Company Registration No. 08818211

ABENGOA YIELD PLC

Annual Report and Financial Statements

For the year ended December 31 2014

Abengoa Yield Plc individual Annual Report and Financial Statements

ABENGOA YIELD PLC
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Strategic Report

This Strategic Report has been prepared solely to provide additional information to shareholders to assess the company's strategies and the potential for the strategies to succeed.

The Strategic Report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The directors, in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

The Strategic Report discusses the following areas:

- Nature of the business
- Business model, strategy and objectives
- Fair review of the business
- Key performance indicators
- Principal risks and uncertainties
- Corporate social responsibility
- Future developments
- Going concern basis

Nature of the business

Abengoa Yield plc ('Abengoa Yield' or the 'Company') was incorporated in England and Wales as a private limited company on 17th December 2013 under the name Abengoa Yield Limited. On 19th March 2014, Abengoa Yield plc was re-registered as a public limited company, under the name Abengoa Yield plc.

Abengoa Yield is a total return company formed to serve as the primary vehicle through which Abengoa S.A. ('Abengoa' or ´the parent´, our main shareholder indirectly through Abengoa Concessions Investment Ltd.) owns, manages, and acquires renewable energy, conventional power, electric transmission lines, and other contracted revenue-generating assets, initially focused on North America (United States and Mexico) and South America (Peru, Chile, Brazil and Uruguay), as well as Europe (Spain in the first instance).

Events during the period

On 18th June 2014 Abengoa Yield closed its initial public offering on the NASDAQ market in the United States, issuing 28,577,500 ordinary shares.

Prior to the consummation of this offering, Abengoa contributed directly or indirectly, through a series of transactions, ten contracted assets, certain holding companies and a preferred equity investment. As consideration for the asset transfer, Abengoa received a 64.28% interest in Abengoa Yield and $655.3 million in cash, corresponding to the net proceeds of the initial public offering less $30 million retained by Abengoa Yield for liquidity purposes. Abengoa Yield's shares began trading on the NASDAQ Global Select Market under the symbol "ABY" on 13th June 2014.

During June 2014, Abengoa Yield signed an exclusive agreement with Abengoa, referred to as the 'ROFO Agreement', which provides the Company with a right of first offer on any proposed sale, transfer or other disposition of any of Abengoa's contracted renewable energy, conventional power, electric transmission or water assets in operation and located in the United States, Canada, Mexico, Chile, Peru, Uruguay, Brazil, Colombia and the European Union, as well as four assets in selected countries in Africa and the Middle East. We refer to the contracted assets subject to the ROFO Agreement as the 'Abengoa ROFO Assets'.

In September 2014, pursuant to the ROFO Agreement, the Company agreed to acquire from Abengoa (i) a solar power plant in Spain, Solacor 1/2, with a capacity of 100 MW; (ii) a solar power plant in Spain, PS10/20, with a capacity of 31 MW; and (iii) one on-shore wind farm in Uruguay, Cadonal, with a capacity of 50 MW. The acquisition of these assets was completed during December 2014 with the total consideration paid amounting to $312 million.

On 5th November 2014 the Company announced a proposed offering of $255 million in aggregate principal amount of senior notes (the "Notes") due 2019, and the closing and disbursement of funds took place on 17th November 2014. The Notes accrue annual interest of 7% payable semi-annually.

On 4th December 2014 the Company announced the closing of a four year credit facility with a number of banks in the amount of $125 million at a cost of Libor + 275 basis points.

On 11th December 2014 Abengoa announced a secondary public offering of Abengoa Yield shares. On 22nd January 2015, Abengoa closed an underwritten public offering and sale in the United States of 10,580,000 of our ordinary shares for total proceeds of $327,980,000 (or $31 per share) before underwriting fees and expenses. After the sale, Abengoa's shareholding in the Company was reduced to 51%.

