assets and liabilities (recognised at fair value)	26,009
Goodwill / Negative goodwill on business combinations	-

The balance sheet of the companies acquired at the time of the takeover, as well as the detail of the assets and liabilities at fair value at the date of acquisition, are shown below:

Data in thousands of euros

ASSETS	**VIENSOS, S.A. Carrying amount at 25/05/2017**	**ESKONEL COMPANY, S.A. Carrying amount at 25/05/2017**	**FINGANO, S.A. Carrying amount at 25/05/2017**	**VENGANO, S.A. Carrying amount at 25/05/2017**	**ADJUSTMENTS/ ELIMINATIONS**	**Net changes in value of the assets and liabilities (recognised at fair value)**	**Fair value at 25/05/2017**
Non-current assets:	**28,911**	**3,290**	**101,837**	**65,931**	**(32,201)**	**34,678**	**202,446**
Intangible assets	-	-	101,837	65,931	-	34,678	202,446
Long-term investments in Group Companies and associates	28,911	3,290	-	-	(32,201)	-	-
Current assets:	**5**	**3**	**16,091**	**4,566**	**-**	**-**	**20,666**
LIABILITIES							
Non-current liabilities:	**(4,023)**	**(2,402)**	**(91,180)**	**(53,309)**	**-**	**(8,670)**	**(159,584)**
Non-current provisions	-	-	(722)	(707)	-	-	(1,429)
Long-Term Debt	-	-	(86,358)	(50,118)	-	-	(136,476)
Other long-term payables	(4,023)	(2,402)	-	-	-	-	(6,425)
Deferred tax liabilities	-	-	(4,100)	(2,485)	-	(8,670)	(15,254)
							-
Current liabilities:	**(2)**	**(68)**	**(7,483)**	**(4,678)**	**-**	**-**	**(12,230)**
Current bank borrowings	-	(62)	(6,665)	(4,190)	-	-	(10,918)
Trade and other payables	(2)	(5)	(818)	(488)	-	-	(1,312)
Total fair value of identifiable net assets acquired							**51,298**

The Parent Company’s directors initially allocated the cost of the business combination by estimating that the difference between the cost of the business combination and the fair value of the net assets acquired would amount to a net total of EUR 26,009 thousand, which was allocated as an addition to the intangible assets in projects of the businesses acquired.

In order to estimate the fair value of the net assets of the businesses acquired, the Parent Company used internal measurements of the assets acquired (that are mainly renewable energy producers), taken in accordance with the method for discounting the free cash flows expected from the project by forecasting the cash flows until the end of the life of the concession agreements, since the assets have a limited life with specific financing, discounted at a dynamic WACC, in accordance with customary practice in the sector for these types of capital-intensive and highly leveraged businesses.

The tax effect estimated by the Parent Company’s directors associated with the recognition of the aforementioned increase in value amounted to EUR 8,670 thousand (see Note 14), which means increasing the aforementioned allocated surplus paid by the same amount. As a result of these appraisals, the value of the assets was adjusted by EUR 34,678 thousands. In any case, and in accordance with IFRS 3, these initial estimates are merely provisional and the Group has a period of one year to adjust them in accordance with the most relevant and complete information that may be subsequently obtained.

Net cash flow from acquisitions:

Thousands of euros	
Cash paid	57,724
Less: Cash and cash equivalents	(2,399)
Total	55,325

Each note of these Condensed Consolidated Interim Financial Statements provides details on the main assets and liabilities contributed by the companies acquired.

In addition, on 15 February 2017 the Saeta Group acquired Derisia, S.A., a company located in Uruguay, for EUR 3 thousand, which is equal to this company's equity. This company will carry out the operation and maintenance activities of the wind farms acquired. Its assets and liabilities included are not significant.

The net profit and income generated by the acquired companies in the first half of 2017 and included in the consolidated income statement for the period as of the takeover amounted to:

	Thousands of euros	
	Net profit/(loss)	Revenue
Viensos, S.A.	356	2
Eskonel Company, S.A.	15	63
Fingano, S.A.	88	1,719
Vengano, S.A.	46	1,110
Derisia, S.A.	(71)	59

Had the businesses been acquired on 1 January 2017, net profit would have decreased by EUR 1,990 thousand and the revenue contributed to the Group would have increased by approximately EUR 11,542 thousand compared to the figures in these Condensed Consolidated Interim Financial Statements.

5. Intangible assets

The changes in the first half of 2017 and 2016 in "Intangible assets" were as follows (in thousands of euros):

Six-month period ended 30 June 2017

	Beginning balance at 31/12/2016	Increases due to changes in the scope of consolidation (Note 4)	Additions	Changes in the conversion rate	Ending balance at 30/06/2017
Administrative concessions	6,052	-	-	-	6,052
Wind farm concession	-	187,151	-	(2,632)	184,519
Electrical substation concession	-	11,983	-	(206)	11,777
Concession rights	-	3,311	-	(60)	3,251
Computer software	102	1	4	-	107
Other intangible assets	182	-	-	-	182
Total cost	**6,336**	**202,446**	**4**	**(2,898)**	**205,888**
Wind farm concession	-	-	(897)	-	(897)
Electrical substation concession	-	-	(60)	-	(60)
Concession rights	-	-	(13)	-	(13)
Computer software	(15)	-	(12)	-	(27)
Other intangible assets	(29)	-	(5)	-	(34)
Total accumulated amortisation	**(44)**	**-**	**(987)**	**-**	**(1,031)**
Impairment losses on administrative concessions	(6,052)	-	-	-	(6,052)
Total intangible assets, net	**240**	**202,446**	**(983)**	**(2,898)**	**198,805**

Six-month period ended 30 June 2016

	Beginning balance at 31/12/2015	Additions	Ending balance at 30/06/2016
Administrative concessions	6,052	-	6,052
Computer software	36	9	45
Other intangible assets	174	7	181
Total cost	**6,262**	**16**	**6,278**
Computer software	(4)	(4)	(8)
Other intangible assets	(19)	(4)	(23)
Total accumulated amortisation	**(23)**	**(8)**	**(31)**
Impairment losses	(6,052)	-	(6,052)
Total intangible assets, net	**187**	**8**	**195**

Increases due to changes in the scope of consolidation" includes the effect of fully consolidating the assets of Fingano and Vengano, as a result of the business combinations described in Note 4.

In accordance with the terms established in the Agreements entered into between the companies managing the wind farms in Uruguay (Fingano and Vengano) and the entity that will be supplied with the electricity (UTE), both companies recognise their investment in the wind farms in accordance with that established in IFRIC 12 Service Concession Arrangements, considering the following characteristics:

- Risk of investment recovery is assumed by the operator;
- The granting organism controls or regulates the concessionaire company's service and the conditions under which it should be served.
- Assets are exploited by the concession company according to the criteria established in the concession award document during the accorded operating period. By the end of the period, the assets will revert to the grantor, with no right of the concessionaire over them.

- The concessionary company receives the income for the services rendered, either directly from the users or through the granting agency itself.

All initial investment related to the infrastructure that is subsequently reverted to the administration, including the expropriation costs and financial costs capitalized during the construction period, are amortized according its consumption pattern applicable in each case during the whole life of the concession. The contractually agreed investments at the outset, with a firm and irrevocable character, to be carried out at a later time, during the life of the concession and, provided that they aren't investments for the improvement of the infrastructure, are considered as initial investment as well. For that sort of investments an asset and an initial accrual for the present value of the future investment should be recorded.

The intangible assets associated with the concession include those corresponding to the acquisition or construction cost of the wind farms and those associated with the cost of the electrical substation and connection to the transmission network, whereby these assets are transferred to the UTE at the end of the construction period. These intangible assets are recognised at their initial fair value and amortised over the concession period (23 years at Fingano and 20 years at Vengano). Intangible assets also include those costs that the Group will be required to assume at the end of the lease period for the land on which the wind farms are installed, in order to restore the land to the conditions required by the lessees with the corresponding entry under "Non-current provisions", the discounted value of which amounted to EUR 1,606 thousand at 30 June 2017.

"Concession rights" also includes the 3-year extension of the concession term agreed to in previous years in exchange for the payment obligation in the amount of USD 4,000 thousand to UTE at Fingano (EUR 3,331 thousand at 30 June 2017) recognised under "Other financial liabilities" in the balance sheet.

These facilities act as collateral for the Financing Agreements described in Note 13.

6. Property, plant and equipment

The changes in the first half of 2017 and 2016 in "Intangible assets" were as follows (in thousands of euros):

Six-month period ended 30 June 2017

	Beginning balance at 31/12/2016	Additions	Ending balance at 30/06/2017
Land and buildings	18,924	-	18,924
Furniture	177	-	177
Transport equipment	258	13	271
Computer hardware	115	2	117
Other fixtures	28	10	38
Total cost	**19,502**	**25**	**19,527**
Furniture	(52)	(12)	(64)
Transport equipment	(220)	(20)	(240)
Computer hardware	(27)	(9)	(36)
Other fixtures	(7)	(3)	(10)
Total accumulated amortisation	**(306)**	**(44)**	**(350)**
Impairment losses	-	-	-
Total property, plant and equipment, net	**19,196**	**(19)**	**19,177**

Six-month period ended 30 June 2016

	Beginning balance at 31/12/2015	Additions	Increases due to changes in the scope of consolidation (Note 4)	Ending balance at 30/06/2016
Land and buildings	9,856	-	9,039	18,895
Furniture	107	46	19	172
Transport equipment	243	-	15	258
Computer hardware	99	5	-	104
Other fixtures	17	-	-	17
Total cost	**10,322**	**51**	**9,073**	**19,446**
Furniture	(33)	(8)	-	(41)
Transport equipment	(164)	(25)	-	(189)
Computer hardware	(11)	(7)	-	(18)
Other fixtures	(2)	(2)	-	(4)
Total accumulated amortisation	**(210)**	**(42)**	**-**	**(252)**
Impairment losses	-	-	-	-
Total property, plant and equipment, net	**10,112**	**9**	**9,073**	**19,194**

"Land and buildings" includes the land on which the solar thermal plants of Extresol 1, Extresol 2, Extresol 3 and Manchasol 2 are located, amounting to EUR 18,924 thousand, and the land of the Group's other assets is held under operating leases.

There were no fully depreciated items of property, plant and equipment in use at 30 June 2017.

7. Property, plant and equipment in projects

The balance of "Property, plant and equipment in projects" in the Condensed Consolidated Interim Financial Statements at 30 June 2017 and 31 December 2016 includes the costs incurred by the fully consolidated companies in the construction of infrastructure, services and power generation centres, the operation of which constitutes the purpose of their respective activities. The aforementioned amounts relate mainly to the property, plant and equipment associated with projects financed through a project finance structure.