Asset portfolio

The portfolio of assets which are owned by Abengoa Yield as of 31st December 2014 consists of six renewable energy assets, a cogeneration facility, and several electric transmission lines, all of which are fully operational. All the assets have contracted revenues (regulated revenues in the case of the Spanish assets) with low-risk off takers, and have an average remaining contract life of approximately 25 years on 31st December 2014.

The contracts are generally fixed-priced and pursuant to rates revised based on inflation or similar types of public indexes. Over 90% of project-level debt is hedged against changes in interest rates through an underlying fixed rate on the debt instrument or through interest rate swaps, caps, or similar hedging instruments.

The following table provides an overview of the current assets of the Company as of 31st December, 2014:

Our Assets	Type	Ownership	Location	Currency	Capacity (Gross)	Counterparty Credit Ratings(3)	COD/ Expected COD	Contract Years Left
Solana	Renewable (Solar)	100% Class B[1]	Arizona (USA)	USD	280 MW	A-/A3/BBB+	4Q 2013	29
Mojave	Renewable (Solar)	100%	California (USA)	USD	280 MW	BBB/A3/BBB+	4Q 2014	25
Palmatir	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB-/Baa2/BBB-	2Q 2014	19
Cadonal	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB-/Baa2/BBB-	4Q 2014	20
Solaben 2 & 3	Renewable (Solar)	70%[2]	Spain	Euro	2x50 MW	BBB/Baa2/BBB+	2Q 2012 & 4Q 2012	23
Solacor 1 & 2	Renewable (Solar)	74%[4]	Spain	Euro	2x50 MW	BBB/Baa2/BBB+	2Q 2012 & 4Q 2012	22
PS10/20	Renewable (Solar)	100%	Spain	Euro	31 MW	BBB/Baa2/BBB+	1Q 2007 & 2Q 2009	19
ACT	Conventional Power	100%	Mexico	USD	300 MW	BBB+/A3/BBB+	2Q 2013	18
ATN	Transmission line	100%	Peru	USD	362 miles	BBB+/A3/BBB+	1Q 2011	26
ATS	Transmission line	100%	Peru	USD	569 miles	BBB+/A3/BBB+	1Q 2014	29
Quadra 1	Transmission line	100%	Chile	USD	43 miles	N/A	2Q 2014	20
Quadra 2	Transmission line	100%	Chile	USD	38 miles	N/A	1Q 2014	20
Palmucho	Transmission line	100%	Chile	USD	6 miles	BBB+/Baa2/BBB+	4Q 2007	22

(1) On 30th September 2013, Liberty Interactive Corporation invested $300 million in Class A membership interests in exchange for a share of the dividends and taxable loss generated by Solana. As a result of the agreement, Liberty Interactive Corporation will receive 54.06% of both dividends and taxable loss generated during a period of approximately five years; such percentage will decrease to 24.05% thereafter.

(2) Itochu Corporation holds 30% of the economic rights to each of Solaben 2 and Solaben 3.

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

(4) JGC Corporation, a Japanese engineering company, holds 26% of the shares in each of Solacor 1 and Solacor 2. The Company holds a 30-year right of usufruct over the remaining shares of Solacor 1 and Solacor 2 and a call option to purchase such shares for one euro during a four-year term

Asset portfolio (continued)

In addition to the assets listed above, the Company owns a preferred equity investment in Abengoa Concessions Brasil Holding ('ACBH`), a subsidiary holding company of Abengoa, that is engaged in the development, construction, investment and management of contracted concessions in Brazil, consisting mostly of electric transmission lines.

The Company has no branches outside the UK.

Business model, strategy and objectives

We are a company formed to serve as the primary vehicle through which Abengoa owns, manages and acquires renewable energy, conventional power and electric transmission lines and other contracted revenue-generating assets, initially focused on North America (the United States and Mexico) and South America (Peru, Chile, Uruguay and Brazil), as well as Europe (Spain). In the future, we intend to expand this presence to selected countries in Africa and the Middle East.

We intend to take advantage of favourable trends in the power generation and electric transmission sectors globally, including energy scarcity and a focus on the reduction of carbon emissions. To that end, we believe that our cash flow profile, coupled with our scale, diversity and low-cost business model, offers us a lower cost of capital than that of a traditional engineering and construction company or independent power producer and provides us with a significant competitive advantage with which to execute our growth strategy.

With this business model, our objective is to pay a consistent and growing cash dividend to holders of our shares that is sustainable on a long-term basis. We expect to target a pay-out ratio of approximately 90% of our cash available for distribution and will seek to increase such cash dividends over time through organic growth and as we acquire assets with characteristics similar to those in our current portfolio.

We are focused on high-quality, newly-constructed and long-life facilities with creditworthy counterparties that we expect will produce stable, long-term cash flows. We have signed an exclusive agreement with Abengoa, which we refer to as the ROFO Agreement, which provides us with a right of first offer on any proposed sale, transfer or other disposition of any of Abengoa's contracted renewable energy, conventional power, electric transmission or water assets in operation and located in the United States, Canada, Mexico, Chile, Peru, Uruguay, Brazil, Colombia and the European Union, as well as four assets in selected countries in Africa and the Middle East.

Based on the acquisition opportunities available to us, which include the Abengoa ROFO Assets as well as any third-party acquisitions we pursue, we believe that we will have the opportunity to grow our cash available for distribution in a manner that would allow us to further increase our cash dividends per share over time.

A fair review of the business

During the first year of operation the Company has focused on three priorities:

1. Creating, in the case of new assets, and reinforcing, in the case of others, the processes and systems required to manage and control our contracted assets internationally;
2. Bringing into service and ramping up a number of new assets, including ATS, Quadra 1 & 2, Palmatir and Mojave, our 280 MW solar plant in California;
3. Acquiring three new assets from Abengoa ahead of our original plans. This will allow the Company to have a full year of dividend returns in 2015 in relation to the following three assets:
    - Solacor 1 & 2, two solar plants in Spain with 100 MW total capacity that have been in operation since 2012 and of which the Company now owns 74% of capital.
    - PS 10/20, two solar assets in Spain that have been in operation for over six years.
    - Cadonal, a new wind farm with a 50 MW capacity in Uruguay, that has a 20 year power purchase agreement with the local utility.

With the fleet of assets we own at the end of 2014 we believe that we have achieved a balanced portfolio in terms of geographies and technologies that provides the Company the critical mass required to continue capturing opportunities to (i) continue improving the performance and cash generation of our assets, most of which are still in their early stages of operation and (ii) continue growing through acquisitions from Abengoa and others.

In 2014 the Company has closed with revenues of $24.0 million (2013: nil) and a profit for the year of $8.4 million (2013: nil). Revenue includes dividend income and interest receivable on loans to subsidiaries.

	2014	2013
Revenues	24.0	-
Ebit (i)	8.2	-
Net Profit	8.4	-

(i)Ebit is defined as earnings before interest and taxation

The Company has closed the year with a corporate cash available position of $155.4 million (2013: nil). The increase in cash primarily results from the issue of bonds and the securing of credit facility loans, offset by the purchases of assets during the period. With this amount of cash we plan to pay further dividends to our shareholders and to acquire new assets.

During 2014 the Company paid dividends of $0.2962 per share (2013: nil).

Key performance indicators

Abengoa Yield plc is a company that owns and manages operating assets in the renewable energy, conventional power, electric transmission lines and water business sectors. The key performance indicators of the operating subsidiaries are:

Key Performance Indicator	As of December 31, 2014	2013	2012
Renewable energy			
MW in operation	**891**	**380**	**100**
GWh produced	**902**	**280**	**75**
Conventional power			
MW in operation	**300**	**300**	**—**
GWh produced	**2,474**	**1,849**	**—**
Availability (%)	**101.9%**	**97.0%**	**—**
Electric transmission lines			
Miles in operation	**1,018**	**368**	**368**
Availability	**99.1%**	**99.6%**	**99.2%**

The key performance indicators of the Company itself are dividends per share and net profit, both of which are discussed in the business review section above.