The changes in this heading in the first half of 2017 and 2016 were as follows:

Six-month period ended 30 June 2017

	(Thousands of euros)			
	Investment	Accumulated depreciation	Impairment losses	Carrying amount
Beginning balance at 01/01/2017	**2,415,752**	**(510,582)**	**(133,417)**	**1,771,753**
Additions/Charge for the year	1,305	(51,806)	-	(50,501)
Disposals	(1,537)	557	-	(980)
Ending balance at 30/06/2017	**2,415,520**	**(561,831)**	**(133,417)**	**1,720,272**

Six-month period ended 30 June 2016

	(Thousands of euros)			
	Investment	Accumulated depreciation	Impairment losses	Carrying amount
Beginning balance at 01/01/2016	**1,873,832**	**(412,751)**	**(133,417)**	**1,327,664**
Additions/Reversals	(61)	(45,996)	-	(46,057)
Increases due to changes in the scope of consolidation	540,170	-	-	540,170
Ending balance at 30/06/2016	**2,413,941**	**(458,747)**	**(133,417)**	**1,821,777**

All project investments recognised at 30 June 2017 are as follows (in thousands of euros):

Company	Type of infrastructure	Start date of operation	Carrying amount
Extresol I	Solar thermal plant	December 2009	228,115
Extresol II	Solar thermal plant	December 2010	253,440
Extresol III	Solar thermal plant	November 2012	253,270
Manchasol II	Solar thermal plant	December 2011	234,614
Serrezuela Solar II	Solar thermal plant	January 2014	213,115
P.E. Valcaire	Wind farm	November 2012	16,301
P.E. Sierra de las Carbas	Wind farm	June 2009	38,077
P.E. Tesosanto	Wind farm	June 2011	58,384
P.E. La Caldera	Wind farm	January 2009	22,305
Al-Andalus	Wind farm	Dec. 2007 - Aug. 2009	218,456
P.E. Santa Catalina	Wind farm	January 2012	130,423
Eólica del Guadiana	Wind farm	May 2011	53,772
Total investment			**1,720,272**

Non-current assets in projects relate to the facilities necessary to use the solar thermal plants and the wind farms operated by the Group Companies in Spain.

The additions or disposals recognised in the first half of 2017 relate to the replacement of facilities at the Santa Catalina and Abuela Santa Ana (Al-Andalus) wind farms as a result of unfavourable weather conditions in the area of the wind farms in January 2017. The facilities replaced were therefore derecognised and the cost of the new facilities was capitalised.

In the first half of 2017 no interest was capitalised as an increase in the value of non-current assets in projects.

The Group Companies take out insurance policies to cover the possible risks to which their property, plant and equipment are subject. These policies are considered to adequately cover the related risks.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, non-current assets in projects and intangible assets to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted, for each of the assets, to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

At 31 June 2017 no significant changes were made to the main assumptions and estimates applied to carry out the impairment tests at 31 December 2016 and, therefore, no impairment losses were estimated and there were no indications of additional losses on non-current assets not covered by existing impairment losses.

To secure compliance with the obligations arising from the financing agreements described in Note 13, certain definitively assigned to the lenders all collection rights and the guarantees arising from the plant construction, operation, maintenance and refurbishment agreements, management and administration services, land use and energy sale and purchase agreements, indemnities for the insurance policies taken out and guarantees pledged on all share capital and the subordinated intragroup financing of certain companies. In addition, EUR 1,892 million in assets (EUR 1,704 million in non-current assets in projects and EUR 188 million in administrative concessions) are used as collateral for the Financing Agreements described in Note 13.

8. Other current and non-current financial assets and investments accounted for using the equity method

The breakdown of these headings at 30 June 2017 and 31 December 2016 is as follows (in thousands of euros):

	Non-current financial assets					
	Available-for-sale financial assets		Other loans		Investments accounted for using the equity method	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Equity instruments	**2,106**	**2,106**	**-**	**-**	**-**	**-**
Other non-current financial assets	**-**	**-**	**12,002**	**12,100**	**12,395**	**13,031**
Deposits and guarantees	-	-	97	123	-	-
Investments accounted for using the equity method	-	-	-	-	12,395	13,031
Loans and receivables	-	-	11,905	11,977	-	-
TOTAL	**2,106**	**2,106**	**12,002**	**12,100**	**12,395**	**13,031**

	Current financial assets			
	Loans and receivables		Held-to-maturity investments	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Other current financial assets	**-**	**-**	**86,253**	**72,983**
Deposits and guarantees	-	-	86,253	72,983
Short-term interest receivable	-	-	-	-
TOTAL	**-**	**-**	**86,253**	**72,983**

a) Equity instruments

Non-current equity instruments relate mainly to residual investments of the various Group Companies in companies in which they hold an interest together with other companies in order to provide ancillary services for their activities and over which they do not have significant influence. The aggregates of these companies were not material. These equity instruments, which are measured at historical cost or the underlying carrying amount as their fair value cannot be reliably estimated, are detailed as follows (in thousands of euros):

	30/06/2017		31/12/2016	
	Serrezuela Solar II, S.L.U.	Total	Serrezuela Solar II, S.L.U.	Total
Evacuación Valdecaballeros	2,106	2,106	2,106	2,106
Total	**2,106**	**2,106**	**2,106**	**2,106**

b) Short-term deposits and guarantees

Current deposits and guarantees relate mainly to the deposits made in the corresponding banks for the debt service reserve fund, required by the financing agreements entered into (see Note 13), which must be maintained by certain Group Companies until the related project finance amounting to EUR 72,456 thousand at 30 June 2017 (EUR 72,456 thousand at 31 December 2016) is cancelled.

In the first six months of 2017, the debt service reserve fund was reduced by EUR 532 thousand in the normal operations thereof and was increased by EUR 13,802 thousand (EUR 1,556 thousand from the date of acquisition of the companies) as a result of the inclusion of Fingano and Vengano in the scope of consolidation.

c) Investments accounted for using the equity method

The changes in “Investments accounted for using the equity method” at 30 June 2017 are as follows:

	Beginning balance	Additions	Loss for the period	Other changes	Dividends	Ending balance
Investments accounted for using the equity method	13,031	78	(42)	(7)	(665)	12,395

The additions in the period relate to the acquisition of 5.35% of Sistema Eléctrico Conexión Huéneja, S.L. by Al-Andalus, S.A., which was accounted for using the equity method.

The dividends relate to Sistemas de Evacuación Albuera SET Olivenza-Vaguadas, 59.97% of which is owned by Extresol 1, Extresol 2 and Extresol 3. Given that resolutions relating to financial and operating matters must be adopted unanimously, the Saeta Group now has joint control and, therefore, the company is accounted for using the equity method.

The aggregates of these companies, accounted for using the equity method, are not material.

d) Other non-current receivables

This heading in the balance sheet includes the collection right for EUR 9,485 thousand corresponding to the specific remuneration adjustment mechanism established in Royal Decree 413/2014, of 16 June, to take into consideration the adjustments to the future remuneration of the facilities, since the actual market price is outside the limits set in the price ranges defined in the regulation corresponding to the first regulatory half-period and in the current year.

The Group considers that the carrying amount reflects their fair value.

Guarantees in the amount of EUR 97 thousand and EUR 2,420 thousand are also recognised for restricted accounts related to the operation and maintenance contracts described in Note 16.b.

9. Trade and other receivables

The carrying amount of trade and other receivables reflects their fair value, the detail being as follows (in thousands of euros):

	30/06/2017	**31/12/2016**
Trade receivables for sales and services	26,406	30,395
Unissued customer invoices	55,046	38,089
Receivable from Group and related companies (Note 16.b)	1,339	1,036
Other receivables	2,718	-
Total	**85,509**	**69,520**

EUR 1,619 thousand of the total amount under “Trade receivables” and “Unissued invoice receivables” at 31 December 2016 had yet to be received at the date of preparation of these Condensed Consolidated Interim Financial Statements, whereby 99% of the income for 2016 has been invoiced and collected.
In addition, “Trade receivables” and “Unissued customer invoices” at 30 June 2017 included the following:

- Remuneration earned from the Spanish National Markets and Competition Commission (CNMC) in the first half of 2017. At 30 June 2017, this included:

    - The entire amount receivable of the remuneration earned in May and June amounting to EUR 44,279 thousand (with VAT), the average collection period of which is 60 days.

    - The difference between the remuneration earned corresponding to the companies from January to April 2017, as accepted by the CNMC, and the amount billed, which, pursuant to Spanish law 24/2013, regarding the participation of electricity market players in financing the temporary imbalances between the income from and costs of the electricity system by delaying the invoicing of a portion of the monthly settlements at 30 June 2017, amounted to 28.35% of the total return on the investment, remuneration for generation and remuneration for operation (the latter of which only applies to solar thermal plants), which amounts to EUR 20,259 thousand.

  As of the date of authorisation for issue of these Condensed Consolidated Interim Financial Statements, 81.6% of the remuneration earned from January to June 2017 has been collected.

- Market income earned but not yet received in June, the average collection period of which is 30 days, amounted to EUR 14,585 thousand (EUR 8,498 thousand for the Spanish market and EUR 6,087 thousand for activities in Uruguay) and was invoiced and collected in full as of the date of authorisation for issue of these Condensed Consolidated Interim Financial Statements.

- The portion of the collection right receivable in the short term in the amount of EUR 672 thousand corresponding to the specific remuneration adjustment mechanism established in Royal Decree 413/2014, of 16 June, to take into consideration adjustments to the market price corresponding to the first regulatory half-period (see Note 8.d).

The Group considers that the carrying amount of the trade receivables reflects their fair value.

10. Cash and cash equivalents

"Cash and cash equivalents" includes the Group's cash and short-term bank deposits.

The cash recognised at 30 June 2017 corresponds to the amounts deposited in current accounts, amounting to EUR 135,918 thousand (EUR 194,916 thousand in December 2016), all of which is fully available. The carrying amount of these assets reflects their fair value.

On 27 March 2015, the Parent Company entered into a Revolving Credit Facility Agreement for a maximum of EUR 80,000 thousand with Banco Santander, S.A., Bank of America, National Association, Sucursal en España, Citibank International Limited, Sucursal en España, HSBC Bank PLC, Sucursal en España and Societé Generale Sucursal en España, which had not been drawn down as of the date of authorisation for issue of these Condensed Consolidated Interim Financial Statements. The Agreement matures within a period of three years and interest is accrued biannually at Euribor + 2.75%.

These revolving credit facility and Financing Agreements, together with the cash and deposits recognised, meant that at 30 June 2017 the Group had a total of EUR 215,918 in undrawn credit facilities.

11. Equity

The breakdown of the Group's equity at 30 June 2017 and 31 December 2016 and the changes therein are detailed in the condensed consolidated statement of changes in equity.

a) Share capital

At 30 June 2017 and 31 December 2016, the Parent Company's share capital amounted to EUR 81,577 thousand and was represented by 81,576,928 fully subscribed and paid shares of EUR 1 par value each, all of which are of the same class and series. All shares of Saeta Yield, S.A. have been admitted to listing on the Spanish Stock Exchanges since 16 February 2015 and are traded on the electronic trading platform.

The significant shareholders at 30 June 2017 and 31 December 2016 are as follows:

	30/06/2017		31/12/2016	
	Shares	**% Share capital**	**Shares**	**% Share capital**
Cobra Concesiones, S.L. (*)	19,750,212	24.21%	19,750,212	24.21%
GIP II Helios, S.à.r.l	19,587,058	24.01%	19,587,058	24.01%
Morgan Stanley Investment Management INC	4,138,247	5.07%	4,138,247	5.07%
Renaissance Technologies Holdings Corporation	2,474,876	3.03%	-	-
Arrowgrass Capital Partners LLP	-	-	2,485,503	3.05%
Chedraoui, Tony	-	-	2,403,253	2.95%
Other shareholders	35,626,535	43.67%	33,212,655	40.71%
Total shares	**81,576,928**	**100%**	**81,576,928**	**100%**

(*) This company was wholly owned by ACS, Actividades de Construcción y Servicios, S.A.

Each share confers the holder the right to cast one vote and all shares grant the same dividend and voting rights.

The Group did not have any treasury shares at 30 June 2017 or 31 December 2016.

b) Share premium

The share premium at 30 June 2017 amounted to EUR 606,352 thousand.

The change with respect to 31 December 2016 (EUR 30,705 thousand) relates to the dividend payments made in the first half of 2017 with a charge to the share premium, as indicated in Note 3.b.

c) Hedging transactions

"Hedging transactions" in the Condensed Consolidated Statement of Financial Position includes the net amount of changes in the fair value of financial derivatives designated as hedging instruments in cash flow hedges, net of the related tax effect.

The Group has arranged interest rate hedges for a notional amount of EUR 1,021,786 thousand at 30 June 2017 (EUR 1,080,885 thousand and 31 December 2016) to finance its activities. They consist of interest rate swaps maturing between 2019 and 2028. The value of these financial instruments, net of the tax effect, amounts to a negative EUR 54,109 thousand at 30 June 2017 (a negative EUR 72,095 thousand at 31 December 2016).

In addition, at 30 June 2017 the valuation adjustments included, net of the tax effect, EUR 10,579 thousand (EUR 13,155 thousand at 31 December 2016) corresponding to the accumulated profit of the derivatives arranged by Al Andalus Wind Power, whereby hedge accounting was prospectively discontinued in February 2015 as a result of terminating the contracts entered into at that date, without changing the underlying debt. The transaction therefore remains highly probable. This amount is applied to the income statement when the hedging transaction initially takes place. At 30 June 2017, the impact of the prospective discontinuation for the first half of 2017 in the income statement resulted in the recognition of finance costs amounting to EUR 3,436 thousand (see Note 17.c).

Likewise, the changes in the valuation adjustments most notably include the termination of certain hedging agreements within the refinancing transaction of Manchasol 2 described in Note 13, which amounted to EUR 5,717 thousand recognised in the income statement.

12. Guarantee commitments to third parties and contingent liabilities

The Group had provided third parties with the following bank guarantees, mainly to secure certain ordinary business transactions (in thousands of euros):

	30/06/2017	31/12/2016
Banco Popular	525	525
Banco Sabadell	77	77
Banco Santander	3,279	3,279
Bankia	76	76
BBVA	370	370
Caixabank	1,095	1,095
Aseguradoras de Cauciones	1,818	-
BSE	351	-
TOTAL	**7,591**	**5,422**

The guarantees in force at 30 June 2017 are not expected to give rise to any liabilities in addition to those recognised in the Company's Condensed Consolidated Interim Financial Statements.

13. Bank borrowings

At 30 June 2017 and 31 December 2016, the Group had been granted the following loans (in thousands of euros):

	30/06/2017		31/12/2016	
	Current	Non-current	Current	Non-current
Project financing	116,399	1,445,572	95,350	1,361,825
Debt arrangement expenses	-	(27,503)	-	(20,068)
Unmatured interest payable	5,058	-	1,555	-
Total	**121,458**	**1,418,069**	**96,905**	**1,341,757**

At 30 June 2017, all bank borrowings were comprised the amount of the financing associated with the projects listed in Note 7 and the concession facilities of Fingano and Vengano described in Note 5, whereby these amounts are increased by the accrued interest payable and reduced by the debt arrangement expenses.

These financing structures ("project finance") are applied to projects capable in their own right of providing sufficient guarantees to the participating banks with regard to the repayment of the funds borrowed to finance them. The project's assets are financed, on the one hand, through a contribution of funds by the developers, which is limited to a given amount, and on the other, generally of a larger amount, through borrowed funds in the form of long-term debt. The debt servicing of these loans is supported by the cash flows to be generated by the project in the future and by security interests in the project's assets. The payment obligations arising from these Financing Agreements are without recourse to shareholders.

This project finance accrues interest at market rates. In addition, these financing structures include clauses requiring the fulfilment of certain ratios for a portion of the project being financed.

The Group Companies' Financing Agreements include a series of financial and non-financial obligations that must be fulfilled during the term thereof. The financial covenants established in the Financing Agreements also include restrictions on the distribution of dividends. As of today's date, all financial and non-financial covenants established in the Financing Agreements have been met, and are not expected to be breached in the future.

The first half of 2017 most notably involves the inclusion of Fingano and Vengano in the scope of consolidation (see Note 4), which had net bank borrowings (under a project financing arrangement) at the time of their inclusion in the Saeta Group in the amount of EUR 93,023 thousand and EUR 54,308 thousand, respectively.

The main changes made to the Financing Agreements in the first half of 2017 were as follows:

- On 24 May 2017, Manchasol 2 entered into a non-terminating modifying novation of the Financing Agreement and, therefore, the maximum amount of the loan was increased by EUR 8,957 thousand, which was drawn down on the date the Agreement was signed. In addition, the loan is divided into a Commercial Tranche and an Investor Tranche, the loan repayment schedule is amended, whereby the maturity dates are extended to 30 December 2032 for the Commercial Tranche and 30 June 2034 for the Investor Tranche, and the margin applicable to the loan is changed from 6M EURIBOR + 3.10% to 6M EURIBOR +1.75% for the Commercial Tranche and to a fixed rate of 3.11% for the Investor Tranche.
  This novation gave rise to early termination fees for the derivative cancelled in the transaction of EUR 5,717 thousand to follow the Group's hedge accounting policy related to the variable rate exposure risk (see Note 14) that were recognised under "Finance costs" in the Consolidated Income Statement (see Note 17.b).

In the first half of 2017, a total of EUR 47,800 thousand in loans were repaid, corresponding to the schedule established in the Financing Agreements.

The changes in debt arrangement expenses relate mainly to the inclusion of Fingano and Vengano in the scope of consolidation for EUR 5,789 thousand on 30 June 2017, and the capitalisation of the arrangement expenses corresponding to the novation of Manchasol 2, S.L.U. in the amount of EUR 2,988 thousand, given the non-substantial modification of the debt.

As a result of the inclusions in the scope of consolidation indicated above and the net drawdown on the financing, the Group's gross debt at 30 June 2017 amounted to EUR 1,561,971 thousand, the maturity schedule of which to date is as follows:

Repayment - second half of 2017	60,358
2018	100,759
2019	105,045
2020	103,262
2021	108,426
2022 and subsequent years	1,084,121
Total	**1,561,971**

14. Payables for derivative financial instruments

The activities carried out by the Group are exposed to financing risks and, specifically, interest rate risk. In order to reduce the impact of this risk and in accordance with its risk management policy, the Group has arranged various financial derivatives, which have long-term maturities.

Approximately 75% of the Group's external bank borrowings in Spain are hedged to mitigate the interest rate risk, either through the aforementioned financial derivatives or through fixed interest rates, whereby the derivatives arranged are interest rate swaps under market conditions.

The Group uses cash flow hedges to meet the requirements regarding measurement bases in order for the financial instruments detailed below to qualify for hedge accounting. In this regard, changes in the fair value of the derivatives are recognised, in respect of the effective portion of the hedges and net of their related tax effect, in equity under "Valuation adjustments" (see Note 11.c). The accumulated profit or loss on the hedging instrument is taken to the consolidated income statement based on maturities of the derivatives arranged. Gains or losses on the ineffective portion of the hedges are recognised directly in the consolidated income statement.

The following table shows the fair value of these hedges at 30 June 2017 and 31 December 2016 (in thousands of euros):

	30/06/2017		**31/12/2016**	
	Non-current	Current	Non-current	Current
Fair value of the cash flow hedges (interest rate)	92,426	33,902	120,350	35,461
Total	**92,426**	**33,902**	**120,350**	**35,461**

The following changes in derivatives took place in the first six months of 2017:

- On 24 May 2017, within the framework of the refinancing transaction described in Note 13, derivatives were cancelled for a notional amount of EUR 23,282 thousand the impact of which on the income statement amounted to EUR 5,717 thousand.

- On 24 May 2017, new derivatives were arranged for Manchasol 2, S.L.U. These new derivatives expanded the hedged term of the syndicated loan from 30 December 2022 to 30 December 2030. Interest rate Hedging Agreements were signed with the following entities: Banco Santander, Banco Sabadell, Credit Agricole Corporate and Investment Bank, sucursal en España, Societé Generale, sucursal en España and BNP Paribás Fortis. The fixed rate of the swap is 1.764%.

On 29 January 2015, Saeta Yield and ACS Servicios Comunicaciones y Energía, S.L. (ACS SI) signed an agreement for the right of first offer and call option on three Spanish solar thermal production assets. This agreement was subrogated by Bow Power, S.L. on 21 April 2015.

The right of first offer means that Saeta has the right to make an initial offer to acquire, if successful, certain assets established in the Agreement before 31 December 2017 as well as new assets that meet certain characteristics for an initial period of five years, which may be extended if certain milestones are met. This right is not a firm purchase commitment for the Group, since an agreement may not be reached, in which case ACS is free to sell to third parties at a higher price than the one offered to Saeta. Regarding the financial information of Saeta, given that this agreement is merely a right of first offer and does not involve firm commitments, it will not take effect until the assets are effectively transferred. With regard to the call option granted by ACS SI to Saeta on its shareholding and subordinated debt of certain assets, if the exercise price of the option is a fixed price for each year, once the Agreement has entered into force, the option is considered a derivative financial instrument that is recognised at fair value.

The parties have agreed that the exercise price of the call option is determined based on a fixed enterprise value and is not subject to any type of adjustment. The valuation of the option at any given time during its life is carried out at fair value, as the difference between the asset value and the exercise price of the option, provided that this value is positive. If it is negative, the value of the option is zero.

Two of the three assets on which Saeta had an agreement for the right of first offer and call option were acquired in 2016 (Extresol 2 y Extresol 3), and the call option on the third asset is still available (Manchasol 1). The estimated fair value of this call option at 30 June 2017 is not significant.

On 30 June 2017, the fair value measurements of the various derivative financial instruments, including the data used to calculate the internal and counterparty credit risk adjustment, fall within level 2 of the fair value hierarchy established by IFRS 7 since the inputs are based on listed prices for similar instruments in active markets (not included in level 1), listed prices for identical or similar instruments in markets that are not active, and techniques based on measurement models for which all the material inputs are observable in the market or may be corroborated by observable market data.

It was determined that the majority of the inputs used to measure the derivatives fall within level 2 of the fair value hierarchy, given that the inputs used to calculate the credit risk adjustments, which fall within level 3 (such as credit estimates based on the credit rating or comparable companies to assess the probability of the company or the counterparty going bankrupt), are not particularly relevant for calculating the fair value of the financial instruments.