Principal risks and uncertainties

The Company and its underlying assets are subject to a number of risks ranging from operating to regulatory and financial. The processes and systems implemented have been designed to mitigate those risks to the extent possible. We include the following table as a summary of some of those risks and actions take to mitigate them:

Risk	Impact	Assessment of change in risk year-on-year	Mitigation of risk
Operations in each asset	Loss of revenues and cash flows at the project company level, which has subsequent impact on cash returns to the Company	Operational risks are higher in younger assets than in more mature ones and likely to remain similar in the next few years	• Dedicated supervisory and management teams • Reporting and monitoring systems in place • Operation and maintenance contracts with specialists • Support from Abengoa
Regulation/counterparty risk in each asset	Loss of revenues and cash flows at the project company, which has a subsequent impact on cash returns to the Company	No material changes for the underlying assets. The risk has increased for the Company following its acquisitions	• Investment grade ratings in most of our assets • Strong power purchase agreement or concession contracts in most assets

Principal risks and uncertainties (continued)

Risk	Impact	Assessment of change in risk year-on-year	Mitigation of risk
Legal, environmental and compliance in each asset	Economic penalties, new investments or inability to operate assets	Not material changes for the underlying assets. The risk has increased for the Company following its acquisitions	• Team dedicated to compliance on each asset • Reporting and monitoring systems • Abengoa support
Financing agreements in each contract	Restrictions to distribute cash out of project companies or potential default of project or corporate companies	No material changes for the underlying assets. The risk has increased for the Company following the issue of debt in the period	• Monitoring of covenants in each contract • Team dedicated
Interest rate	Higher interest expenses at project companies or at corporate level	No material changes for the underlying assets. The risk has increased for the Company following the issue of debt in the period.	• Over 90% of interest hedged over the life of debt at project level • Bond issued at fixed rate • Credit facility 100% to be hedged
Currency risk	Lower cash flow in USD	Higher in the case of euro	• Over 80% of cash flows in USD • Over 80% of cash flows generated by our project companies are denominated in USD • Policy to hedge in order to have a 90% at least of cash flows generated by our project companies in USD or hedged to USD
Liquidity risk	Not being able to meet debt service or dividend	No material changes	• Processes and systems in place • Cash in hand • 10% of cash flows generated by our project companies and distributed to the holding company retained • Possibility to change dividend policy

Corporate and social responsibility

For Abengoa Yield, sustainability is one of the pillars of the company strategy. Abengoa Yield activities are geared towards achieving sustainable development and management thereof seeks to reduce the environmental footprint of our activities.

Abengoa Yield has established a number of environmental policies that ensure that the Company complies with existing regulation in each of our markets but that additionally it monitors and measures its environmental impact and identifies and implements action plans to reduce that impact at each of our facilities.

Abengoa Yield has implemented a methodology, based on the Intergovernmental Panel of Climate Change and the Greenhouse Gas protocol, to identify and track greenhouse gas emissions through all our activities including our suppliers. Abengoa Yield follows up these emissions periodically and establishes, together with our partners and suppliers, actions plans to reduce the environmental impact of our activities.

In 2014, Abengoa Yield's emissions were irrelevant as the company did not directly own assets that generate emissions and had no employees.

Abengoa Yield is committed to create a positive impact in the local communities where the company developed its activities. Abengoa Yield fosters its social commitment and responsibility to its employees and to the communities in which they are located, through the development and collaboration in corporate social responsibility programs and the creation of highly qualified jobs in these communities. Additionally, in order to guarantee the respect of our social and environmental standards, Abengoa Yield requires its suppliers and partners to adhere to our Social Responsibility Code.