15. Tax matters

The breakdown of the current tax receivables and payables at 30 June 2017 and 31 December 2016 is as follows (in thousands of euros):

	30/06/2017	31/12/2016
Income tax refundable	4,649	4,649
Tax withholdings refundable	308	-
Other tax receivables	461	453
VAT refundable	11	1
TOTAL ASSETS	**5,429**	**5,103**
Income tax payable	(197)	-
Other tax payables	(10,544)	(8,246)
VAT payable	(4,497)	(5,068)
Tax withholdings payable	(78)	(67)
Accrued social security taxes payable	(50)	(46)
TOTAL LIABILITIES	**(15,366)**	**(13,427)**

The income tax expense at 30 June 2017 was recognised based on the best estimates made by the directors, since, in accordance with IAS 34, the income tax expense is recognised in interim periods based on the best estimate of the weighted average tax rate expected by the Group for the full financial year, as explained in Note 2.d in relation to the basis of presentation and accounting policies. At 30 June 2017, this represents an expense of EUR 4,810 thousand compared to a profit before tax of EUR 18,543 thousand. In order to understand this figure, a series of concepts included in the profit before tax that do not generate tax need to be taken into consideration, such as certain permanent differences that correspond to profit that is not subject to taxation or that does not give rise to a deductible expense.

All companies of the Saeta Group residing in Spain file consolidated taxes under tax group no. 485/15, the head of which is Saeta Yield, S.A. Extresol 2 and Extresol 3 were included in this tax group in 2017.

Viensos, Eskonel, Fingano, Vengano and Derisia file individual income tax returns in Uruguay at a tax rate of 25%.

The detail of the main deferred tax assets and liabilities recognised by the Group and of the changes therein in the first half of 2017 is as follows (in thousands of euros):

Thousands of euros	31/12/2016	Changes in the scope of consolidation (Note 4)	Additions	Disposals	30/06/2017
Assets					
Hedging instruments	43,338	-	-	(8,230)	35,108
Tax losses	3,035	-	-	(118)	2,917
Deduction limit for depreciation and amortisation	17,010	-	-	(1,062)	15,949
Deduction limit for net finance costs	22,684	-	2,423	-	25,107
TOTAL ASSETS	**86,067**	**-**	**2,423**	**(9,409)**	**79,081**
Liabilities					
Accelerated depreciation and amortisation	49,813	-	8,890	(1,143)	57,560
Other	13,926	15,254	-	(3,266)	25,913
TOTAL LIABILITIES	**63,738**	**15,254**	**8,890**	**(4,409)**	**83,473**

The amount of the temporary differences in the deferred tax assets relates to the tax effect of the following items:

- Measurement of the derivative hedging instrument at year-end based on the tax rate of 25%, according to the maturity of the tranches of these derivative instruments.

- Tax losses relate to the tax effect of prior years' losses of companies that either did not form part of the ACS tax group (previous tax consolidation group) or did not yet form part of the group when they were generated.

- The non-deductible net finance costs for the year based on Spanish Royal Decree-Law 12/2012, of 30 March, limiting the deduction of net finance costs, in general, to a maximum of 30% of operating profit for the year. For these purposes, the law considers "net finance costs" to be the excess finance costs with respect to the income arising from the transfer to third parties of own capital accrued in the tax period. In any case, up to EUR 1 million in net finance costs for the tax period may be deducted without any limit imposed. The net finance costs that have not been deducted may be deducted in the tax periods ending in the immediately succeeding 18 years, together with those of the corresponding tax period, although the temporary limit disappears with the new Spanish Corporation Tax Act.

- Non-deductible amortisation and depreciation expenses for the year: in accordance with the change implemented by Spanish law 16/2012, effective for tax periods beginning in 2013 and 2014, accounting amortisation and depreciation of property, plant and equipment, intangible assets and investment property may only be deducted up to 70% of the amount that would have been deductible for tax purposes in accordance with sections 1 and 4 of article 11 of the Consolidated Spanish Corporation Tax Act. The accounting amortisation and depreciation that is not deductible for tax purposes, due to the application of this restriction, will not be considered impairment and will be deducted beginning from the first tax period of 2015 on a straight-line basis over a period of 10 years or over the course of the asset's useful life, at the Company's choice. Likewise, the amount corresponding to these deferred tax assets was not recalculated using a tax rate of 25%, since transitional provision thirty-seven of Spanish law 27/2014, on Corporation Tax in relation to tax credits for the reversal of temporary measures states that companies are entitled to a full tax credit for 5% of the amounts that compose the base tax arising from the amortisation and depreciation not deducted, and, therefore, no provision was recognised in this connection in these financial statements.

The amount recognised under "Deferred tax liabilities" (EUR 83,473 thousand at 30 June 2017) corresponds mainly to the following:

- EUR 57,560 thousand corresponds to 30% of the amortisation for tax purposes in addition to the amortisation for accounting purposes of certain Group Companies pursuant to additional provision eleven of Legislative Royal Decree 4/2009, of 5 March, approving the Consolidated Spanish Corporation Tax Act and regulating accelerated depreciation of investments in new items of property, plant and equipment related to economic activities that generate employment.

- A taxable temporary difference in the amount of EUR 19,489 thousand arising from the amount paid for the inclusion of Extresol 2 and Extresol 3 in 2016 and Fingano and Vengano in 2017 in the scope of consolidation pursuant to IAS 12, Income taxes (see Note 4).

- Local deferred tax liabilities in the amount of EUR 6,424 thousand for Fingano and Vengano.

The deferred tax assets indicated above were recognised in the consolidated statement of financial position because the Group's Board of Directors considered that, based on its best estimate of the Company's future earnings, in accordance with the Company's economic and financial model and the expected cash flows, it is likely that these assets will be recovered within a maximum period as required by the applicable regulatory framework.

16. Balances and transactions with related parties

a) Related party transactions

Following are the transactions performed by the Group in the first half of 2017 and 2016 with its related parties, differentiating between the Company's significant shareholders, directors and managers, and other related parties.

Data at 30 June 2017:

Expenses and income (in thousands of euros)	Significant shareholders	Directors and executives	Group employees, companies or entities	Other related parties
Expenses:				
Staff costs	-	(713)	-	-
Management or Collaboration Agreements	(4,932)	-	-	(13,540)
Total expenses	**(4,932)**	**(713)**	**-**	**(13,540)**
Income:				
Finance income (Note 16.b)	-	-	19	-
Management or Collaboration Agreements	-	-	-	151
Other income	-	-	-	1,322
Total income	**-**	**-**	**19**	**1,472**
Other transactions (in thousands of euros)	Significant shareholders	Directors and executives	Group employees, companies or entities	Other related parties
Dividends and other profit distributed	(14,807)	(16)	-	-

Data at 30 June 2016:

Expenses and income	Significant shareholders	Directors and executives	Group employees, companies or entities	Other related parties
Expenses:				
Staff costs	-	(634)	-	-
Management or Collaboration Agreements	(4,694)	-	-	(13,953)
Total expenses	**(4,694)**	**(634)**	**-**	**(13,953)**
Income:				
Finance income (Note 16.b)	-	-	18	-
Other income	-	-	-	8,582
Total income	**-**	**-**	**18**	**8,582**

Other transactions	Significant shareholders	Directors and executives	Group employees, companies or entities	Other related parties
Dividends and other profit distributed	(13,744)	(13)	-	-
Financial asset purchases (shares and subordinated debt)	-	-	-	(117,741)
Other transactions	-	-	-	149

The main transactions relate to operation and maintenance contracts for the plants entered into with shareholders and parties related thereto, as well as the payment to significant shareholders.

b) Related party balances

The balances with Group Companies and related parties that were not eliminated on consolidation are as follows:

30/06/2017	**Long-term loans**	**Payables to related companies (Note 9)**	**Other financial assets**	**Current payables to Group Companies**	**Other financial liabilities**	**Trade payables**
Cobra Instalaciones y Servicios, S.A.	-	1,132	-	-	(4,000)	(9,401)
SEC Valcaire	1,128	-	92	(58)	-	(99)
Cobra Concesiones, S.L.	-	139	-	-	-	(1,444)
Centro de Control Villadiego, S.L.	-	-	-	-	-	(36)
Manchasol 1, S.L.	-	61	-	-	-	-
AIE Vaguadas	-	7	-	-	-	-
Total	**1,128**	**1,339**	**92**	**(58)**	**(4,000)**	**(10,980)**

31/12/2016	**Long-term loans**	**Payables to related companies (Note 12)**	**Other financial assets**	**Current payables to Group Companies**	**Trade payables (Note 19)**
Cobra Instalaciones y Servicios, S.A.	-	770	-	-	(5,622)
SEC Valcaire	1,128	-	73	(174)	-
Cobra Concesiones, S.L.	-	165	144	-	(1,428)
Centro de Control Villadiego, S.L.	-	-	-	-	(5)
Manchasol 1, S.L.	-	90	-	-	-
AIE Vaguadas	-	11	-	-	-
Evacuación Valdecaballeros	-	-	139	-	-
Total	**1,128**	**1,036**	**356**	**(174)**	**(7,055)**

The amount relating to long-term loans corresponds to a participating loan granted by Parque Eólico Valcaire, S.L.U. to SEC Valcaire, which accrues interest at a floating rate of Euribor plus a 1% spread and at a fixed rate of 5%, in the event the Company makes a profit.

The balance of trade payables includes, among others, the debt held by the Group Companies as a result of the Operation and Maintenance Agreements for the solar thermal plants and wind farms entered into with related companies of the ACS Group. Likewise, non-current payables to suppliers are related to the Operation and Maintenance Agreements with related companies.

17. Revenue and expenses

a) Revenue

Revenue relates in full to the electricity generated that is billed mainly to the Spanish National Markets and Competition Commission (CNMC) in Spain and to the UTE in Uruguay.

The breakdown by technology type and location is:

	Thousands of euros	Thousands of euros
	30/06/2017	30/06/2016
Solar thermal plants in Spain	95,171	77,575
Wind farms in Spain	54,122	48,984
Wind farms in Uruguay	2,829	-
Total revenue	**152,121**	**126,559**

b) Other income

"Other income" includes mainly the indemnity payments for the claims incurred at the Santa Catalina and Abuela Santa Ana facilities (see Note 7) in the amount of EUR 2,752 thousand.

c) Finance income and finance costs

"Finance income" includes mainly the interest generated by short-term bank deposits, the interest generated by the participating loan granted to SEC Valcaire (see Note 16.a) and the interest cost on non-current trade receivables (see Note 9).

The following items are recognised under "Finance costs":

	Thousands of euros	Thousands of euros
	30/06/2017	30/06/2016
Interest on main credit facility	13,966	11,271
Interest on hedging instruments	11,958	14,832
Debt arrangement expenses	1,714	804
Other finance costs	924	1,164
Early termination costs (Note 13)	5,717	-
Prospective application of the discontinuation of hedges (Note 11.c)	3,436	3,436
Total	**37,716**	**31,507**

18. Board of Directors and senior executives

a) Remuneration and other benefits of directors

At 30 June 2017 the Board of Directors was comprised of 8 directors (7 men and 1 woman) and at 31 December 2016 was comprised of 9 directors (8 men and 1 woman). The members of the Board of Directors, and as the Company's managing body, were appointed at the General Shareholders' Meeting on 20 January 2015.

In the first half of 2017 the Board members of Saeta Yield, S.A. received the following remuneration:

	30/06/2017	**30/06/2016**
Fixed remuneration	379	309
Variable remuneration	33	46
Bylaw-stipulated directors' emoluments	36	13
Total	**448**	**368**

Furthermore, the Parent Company has not granted any loans or advances to the directors and there are no pension or life insurance obligations to them, except for the Chief Executive Officer, with whom the Parent Company has assumed life insurance obligations, the premium of which amounted to EUR 1 thousand at 30 June 2017 and 30 June 2016.

There were no pension or life insurance obligations to the former or current members of the Board of Directors, except for that mentioned above.

b) Remuneration of senior executives

Total remuneration corresponding to the Group's senior executives, comprised 2 men and 2 women, who in turn are not executive directors, amounted to EUR 264 thousand in the first half of 2017 (EUR 266 thousand in the first half of 2016).

In addition, as indicated in Note 20 to the Consolidated Financial Statements for 2016, the Saeta Group has a Share Option Plan for the Group's executives and Chief Executive Officer.

In the first half of 2017 no options relating to this share option plan had been exercised.

The Black and Scholes formula was used to calculate the cost of this plan, having accrued staff costs amounting to EUR 245 thousand at 30 June 2017.

19. Business segments

Segment reporting is structured based on the Group's different lines of business and the geographical location thereof.

The Group identifies various lines of business based on the different renewable energy production technologies and in accordance with the Group's current internal organisation and the bodies involved in operating the technologies and making decisions. The various lines of business identified are as follows:

- Wind: includes all activities related to energy production from wind farms in Spain
- Thermal solar: includes all activities related to energy production from solar thermal farms in Spain
- International: includes all activities related to energy production abroad

Segment reporting is based on monthly reports prepared by Financial Management. Each of these lines of business is made up of different companies, each of which is exclusively assigned to one of the lines of business. Accordingly, each legal entity has the assets and resources required to carry on its business activities in an autonomous manner.

Segment information about the businesses is presented below:

	Thousands of euros									
	WIND SPAIN		THERMAL SOLAR SPAIN		WIND INTERNATIONAL		CORPORATE UNIT AND ADJUSTMENTS		**TOTAL GROUP**	
INCOME STATEMENT	30/06/2017	30/06/2016	30/06/2017	30/06/2016	30/06/2017	30/06/2016	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Operating income	57,757	49,786	96,485	78,464	2,829	-	239	280	157,309	128,531
Operating expenses	(16,632)	(15,251)	(29,917)	(23,316)	(476)	-	(447)	(1,036)	(47,473)	(39,603)
Depreciation and amortisation charge	(21,191)	(21,180)	(29,468)	(24,294)	(826)	-	(1,350)	(636)	(52,835)	(46,110)
Impairment and gains or losses on disposal of non-current assets	(947)	-	-	-	-	-	-	-	(947)	-
PROFIT/(LOSS) FROM OPERATIONS:	18,987	13,355	37,099	30,854	1,526	-	(1,558)	(1,392)	56,054	42,818
Finance income	239	26	537	24	-	-	(537)	78	238	128
Finance costs	(11,990)	(13,062)	(34,382)	(24,958)	(1,406)	-	10,062	6,513	(37,716)	(31,507)
Change in fair value of financial instruments	-	-	-	(699)	-	-	332	-	332	(699)
Exchange differences	-	-	-	-	37		(360)	-	(323)	-
FINANCIAL PROFIT/(LOSS)	(11,751)	(13,036)	(33,846)	(25,633)	(1,369)	-	9,497	6,591	(37,469)	(32,078)
Results of associates	-	-	-	-	-	-	(42)	-	(42)	-
Income tax	(2,046)	(42)	(814)	(1,221)	(35)	-	(1,916)	(1,311)	(4,810)	(2,574)
PROFIT AFTER TAX	5,190	278	2,440	4,000	122	-	5,981	3,888	13,733	8,166

	WIND SPAIN		THERMAL SOLAR SPAIN		WIND INTERNATIONAL		CORPORATE UNIT AND ADJUSTMENTS		**TOTAL GROUP**	
STATEMENT OF FINANCIAL POSITION	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Non-current assets	537,621	558,488	1,158,232	1,187,700	164,042	-	78,359	45,001	1,938,254	1,791,189
Other non-current assets	36,726	40,322	108,942	88,804	-	-	(38,956)	(14,694)	106,712	114,432
NON-CURRENT ASSETS	574,347	598,810	1,267,174	1,276,504	164,042	-	39,402	30,307	2,044,965	1,905,621
Cash and cash equivalents	25,626	20,539	29,563	114,480	2,593	-	78,136	59,897	135,918	194,916
Other current assets	54,179	48,515	111,870	99,016	20,272	-	(6,018)	729	180,302	148,260
CURRENT ASSETS	79,805	69,054	141,434	213,496	22,864	-	72,117	60,626	316,220	343,176
TOTAL ASSETS	**654,151**	**667,864**	**1,408,608**	**1,490,000**	**186,907**		**111,520**	**90,933**	**2,361,185**	**2,248,797**
EQUITY	(5,160)	(17,785)	116,125	95,845	31,157	-	412,033	473,487	554,155	551,547
Non-current bank borrowings	428,151	446,856	874,015	894,901	115,903	-	-	-	1,418,069	1,341,757
Non-current financial instrument payables	20,366	27,517	72,060	92,833	-	-	-	-	92,426	120,350
Other non-current liabilities	129,659	133,176	174,960	235,872	12,572	-	(224,183)	(305,310)	93,009	63,738
NON-CURRENT LIABILITIES	578,177	607,549	1,121,035	1,223,606	128,475	-	(224,183)	(305,310)	1,603,504	1,525,845
Current bank borrowings	38,642	38,924	57,123	57,981	25,693	-	-	-	121,458	96,905
Current financial instrument payables	9,370	9,543	24,532	25,918	-	-	-	-	33,902	35,461
Other current liabilities	33,123	29,633	89,793	86,650	1,582	-	(76,329)	(77,244)	48,169	39,039
CURRENT LIABILITIES	81,135	78,100	171,448	170,549	27,274	-	(76,329)	(77,244)	203,529	171,405
TOTAL LIABILITIES	**654,151**	**667,864**	**1,408,608**	**1,490,000**	**186,907**	**-**	**111,522**	**90,933**	**2,361,187**	**2,248,797**

20. Events after the reporting date

On 13 July 2017, the Saeta Yield Board of Directors approved the distribution of a dividend in the amount of EUR 15.42 million (EUR 0.1890 per share) with a charge to the share premium. Payment was made on 30 August 2017.

On 27 July 2017, Saeta Yield entered into a revolving credit facility (RCF) with a bank syndicate formed by six Spanish and international financial institutions. This line of credit has a limit of EUR 120 million, matures in 3 years on 29 September 2020, which may be extended for an additional 2 years, and was entered into in the form of a bullet loan, without repayments until its maturity. The loan accrues interest at a floating rate, tied to the EURIBOR.
The funds of this loan may be drawn down starting on 29 September 2017. From this date the current RCF of EUR 80 million will be replaced (see Note 10).

On 26 June 2017, Saeta Yield entered into a Liquidity Agreement with Banco de Sabadell, S.A. (the “financial intermediary”) for the sole purpose of providing liquidity and regularity to the Company’s share price, within the limits established by the Company’s shareholders at the Annual General Meeting and by current applicable legislation, in particular that of CNMV Circular 1/2017, of 26 April, on Liquidity Agreements. Accordingly, following the prior purchase period, the Company deposited 51,250 of the Company’s shares in the account open with the financial intermediary on 27 July 2017. The Agreement has a term of 12 months starting from 1 August 2017.

On 3 August 2017, Saeta Yield, S.A. entered into an Agreement with ProCME, a Portuguese subsidiary of the ACS Group, to acquire Lestenergia - Exploração de Parques Eólicos, S.A. (“Lestenergia”), a portfolio of new wind farms with a total of 144 MW in operations located in Portugal. This transaction will entail a payment of approximately EUR 104 million for all of the equity of Lestenergia (equal to a company appraisal of EUR 186 million). This Agreement is subject to compliance with certain conditions precedent and is expected to be signed prior to the end of 2017. This acquisition will be financed with cash and the funds provided through the aforementioned RCF.

On 12 July 2017, the loan with Corporación Interamericana de Inversiones (CII) entered into on 11 April 2014 by Fingano, S.A. and Vengano, S.A. for a total of USD 12,310,000 thousand and USD 7,690,000 thousand, respectively, was cancelled. The total amount cancelled was USD 11,489 thousand at Fingano, S.A. and USD 7,177 thousand at Vengano, S.A.

CERTIFICATE OF AUTHORISATION FOR ISSUE AND DECLARATION OF RESPONSIBILITY

The members of the Board of Directors of Saeta Yield, S.A. state that, to the best of their knowledge, the Condensed Consolidated Interim Financial Statements of SAETA YIELD, S.A. and Subsidiaries for the first half of 2017, authorised for issue by the Board of Directors at its meeting on 19 September 2017, and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and results of operations of SAETA YIELD, S.A., and the consolidated subsidiaries, taken as a whole, and that the interim directors' report includes a fair analysis of the development and performance of the business and the position of SAETA YIELD, S.A., and the consolidated subsidiaries, taken as a whole, as well as a description of the main risks and uncertainties facing the Company.

Madrid, 19 September 2017

The Board of Directors,

Mr. José Luís Martínez Dalmau
Chief Executive Officer

Mr. José Andrés Barreiro Hernández
Director

Mr. Deepak Agrawal
Director

Mr. Daniel B. More
Director

Mr. Paul Jeffery
Director

Mr. Cristobal González Wiedmaler
Director

Ms. Cristina Aldámiz-Echevarría Glez. de Durana
Director

Mr. Antoine Kerreneur
Director

English Version

saetayield

6M17 INTERMEDIATE MANAGEMENT REPORT
(JANUARY – JUNE)

September 19th, 2017

Table of Contents

Note: Translation of this report has been based on a document originally written in Spanish. In event of discrepancy, the Spanish language version prevails.

1. Summary of the period

The information in this report is based on consolidated figures of Saeta Yield, S.A. and its subsidiaries[1], and is presented according to management criteria[2]. Non audited figures.

Main figures	Units	6M16	6M17	Var.%
Installed capacity	*MW*	789	884	*+12.0%*
Electricity output	*GWh*	908	835	*-8.0%*
Average market price *(Spain)*	*€/MWh*	30.1	51.2	*+70.2%*
Total Revenues	*€m*	128.5	157.3	*+22.4%*
EBITDA	*€m*	88.9	109.9	*+23.6%*
EBITDA Margin		*69.2%*	*69.8%*	*+0.6 p.p*
Attributable net result	*€m*	8.2	13.7	*+68.2%*
Cash Flow Op. Assets (2)	***€m***	**22.6**	**31.0**	***+37.4%***
Dividends paid	*€m*	28.6	30.7	*+7.4%*
Net debt *(Dec16 vs. Jun17)*	*€m*	1,170.8	1,317.4	*+12.5%*

- In May 2017 Saeta Yield completed its first international assets acquisition, the wind assets of Carapé I and II, two plants for a total 95 MW located in Uruguay. Additionally, after the period end, the Company has announced the agreement to acquire Lestenergía, a wind portfolio of assets in Portugal with 144 MW. Saeta Yield expects to close this second international transaction before year end.
- The electricity production drop experienced in the period (an 8%) is the consequence of two effects, a lower wind resource and the breakdown occurred in the high tension lines of Abuela Santa Ana and Santa Catalina wind plants, after a snow blizzard during last January, that halted the production from both plants for most of the first quarter. Both transmission lines were repaired during the months of February and March, and the plants resumed normal production since then. It is important to highlight that the Uruguayan wind parks Carapé I and II contributed with its operational and financial results since May 25th, 2017, the day of its acquisition.
- Revenues and EBITDA of Saeta Yield in the first semester of 2017 grew by 22% and 24% respectively compared to 2016, affected positively by the consolidation of Extresol 2 and Extresol 3 the 22nd of March, 2016 and the increase of the electricity wholesale market price (a 70% higher than in the same period of 2016). The revenues of the period included the compensation from the breakdown previously mentioned, referred to both the material damage and the loss of profit.
- The cash flow of the operating assets in the period accounted for € 31 m, a 37% more than the figure registered in the first semester of last year, mainly after the increased EBITDA in the period.
- In the first six months of the year, the Company has paid € 31 m to shareholders, equivalent to 0,376 euros per share[3]. This represents an increase of 7% compared to the same period last year.
- Saeta Yield net debt accounts for € 1,317 m, equivalent to a Net Debt to annualized EBITDA[4] ratio of 5.7x. Average cost of the debt is 4.3%.