As of December 2014, our management team and employees were employed by Abengoa and supported Abengoa Yield through the existing executive services and support services agreements. Nevertheless, we are in the process of implementing policies to ensure that we recruit and develop minorities in our different geographies to encourage a diverse team. As of 31st December 2014, 10% of our directors are women and approximately 20% of our management team are women. The percentage of women out of total employees as of 31st December is irrelevant as the Company had no employees.

It is also important to highlight the constant preoccupation in our corporate culture for the safety of our teams, operations and suppliers around the world, which is managed through a strict system of quality and occupational health and safety at every level of the organization.

Future Developments

In February 2015, pursuant to the ROFO Agreement, the Company agreed to acquire from Abengoa a stake in (i) two water desalination plants in Algeria, Honaine and Skikda, with an aggregate capacity of 10.5 million cubic feet per day; (ii) an 81-mile transmission line in Peru, ATN2; (iii) a solar power asset in Spain, Helioenergy 1/2, with a capacity of 100 MW; and (iv) a solar power asset in the United Arab Emirates, Shams, with a capacity of 100 MW. On 3rd February 2015, the Company completed the acquisition of a 25.5% stake in Honaine and a 34% stake in Skikda.

Future Developments (continued)

The completion of the acquisition of ATN2, the 30% stake in Helioenergy 1/2 and the 20% stake in Shams is subject to satisfaction of customary conditions, including approvals from financing institutions and, in certain cases, from partners in joint ventures.

For 2015 we expect to continue growing thanks to the acquisitions closed in late 2014 (two solar platforms and a wind farm), to the acquisitions announced in early February 2015 (participations in two solar assets, two water desalination facilities and a transmission line) and to further acquisitions that we expect to make in 2015.

As a result of these acquisitions our priority in 2015 will be to continue to improve our systems and processes in order to manage a diverse fleet of assets while maximising cash flow generation. Additionally, raising financing resources for some of the expected acquisitions will be key.

Additionally, we will be implementing during 2015 a number of changes in our corporate governance that were announced in December 2014 and we expect to close the year 2015 with Abengoa holding a very large but non-controlling interest in Abengoa Yield. Our ROFO Agreement with Abengoa should continue to be a major source of growth.

Going Concern Basis

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out within this report. During the period, the Company generated $ 6.9 million from operating activities, invested $ 230.9 million in acquisitions and raised $ 379.4 million from financing activities after paying dividends. All of these resulted in a $ 155.4 million increase on our cash position by the year end, with a closing cash position of that amount. The directors believe that this is above the level of cash needed to operate the business for the foreseeable future and meet the Company's liabilities as they fall due, as well as being used as a significant part of the cash required to make the acquisitions of the assets announced in February 2015.

In addition, the Company has entered into a Financial Support Agreement under which Abengoa has agreed to facilitate a US$50m revolving credit line and maintain any guarantees and letters of credit that have been provided by it on behalf of or for the benefit of Abengoa Yield and its affiliates for a period of five years.

The Company is also in a net asset and net current asset position. Therefore the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Approval

This Strategic report was approved by the board and signed on its behalf by Santiago Seage, CEO on 23rd February 2015.

Directors' Report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2014.

Details of significant events since the balance sheet date are contained in note 21 to the financial statements. An indication of likely future developments in the business of the Company and details of research and development activities are included in the Strategic Report.

Information about the use of financial instruments by the company is given in note 20 to the financial statements.

Greenhouse Gas Emissions (GHG) Reporting

Due to the fact that in 2014 the Company had no employees and that it did not own material assets directly our GHG emissions were not relevant. From 2015 we will be measuring emissions and will be reporting them.

Dividends

On 14th November 2014, the Company declared the first quarterly dividend corresponding to the third quarter of 2014, as well as a pro-rata dividend corresponding to the number of days since the initial public offering to June 30 2014, amounting to $0.0370 per share. The dividend was paid on December 15 2014. During the year 2014, the total dividend paid amounted to $0.2962 per share, being a total payment of $ 23.7 million.