1 Operational and financial data of 2017 include the contribution of Carapé I and Carapé II since May 25th, whilst in 2016 include the contribution of Extresol 2 and Extresol 3 since March 22, 2016. This footnote applies to all the report.

2 Consult paragraph "Alternative performance indicators" to obtain a detailed description.

3 Based on Saeta Yield, S.A.'s shares currently outstanding: 81,576,928

4 Calculated with the 2017e annualized EBITDA of Saeta Yield including the Carapé I and II contribution, and the Net Debt by the 30th of June, 2017.

2. Significant events

- On the 26th of May, 2017, Saeta Yield closed the acquisition of 100% of two operating wind farms, Carapé I and II, for a cash consideration of USD 65 m, which recently has been increased to USD 85 m after the cancellation of the subordinated debt of the plants. The enterprise value of the plants acquired accounts for c. USD 230 m. The transaction has been financed with available liquidity in the Company. Both plants have been consolidated since the 25th of May, 2017.

  The wind farms are located in the Maldonado Department, in Uruguay, consist of a total of 31 Vestas V112 3.075 MW wind turbines, and have a total capacity of 95 MW with a load factor of 44%. Both facilities have been operational for over a year and produce energy under a long term power purchase agreement (PPA) with the Administración Nacional de Usinas y Trasmisiones Eléctricas (UTE), the main electricity utility company and the transmission system operator in Uruguay. The average remaining life of these PPAs is 21 years.

- The 9th of May, 2017, Saeta Yield reported that its subsidiary Manchasol 2, Central Termosolar Dos, S.L.U., refinanced its debt in a project finance format for a total of € 199 m. This new financing is composed of a Tranche A, with five financial institutions for € 159 m, with a variable interest rate, having signed interest rates swaps for 75% of this tranche; and a Tranche B, agreed with an institutional investor for € 40 m at a fixed interest rate. The maturity of the tranches is December 2032 and June 2034, respectively.

- The 9th of May, 2017, the Board of Directors approved a new policy of distribution to shareholders for the Company, which included the following main changes:

  - The Board of Directors Saeta Yield will define a payout ratio between 80% and 95% of the cash available for distribution that the Company expects its portfolio of projects will be able to generate on a recurrent basis (net of cash flows not related with the ordinary evolution of the business) in the coming five years. This will be identified as RECAFD or Recurrent CAFD.

  - The new dividend policy defines in detail the methodology to calculate the RECAFD or Recurrent CAFD

- In relation to Saeta Yield distributions in 2017:

  - The Board of Directors approved the 28th of February, 2017, to distribute € 0.1882 per share (c. € 15.35 m) charged to the share premium. This amount has been paid the 7th of March, 2017, and corresponds to the 4Q payment of 2016.

  - The Board of Directors approved the 9th of May, 2017, to distribute € 0.1882 per share (c. € 15.35 m) charged to the share premium. This amount has been paid the 31st of May, 2017, and corresponds to the 1Q payment of 2017.

  - The BoD defined a RECAFD reference level of € 73.1 m and a payout rate of 85%[5].

[5] The Board of Directors defines the distributions of the Company quarterly, and is able to alter or redefine the reference levels of the Company if its operating situation requires so.

3. Relevant events occurred after the period

- The Board of Directors approved the 13th of July, 2017, to distribute € 0.189 per share (c. € 15.41 m) charged to the share premium. This amount has been paid the 30th of August, 2017, and corresponds to the 2Q payment of 2017.
- The 28th of July, 2017, Saeta Yield announced the signing of a corporate revolving credit facility (RCF) with a syndicate of 6 Spanish and international banks. The facility has a limit of € 120 m, a tenor of 3 years, up to the 29th of September, 2020, extendable for up to 2 additional years. It has been signed under a bullet scheme, without any principal amortization up until maturity date. The interest rate is variable, indexed to EURIBOR. Saeta Yield S.A. will be able to use the funds from the 29th of September, 2017. This facility will substitute the current RCF of € 80 m from the 29th of September, 2017, onwards.
- The 26th of July, Saeta Yield subscribed a liquidity contract with Banco de Sabadell S.A., with the sole target of enhancing the liquidity of the shares of the Company, as determined by the Annual General Shareholders Meeting and by the current regulation, specifically the Circular 1/2017, from the 26th of April, of the CNMV on liquidity contracts.
- The 3rd of August, 2017, Saeta Yield has reached an agreement with ProCME, Portuguese subsidiary of the Grupo ACS, to acquire Lestenergia - Exploraçao de Parques Eólicos, S.A. ("Lestenergia"), a portfolio of nine wind farms with a total capacity of 144 MW in operation located in Portugal. This acquisition will involve a total cash disbursement of c. € 104 m for 100% of Lestenergia's equity (representing a total enterprise value of € 186 m). This agreement is subject to certain conditions precedents and is expected to be closed before the end of financial year 2017. This acquisition will be financed with cash and funds from the aforementioned Group's RCF.

4. Consolidated income statement

Income statement *(€m)*	**6M16**	**6M17**	*Var. %*	**2Q16**	**2Q17**	*Var. %*
Total revenues	**128.5**	**157.3**	***+22.4%***	**79.1**	**87.1**	***+10.1%***
Staff costs	-1.1	-1.8	*+64.8%*	-0.8	-1.0	*+36.6%*
Other operating expenses	-38.5	-45.7	*+18.6%*	-20.2	-19.3	*-4.2%*
EBITDA	**88.9**	**109.9**	***+23.6%***	**58.2**	**66.8**	***+14.8%***
Depreciation and amortization	-46.1	-52.8	*+14.6%*	-26.2	-26.9	*+2.7%*
Provisions & Impairments	0.0	-1.0	*n.a.*	0.0	-1.0	*n.a.*
EBIT	**42.8**	**56.1**	***+30.9%***	**32.0**	**38.9**	***+21.6%***
Financial income	0.1	0.2	*+85.9%*	0.1	0.2	*+167.5%*
Financial expense	-31.5	-37.7	*+19.7%*	-18.8	-22.3	*+18.5%*
Fair value variation of financial instruments	-0.7	0.3	*n.a.*	-0.7	0.3	*n.a.*
Foreign exchange results	0.0	-0.3	*n.a.*	0.0	-0.3	*n.a.*
Equity Method resuts	0.0	0.0	*n.a.*	0.0	0.0	*n.a.*
Profit before tax	**10.7**	**18.5**	***+72.7%***	**12.6**	**16.8**	***+33.6%***
Income tax	-2.6	-4.8	*+86.9%*	-3.1	-4.4	*+40.4%*
Profit attributable to the parent	**8.2**	**13.7**	***+68.2%***	**9.5**	**12.4**	***+31.3%***

4.1. Key operating figures

Saeta Yield has produced 835 GWh of electricity, showing an 8% decrease compared to 2016.

Main operational figures *Breakdown by technology*	**Wind Spain**			**CSP Spain**			**International**		
	6M16	**6M17**	*Var.*	**6M16**	**6M17**	*Var.*	**6M16**	**6M17**	*Var.*
Installed capacity (MW)	539	539	*+0%*	250	250	*+0%*	-	95	*n.a.*
Electricity output (GWh)	623	492	*-21.0%*	285	302	*+6.2%*	-	40	*n.a.*
PPA/Market price (€ per MWh)	30.1	51.2	*+70.2%*	30.1	51.2	*+70.2%*	-	68.5	*n.a.*
Steepness *(Spanish assets)*	84.8%	94.4%	*+9.6 p.p*	103.0%	95.5%	*-7.5 p.p*			
Achieved price *(Spain, €per MWh)*	25.5	48.4	*+89.5%*	31.0	49.0	*+57.9%*			

Wind assets in Spain achieved a production of 492 GWh. Production has been lower that the output registered the first semester of last year, as a consequence of two effects. First, a lower wind resource than in 2016, when very high productions were registered compared to the historical average, especially in February 2016. Second, on the 19th of January, 2017 a blizzard affected the high voltage transmission lines in Santa Catalina and Abuela Santa Ana (included in Al Andalus) plants, located in the east of Spain, halting the production. Both lines have been repaired during February and March, resuming production of the plants on the 10th and 29th of March, respectively. Subsequently they have produced in a normal way throughout the second quarter. If this event were not to have happened, and considering the average production of the plants, wind production would have been down by 9% instead of the 21% registered.

Solar thermal assets achieved a production of 302 GWh. In this case the increase experienced is due to the contribution of Extresol 2 and Extresol 3 since the 22nd of March, 2016, compared to a full contribution in 2017. Excluding this effect, and as a result of the preventive maintenance activity in the plants, which will allow an improvement of operations in future periods, production would have gone down by 2% in comparable terms.

Average Spanish wholesale market price had a strong performance in the period, up to € 51.2 per MWh (vs. € 30.1 per MWh in 2016, which means a 70% increase rate). This high price is due to a low wind and hydro production. In Uruguay, PPA prices were 77.5 $/MWh during this period.

4.2. Revenues

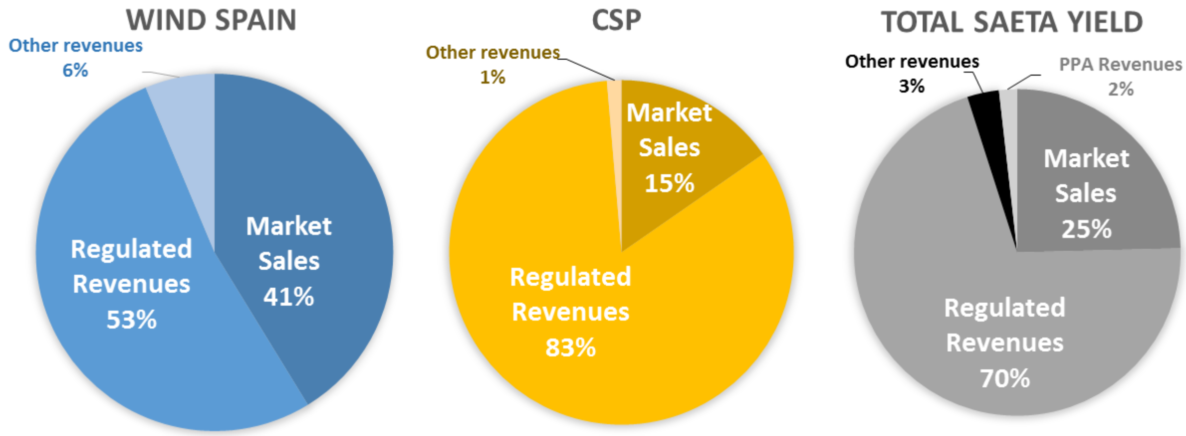
In the first semester of 2017 Saeta Yield achieved total revenues of € 157 M , a 22% increase compared to the revenues registered the same period last year. This growth comes from the full contribution of Extresol 2 and 3, whose last year's revenues contributed since the 22nd of March, 2016 (almost half of the time they did during last period), for the contribution of the Uruguayan assets during part of the period, acquired on the 25th of May, 2017, and from the effect of the higher market prices in 2017, which compensate the aforementioned production drop.

This revenue figure includes several extraordinary impacts: firstly, due to the high price scenario described above, and as a consequence of the band mechanism which limits price exposure in the regulation of renewable energies in Spain[6], Saeta Yield has accounted an income negative adjustment of € 2.0 m. This figure, to be confirmed throughout the year, would be accounted for the next regulatory half-period.

Secondly, it is important to note that, at the end of the period, both the compensation for the material damage and the loss of profits, were accounted, net of its deductibles, as a result of the blizzard that affected the Abuela Santa Ana and Santa Catalina, previously described.

In terms of revenues[7], wind assets contributed with 37% of revenues and solar thermal assets with 61%, and the international asset contributed with 2% of operating income.

Revenues & EBITDA *By technology. Excl. Holdco*	**Wind Spain**			**CSP Spain**			**International**		
(€m)	**6M16**	**6M17**	*Var.*	**6M16**	**6M17**	*Var.*	**6M16**	**6M17**	*Var.*
Total Revenues	49.8	57.8	*+16.0%*	78.5	96.5	*+23.0%*	-	2.8	*n.a.*
% of total, excl. Holding	*39%*	*37%*		*61%*	*61%*		*0%*	*2%*	
EBITDA	34.5	41.1	*+19.1%*	55.1	66.6	*+20.7%*	-	2.4	*n.a.*
% of total, excl. Holding	*39%*	*37%*		*61%*	*60%*		*0%*	*2%*	



100% of the international revenue are due to the Uruguay's PPA

4.3. Operating results

EBITDA achieved during the first semester was € 110 m, a figure 24% higher than in the same period of 2016. EBITDA grew after the positive impacts to the revenues already described, since EBITDA margin remained at the same levels of 2016.

EBIT accounted for € 56 M, and includes € 53 M of asset depreciation, a figure clearly higher than in 2016 due to the consolidation of the new thermal solar plants and the acquisition of the wind farms in Uruguay.

6 According to regulation, maximum exposure to market price risk is 5.15€ MWh, compared with the price forecasted by regulation (42,84 €/MWh in 2017)

6 Excluding the Holding contribution and the consolidation adjustments effects.

4.4. Financial results and Attributable net profit

Saeta Yield's financial consolidated result was € -37 m vs. € -31 m in 2016. Financial expenses increased due to the financing of Serrezuela, as in 2017 the debt is fully disposed, whilst in June 2016 the funds were partially disposed. Financial expenses from Extresol 2 and 3 contributed for a short period of time in 2016, due to its consolidation on the 22nd of March. Also, Uruguay's Wind Farms affects positively to the financial result.

Attributable consolidated net result for the first semester of 2017 amounted to € 14 m, a figure 68% above 2016's results.

5. Consolidated balance sheet

Consolidated balance sheet (€m)	**31/12/2016**	**30/06/2017**	***Var.%***
Non-current assets	**1,905.6**	**2,045.0**	***+7.3%***
Intangible assets	0.2	198.8	*n.a.*
Tangible assets	1,790.9	1,739.4	*-2.9%*
NC fin. assets with Group companies & rel. parties	1.1	1.1	*+0.0%*
Equity method investments	11.9	12.4	*n.a.*
Non-current financial assets	14.2	14.1	*-0.7%*
Deferred tax assets	86.1	79.1	*-8.1%*
Current assets	**343.2**	**316.2**	***-7.9%***
Inventories	0.3	0.1	*-56.0%*
Trade and other receivables	74.6	90.9	*+21.9%*
C fin. assets with Group companies & rel. parties	0.4	0.1	*-74.3%*
Short term prepaid accruals	0.0	2.9	*n.a.*
Other current financial assets (incl. DSRA)	73.0	86.3	*+18.2%*
Cash and cash equivalents	194.9	135.9	*-30.3%*
TOTAL ASSETS	**2,248.8**	**2,361.2**	***+5.0%***
Equity	**551.5**	**554.2**	***+0.5%***
Share capital	81.6	81.6	*+0.0%*
Share premium	637.1	606.4	*-4.8%*
Reserves	-111.8	-81.8	*-26.8%*
Profit for the period of the Parent	30.0	13.7	*-54.2%*
Adjustments for changes in value – Hedging	-85.3	-65.7	*-23.0%*
Non-current liabilities	**1,525.8**	**1,603.5**	***+5.1%***
Non-current Project finance	1,341.8	1,418.1	*+5.7%*
Other financial liabilities in Group companies	0.0	4.0	*n.a.*
Non current derivative financial instruments	120.4	96.4	*-19.9%*
NC Provisions	0.0	1.6	n.a.
Deferred tax liabilities	63.7	83.5	*+31.0%*
Current liabilities	**171.4**	**203.5**	***+18.7%***
Current Project finance	96.9	121.5	*+25.3%*
Current derivative financial instruments	35.5	33.9	*-4.4%*
Other financial liabilities with Group companies	0.2	0.1	*-66.7%*
Trade and other payables	38.9	48.1	*+23.8%*
TOTAL EQUITY AND LIABILITIES	**2,248.8**	**2,361.2**	***+5.0%***

5.1. Assets

Saeta Yield assets reached € 2,361 m. Power generating assets are included in the balance sheet as tangible and intangible assets. The latter are related to the Uruguayan assets, under a concessional regime. Both represent a net value that accounts for € 1,938 m (82% of total assets).

5.2. Net debt and liquidity

Leverage (€m)	31/12/2016	30/06/2017	Var.%
Gross debt	**1,438.7**	**1,539.5**	***+7.0%***
Long term project finance	1,341.8	1,418.1	*+5.7%*
Short term project finance	96.9	121.5	*+25.3%*
Cash and other cash equivalents	**267.9**	**222.2**	***-17.1%***
Cash and cash equivalents	194.9	135.9	*-30.3%*
Holding Company	59.9	77.9	*+30.1%*
Plants	135.0	58.0	*-57.0%*
DSRA	72.5	85.4	*+17.9%*
Other current financial assets	0.5	0.9	*+63.1%*
NET DEBT	**1,170.8**	**1,317.4**	***+12.5%***
Net Debt /EBITDA	**5.6x**	**5.7x**	

Net debt, defined as gross banking debt minus cash, equivalents and other current financial assets (both including the debt service reserve account and other current financial assets), at the end of the period reached € 1,317 m (vs. € 1,171 m at the closing of 2016). This difference is based on the consolidation of the debt related to the Uruguayan assets, the result of the operations of the Company, the distribution to shareholders, and the debt service. Also, during the period, we have increased the debt level due to the refinancing of Manchasol 2 (CSP Plant). It consisted mainly in a small increase in the debt level and in the maturity, with a reduction in the cost of the debt.

Net leverage of the Group is equivalent to a Net Debt to EBITDA ratio of 5.7x.

It should be noted that Saeta Yield's gross debt is all bank non-recourse project finance. The debt's average pending maturity is 13 years[8]. Finally, it should also be highlighted that c. 75% of the projects' outstanding debt is hedged to interest rates through IRS derivative contracts. Average cost of debt was at the end of the period at 4.3%.

Cash position accounts for € 136 m, mainly due to the payment for the purchase of the assets based in Uruguay. At the end of the period, Saeta Yield had a revolving credit facility for up to € 80 m, which has been replaced after the period end with another facility for up to € 120 m (to be in force since the 30th of September, 2017) which is added up to the Company's liquidity, totaling € 256 m.

5.3. Equity

Saeta Yield's equity booked at the closing of the period was € 554 m, vs. € 552 m at the end of 2016. The overall reduction was driven: by the distribution to shareholders charged to the share premium in the period, by the contribution of the period's profits, and also by the reduction of the impairment results.

7 Average life of the debt is the remaining life of the debt for each project pondered by the debt on that project.

6. Consolidated cash flow statement

Consolidated cash flow statement (€m)	6M17	6M17 Extraord. (1)	6M17 Operating Assets	6M16	6M16 Extraord. (2)	6M16 Operating Assets
A) CASH FLOW FROM OPERATING ACTIVITIES	**71.2**	**-6.9**	**78.1**	**62.7**	**0.0**	**62.7**
1. EBITDA	**109.9**	**0.0**	**109.9**	**88.9**	**0.0**	**88.9**
2. Changes in operating working capital	**-1.4**	**0.0**	**-1.4**	**4.6**	**0.0**	**4.6**
a) Inventories	0.2	0.0	0.2	0.1	0.0	0.1
b) Trade and other receivables	-10.2	0.0	-10.2	8.4	0.0	8.4
c) Trade and other payables	5.5	0.0	5.5	2.2	0.0	2.2
d) Other current & non current assets and liabilities	3.2	0.0	3.2	-6.2	0.0	-6.2
3. Other cash flows from operating activities	**-37.3**	**-6.9**	**-30.4**	**-30.8**	**0.0**	**-30.8**
a) Net Interest collected / (paid)	-37.0	-6.9	-30.1	-32.8	0.0	-32.8
b) Income tax collected / (paid)	-0.3	0.0	-0.3	2.0	0.0	2.0
B) CASH FLOW FROM INVESTING ACTIVITIES	**-57.7**	**-55.3**	**-2.4**	**-90.9**	**-92.5**	**1.7**
5. Acquisitions	-56.6	-55.3	-1.3	-90.4	-92.5	2.1
6. Disposals	-1.0	0.0	-1.0	-0.4	0.0	-0.4
C) CASH FLOW FROM FINANCING ACTIVITIES	**-72.5**	**-27.8**	**-44.8**	**30.1**	**72.0**	**-41.9**
7. Equity instruments proceeds	0.0	0.0	0.0	0.0	0.0	0.0
8. Financial liabilities issuance proceeds	9.0	9.0	0.0	103.6	103.6	0.0
9. Financial liabilities amortization payments	-50.8	-6.0	-44.8	-44.9	-3.1	-41.9
10. Distributions to shareholders	-30.7	-30.7	0.0	-28.6	-28.6	0.0
D) CASH INCREASE / (DECREASE)	**-59.0**	**-90.0**	**31.0**	**2.0**	**-20.6**	**22.5**
Cash flow from the operating assets			**31.0**			**22.6**

(1) Includes the distribution to shareholders, extraordinary payments due to Manchasol 2's refinancing, the Carapé acquisition, and the not yet invested funds obtained from the financing operation in Serrezuela.

(2) Includes the acquisition of Extresol 2 and Extresol 3 and the financing of Serrezuela, as well as the distribution to shareholders.