The board of directors declared a second quarterly dividend on 23rd February, 2015 of $0.2592 per ordinary share to be paid on or around 16th March 2015 to ordinary shareholders on the register on 28th February 2015. Together with the interim dividends of $0.2592 per share and $0.0370 per share, this makes a total of $0.5554 dividend per share declared for the year 2014.

Capital Structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 17. The Company has one class of ordinary share which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

The Company participates in no employee share schemes. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the SEC listing rules, the UK Companies Act 2006 and related legislation. The Articles of Association themselves may be amended by special resolution of the shareholders. The powers of directors are described in the Main Board Terms of Reference, copies of which are available on request.

Directors

The directors, who served throughout the year since the date indicated, and to the date of this report, were as follows:

• **Manuel Sanchez Ortega**	Director and Chairman of the Board	Appointed 17 December 2013
• **Santiago Seage**	Chief Executive Officer and Director	Appointed 17 December 2013
• **William B. Richardson**	Director	Appointed 13 June 2014
• **Javier Garoz**	Director	Appointed 23 February 2015
• **María J. Esteruelas**	Director	Appointed 13 June 2014
• **Eduardo Kausel**	Director, independent	Appointed 13 June 2014
• **Daniel Villalba**	Director, independent	Appointed 13 June 2014
• **Jack Robinson**	Director, independent	Appointed 13 June 2014
• **Enrique Alarcon**	Director, independent	Appointed 13 June 2014
• **Juan del Hoyo**	Director, independent	Appointed 13 June 2014

Directors' appointments are proposed to the appointments and remuneration committee, currently Mr. Sanchez, Mr. Alarcon and Mr. Villalba, and the committee makes a proposal to the board of directors, who would nominate.

The board of directors have wide powers to manage the Company. For issuing and buying back shares the board will be requesting approvals with maximum limits at the forthcoming general shareholders meeting.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Political contributions

No political donations were made during the year. (2013: US$nil.)

Substantial shareholdings

During the period between 31 December 2014 and as of the date of this report the Company did not receive any notifications under chapter 5 of the Disclosure and Transparency Rules.

Auditors

Each person who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

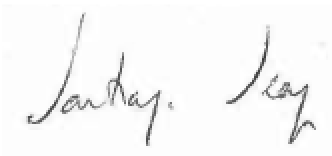
Deloitte have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Events after the balance sheet date

On 22nd January 2015, Abengoa closed an underwritten public offering and sale in the United States of 10,580,000 of Abengoa Yield´s ordinary shares for total proceeds of $327,980,000 (or $31 per share). Abengoa continues to beneficially own a majority of our outstanding shares but, as a result of such offering, reduced its stake in Abengoa Yield from approximately 64.3% to 51.1%.

In February 2015, pursuant to the ROFO Agreement, the Company agreed to acquire a second set of assets from Abengoa (the “Second Dropdown”), which comprise an aggregate of 200 MW of solar power generation, 10.5 million cubic feet per day of water desalination and an 81-mile transmission line. The Second Dropdown Assets consist of (i) two water desalination plants in Algeria, Honaine and Skikda, with an aggregate capacity of 10.5 million cubic feet per day; (ii) an 81-mile transmission line in Peru, ATN2; (iii) a solar power asset in Spain, Helioenergy 1/2, with a capacity of 100 MW; and (iv) a solar power asset in the United Arab Emirates, Shams, with a capacity of 100 MW. On 3rd February 2015, the Company completed the acquisition of a 25.5% stake in Honaine and a 34% stake in Skikda. The completion of the acquisition of ATN2, the 30% stake in Helioenergy 1/2 and the 20% stake in Shams is subject to satisfaction of customary conditions, including approvals from financing institutions and, in certain cases, from partners in joint ventures.

This report was approved by the board of directors on 23rd February 2015 and signed on its behalf by Santiago Seage, CEO.



Director's Remuneration Report

Introduction

This report is on the remuneration of the directors of Abengoa Yield Plc for the period to 31 December 2014. It sets out the remuneration policy and remuneration details for the executive and non-executive directors of the company. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013. This is the first time the Company has prepared the report in accordance with the amended Regulations.