Saeta Yield in the first semester of 2017 reduced its cash position by € 59 m, a figure that includes, amongst other factors, a positive contribution of the operating assets of € 31 m, the payment of € 57 m for the Uruguayan plants (net of the cash position of the plants for € 2 m), and the distributions to shareholders charged against share premium for € 31 m. Find below the detailed key variations:

- Cash flow from operating activities grew thanks to the larger EBITDA in 2017 after the consolidation of Extresol 2 and 3, Carapé in Uruguay and the effect of the higher electricity prices even after the low production.
- Working capital variation is lower than the figure accounted in 2016 as last year's variation included, amongst others, the positive effect of the 2013 rights collected in Serrezuela. There is a cash outflow this period due to the increase of receivables accounts (including the effects of Carapé consolidation) and the seasonality linked to the activity in Spain, where receivables account increases during the semester and then slowly decreases due to the coverage ratio mechanism defined by the CNMC. On the other hand, the cash inflow included in the working capital coming from the consolidation of Carapé and the effect of the price bands mechanism in 2017.
- Extraordinary interest payments included the payments for the Manchasol 2 refinancing and the not yet invested funds obtained from the financing in Serrezuela.
- During this period, the tax payment correspond to the obligations derived from the Royal Decree 2/2016, that sets three advanced settlement periods in the year (April, October and December). This law was not in force in the first semester of 2016. In fact, last year the Company accounted a € 2 m payment received, based on Extresol 2 and 3 pending tax settlements with Grupo ACS.
- The figure accounted under acquisitions corresponds to the allocation of funds into the purchase of Carapé, net of the plants' cash at the moment of the acquisition, according to currency exchange at the time of the operation. High voltage lines replacement were included in the acquisition section (those damaged by the blizzard during January).
- The disposals included the effect of the provisioning of the debt service reserve account made during the period.

- The extraordinary financial liabilities issuance proceeds included the debt issued due to the Manchasol 2 refinancing. On the other hand, debt repayment accounts for the amortization of financial liabilities. Included as extraordinary cash outflows are the debt repayment of the Serrezuela financing not yet allocated to the acquisition of new assets.
- Finally, in 2017 the Company has distributed € 31 m to shareholders, € 2 m more than in the same period of last year, as Extresol 2 and 3 contributed with the full semester of RECAFD (whilst last year only contributed since the 22nd of March, 2016).

7. Capital Structure

By the 30th of June, 2017 and 31st of December, 2016, the Parent's capital stock consists of 81,576,928 shares of one euro per value each, all of the same class and series, fully subscribed and paid up, which represents a share capital of € 81.6 m. All of the shares of Saeta Yield, S.A. are listed, since 16th of February, 2015 on the Spanish stock exchanges and are trading on the Continuous Market.

The main shareholders by 30th of June, 2017, and 31st of December, 2016, are the following:

	30/06/2017		31/12/2016	
	Shares	**% Capital**	**Shares**	**% Capital**
Cobra Concesiones, S.L. (*)	19,750,212	24.21%	19,750,212	24.21%
GIP II Helios, S.à.r.l	19,587,058	24.01%	19,587,058	24.01%
Morgan Stanley Investment Management INC	4,138,247	5.07%	4,138,247	5.07%
Renaissance Technologies Holdings Corporation	2,474,876	3.03%	-	-
Arrowgrass Capital Partners LLP	-	-	2,485,503	3.05%
Chedraoui, Tony	-	-	2,403,253	2.95%
Rest of shareholders	35,626,535	43.67%	33,212,655	40.71%
Total Shares	**81,576,928**	**100%**	**81,576,928**	**100%**

(*) This Company belongs (100%) to ACS, Actividades de Construcción y Servicios, S.A.,

Source: CNMV

Each share confers the holder the right to cast a vote and all shares grant the same dividend and voting rights. The Group does not hold treasury stock as of 30th of June, 2017 nor by the 31st of December, 2016.

8. Main risks and uncertainties

Saeta Yield currently runs its business activity in Spain and Uruguay. Both countries have a different socio-economic, legal and regulatory environment, which implies exposure to different levels of risk inherent in their business.

Saeta Yield monitors and controls such risks in order to avoid them reducing shareholders' profitability, endangering its employees or its corporate reputation or impacting negatively the Company as a whole.

In order to accomplish such risk monitoring task, Saeta Yield has defined procedures to identify them in advance so they can be properly handled, by avoiding or minimizing their impact.

Additionally to these risks inherent to its business activity, Saeta Yield is also subject to certain financial risks, especially interest rates variation, exchange rates, liquidity or credit risks:

- Interest rates risk is reduced by means of financial derivative instruments which hedge the cost of more than 75% of the outstanding debt.
- Liquidity risks are managed by Saeta Yield by means of:
    - A solid liquidity position of €136 m in June 2017.
    - A three-year €80m revolving credit facility contracted with several financial institutions, which was recently refinanced and, since September the 30th 2017 will go up to € 120 m and a 3 year maturity (that can be extended 2 more years).
- Credit risk is considered to be low since Saeta Yield's main counterparties nowadays are: (i) the Iberian Electricity Market Operation (OMIE) that has a flawless payment history; (ii) the Spanish Electricity Tariff, which, once the regulatory reform was concluded, is demonstrating to have solvent and balanced economics, and finally (iii) a long term power purchase agreement (PPA) under Uruguayan law regulation, for a 21 year period and a counterparty in Uruguay, UTE, with a solid payment record.
- Saeta Yield will be subject to currency risk exposure, of around 10% of its revenues, related to the EUR/USD currency rate, since the assets of Uruguay are remunerated in the latter currency. That risk is partially diluted by the fact that most of the payments (including the financial ones) and expenses in such countries are made in dollars, meanwhile the cash surplus generated by the Uruguayan subsidiaries would be subject of a thorough analysis to assess the suitability of contracting exchange rate hedging. Additionally, due to the strategy of the Company, there is a natural coverage mechanism as Saeta Yield expects to acquire assets in the future investing US dollars.

The risk related to market revenues due to uncertainties in the electricity production derived from renewable technologies dependent on weather conditions - wind resource and solar irradiation – as well as the evolution of the Spanish wholesale market price. Saeta Yield continuously monitors existing alternatives on the market to manage this risk.

Likewise, there is not full certainty with regard to Saeta Yield's strategic objective of increasing its dividend per share based on new assets intended to be acquired to ACS, S.I. and Bow Power – the renewable asset development company created by ACS and GIP – or to third parties.

For the next semester and with regard to the information currently available, Saeta Yield, according to the current available information and its current business situation, expects to face business risks similar to the ones within the previous semester.

Regarding the acquisition of new assets, for the second semester of 2017, the Company expects to integrate Lestenergía in Portugal, once the acquisition agreement is closed, as well as to continue developing its strategy to acquire additional energy assets. In the case of the Portuguese transaction announced to be closed, Saeta Yield will face the following additional risks: (i) the risks derived from interest rates changing in Lestenergia debt, which are mitigated by interest rates swaps to reduce rates fluctuation, for a 75% of the remaining debt, (ii) a low credit risk as the revenues of the plants in Portugal are backed by a reliable counterparty, EDP Serviço Universal, which has the obligation to purchase electricity in Portugal, and which has proven solid and solvent in its operations in the last few years.

9. Information on related parties

The related parties' transactions in the period can be summarized as:

- Those related with the operation and maintenance (O&M) as well as with the electricity production control centre (CECOVI) that our project companies have contracted with other subsidiaries of ACS Group, holding of Saeta Yield's main shareholder (Cobra Concesiones S.L.).

- After the end of the period, on the 3rd of August, 2017, Saeta Yield agreed, subject to certain precedent conditions, to acquire 100% of Lestenergia wind farms in Portugal to a subsidiary of Grupo ACS for an equity value of € 104 m (equivalent to an enterprise value of € 186 m).

All the aforementioned contracts and agreements have been executed under market conditions, monitored by the Audit Committee of the Board of Directors.

10. Other corporate matters

The Integrated Report of Saeta Yield, available in the webpage of the Company (www.saetayield.com) includes additional details on environmental and human resources policies of the Group and its results.

10.1. Environmental Protection

Saeta Yield Group's activity contributes strongly to the protection of the environment. The energy produced at its plants comes from renewable sources thereby avoiding the emission into the atmosphere of greenhouse gases. This demonstrates the commitment of Saeta Yield to sustainability.

Nevertheless, our activity also has an environmental impact, directly as a result of the alteration of the environment or indirectly by the consumption of materials, energy and water resources. The Group operates in a way that respects the law, adopting the most efficient measures to reduce these negative effects.

Saeta Yield in compliance with the Environmental Impact Statements for each of its plants is continuously monitoring the environment during and implementing various compensatory measures. Likewise, in his interest in improving the environment and reducing environmental impact, Saeta Yield analyses potential improvements in their production systems: efficiency in energy consumption, reduced water consumption, etc.

10.2. Human Resources

The Saeta Yield Group employed at the end of the period a total of 45 people, of whom 18 are women and 27 are men. In turn, 41 of its employees are university graduates.

10.3. Research and development

Saeta Yield has internal working groups to study possible improvements in its plants, aimed at increasing efficiency in the production and consumption of resources.

11. Alternative performance indicators

Saeta Yield reports its results according to the International Financial Reporting Standards (IFRS), nevertheless, uses some alternative performance indicators to provide with additional and comparable information, to ease the performance evaluation of the Company. Amongst these is worth highlighting the CAFD, a non-GAAP financial measure that is not required by, or presented in accordance with, IFRS-EU. The Company believes that the CAFD is useful to investors in evaluating its ability to pay to shareholders.

In accordance with the ESMA directives, in this paragraph are described those indicators used by Saeta Yield in this document:

Total Revenues	Revenues + Other operating revenues
Other operating expenses	Cost of materials used and other external expenses + Other operating expenses
EBITDA	Operating income + Depreciation and amortization charge + Provisions and Impairments
EBIT	Operating income
Net Debt	Current & Non-current project finance + Cash and cash equivalents + Other current financial assets
Average cost of debt	Weighted average of the interest rate per project according to the total gross debt per project. At the end of the period.
RECAFD , Recurring CAFD, or Operative assets cash flow	Cash available for distribution that the Company expects its portfolio of projects will be able to generate on a recurrent basis (Net of cash flows not related with the ordinary evolution of the business) The cash flow available for distribution (CAFD) refers to consolidated net cash provided by operating activities; minus (or plus) deposits (or withdrawals) into (from) debt service reserve accounts required by project financing arrangements; minus cash distributions paid to non-controlling interests in our Asset Companies, if any; plus cash dividends from unconsolidated affiliates, if any; minus scheduled project-level and other debt service payments in accordance with the related borrowing arrangements; minus non-expansionary capital expenditures, if any; and minus expansionary OPEX, if any.
Extraordinary CAFD	Extract of the cash variation accounts not included in the RECAFD or Recurring CAFD, and the distribution to shareholders.
Financial results	Financial income - Financial expenses

LEGAL NOTICE

This document has financial information prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements were based on the individual accounts of Saeta Yield, S.A. and its project companies and they include the necessary adjustments and reclassifications to adapt them to IFRS.

Translation of this report has been based on a document originally written in Spanish. In event of discrepancy, the Spanish language version prevails.

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To contact Saeta Yield IR Department: ir@saetayield.com