The report is split into three main areas:

- the statement by the chair of the remuneration committee;
- the annual report on remuneration; and
- the policy report.

The Companies Act 2006 requires the auditors to report to the shareholders on certain parts of the Directors' Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in that report. The statement by the chair of the remuneration committee and the policy report are not subject to audit.

Statement by the Chair of the remuneration committee

During our first six months of operation as a committee we have focused on creating the committee including a majority of independent directors (Mr. Alarcon and Mr. Villalba) and supervising the process to transfer in early 2015 our executive team and some other key employees from Abengoa to Abengoa Yield and our subsidiaries. Additionally, we have reviewed and supervised implementation of a number of key policies. As of today, our policies are Abengoa's policies and over the next year we expect to finalize their implementation, adapting them as required.

Annual Report on Remuneration

Single total figure of remuneration for each director

The information provided in this part of the report is subject to audit.

The only executive director received no remuneration from Abengoa Yield Plc in 2014 for his services to Abengoa Yield Plc. He was employed by Abengoa SA and his services were charged to Abengoa Yield Plc as part of the Executive Services Agreement in place between Abengoa SA and Abengoa Yield Plc.

Annual Report on Remuneration (continued)

Director's remuneration as a single figure (2014)						
Name	Salary and fees €'000	All taxable benefits €'000	Annual bonuses €'000	LTIP €'000	Pension €'000	Total for 2014 €'000
Santiago Seage*	130.8	0.1	-	-	-	130.9
Manuel Sanchez**	-					-
Daniel Villalba	50.9					50.9
Jackson Robinson	37.7					37.7
Enrique Alarcon	37.7					37.7
Eduardo Kausel	37.7					37.7
Juan del Hoyo	37.7					37.7
William Richardson***	33.5					33.5
Christopher Standlee**	-					-
Maria J. Esteruelas**	-					-
Total	366.0	0.1	-	-	-	366.1

No remuneration was received by the directors for services to the Company for the year ended 31 December 2013.

* The chief executive officer was employed by Abengoa SA and therefore received no remuneration directly from the Company. The table above reflects an estimate of the fixed remuneration he has received from Abengoa SA for services provided to the Company, based on the time dedicated to the Company. The chief executive officer has not received any variable remuneration for services provided to Abengoa Yield for the year ended 31 December 2014.

** Abengoa related directors did not receive any fees for acting as directors of the Company.

*** Mr. Richardson did not receive any fees from the Company for acting as director of the Company. The table above reflects an estimate of the fee he received from Abengoa SA for his time dedicated to the Company.

Remuneration of the Chief Executive Officer

The information provided in this part of the report is not subject to audit.

The table below sets out the details for the director undertaking the role of chief executive officer (CEO)*.

Year	CEO Single figure of total remuneration (€'000)	Annual bonus pay-out against maximum %	Long term incentive vesting rates against maximum opportunity %
2014	130.9	-	-
2013	-	-	-

No remuneration was received for services to the Company for the year ended 31 December 2013.

* The chief executive officer was employed by Abengoa SA and therefore received no remuneration directly from the Company. The table above reflects an estimate of the fixed remuneration he has received from Abengoa SA for services provided to the Company, based on the time dedicated to the Company. The chief executive officer has not received any variable remuneration for services provided to Abengoa Yield for the year ended 31 December 2014.

Annual Report on Remuneration (continued)

Directors Shareholdings

The following table includes the number of shares held by directors and their connected persons. Those not included in the table do not hold shares:

	Shares	Shares
	31st December 2014	31st December 2013
Santiago Seage	20,000	-
Daniel Villalba	46,897	-
Manuel Sanchez	28,000	-

2015 Remuneration Policy

If approved, this policy will take effect from the date of our Annual General Meeting, currently expected to be held in May 2015

For independent directors the Company's policy is to compensate in cash for the time dedicated, that is currently estimated at a maximum 135 thousand for the lead independent director and 100 thousand dollars for directors, assuming 9-10 meetings per year.

The Company expects that the CEO will spend around 60% of his time on Abengoa Yield and that the Company will therefore bear that cost based on that dedication. In 2015 the CEO will not receive variable payments from the Company as in 2014 he was employed by Abengoa SA and his objectives were based on Abengoa and not on the Company. It is intended during the year that the Company will introduce a performance related variable pay arrangement under which cash will be paid to executives including the chief executive officer. The performance measures will be linked to dividends and investments and the targets will be set out in the remuneration report next year. Payment will be made subject to performance and continued employment..

For the management team and key personnel our policy is to use two external consultants to estimate market conditions for similar positions in terms of fixed and variable remuneration and, based on a performance appraisal, set a target remuneration normally within that market practice. Variable payments are based on a number of specific measurable targets defined at the beginning of the year. Additionally, and in some cases, we might approve multiyear plans. For the rest of its employees the Company establishes predefined remuneration ranges for different positions and reviews each individual remuneration depending on performance appraisal and the position within two ranges without employee consultation.

Overall we expect that, following the implementation of these policies, remunerations of the Company's employees will increase in line with the market with the exception of individuals that have been recently promoted or whose remuneration is below market conditions. In the case of our directors, the base pay increase will be within 5% of the increase in our comparable peer group.

In any case, the remuneration committee will review in April-May the policies and specific levels.

2015 Remuneration Policy (continued)

None of the non-executive directors receives bonuses, long-term incentives, pension or other benefits in respect of their services to the Company.

There are no provisions for the recovery of sum paid or the withholding of any sum.

Given that in 2014 the Company had no employees, the remuneration paid to employees is not significant.

Service Contracts

Mr. Seage had no contract with Abengoa Yield as of 31st December 2014 as he was an employee of Abengoa SA. His services are governed by the Executive Services Agreement between Abengoa SA and Abengoa Yield Plc. Accordingly, the Company has no policy on notice periods.

The non-executive directors do not have a service contract and have been elected for a period of three years starting June 2014.

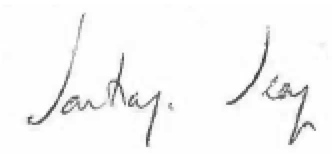
Payments for loss of office for executive directors or executives would be based on prevailing labour and legal conditions in their contracts or countries where they are employed. The Company may lawfully terminate the executive director's employment without compensation in circumstances where the employer is entitled to terminate for cause as defined by applicable law. In the event of termination by the Company, each executive director may have an entitlement to compensation in respect of his statutory rights under employment protection legislation in the UK, Spain or elsewhere.

Statement of voting at general meeting

The remuneration report will be submitted to the annual shareholder meeting in 2015 for the first time.

Approval

This report was approved by the board of directors on 23rd February, 2015 and signed on its behalf by Santiago Seage, CEO.



Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the International Accounting Standards Board (IASB) and Article 4 of the IAS Regulation. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the IASB, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidated group taken as a whole;
2. the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
3. the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Chief Executive Officer
Santiago Seage
23rd February, 2015

Chief Financial Officer
Eduard Soler
23rd February, 2015

Independent auditor's report to the members of Abengoa Yield plc

We have audited the financial statements of Abengoa Yield plc for the year ended 31 December 2014 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

Opinion on financial statements (continued)

As explained in note 1 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Makhan Chahal (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London

3 March 2015

Income Statement

	Notes [1]	Year Ended 2014 US$'000	15 day period Ended 2013 US$'000
Operating revenue	8	24,006	-
Other operating expenses		(3,668)	-
Operating profit		**20,338**	**-**
Finance cost	9	(2,319)	-
Other gains and losses	10	(9,814)	-
Profit before tax		**8,205**	**-**
Tax	11	209	-
Profit for the period	5	**8,414**	**-**

All results are derived from continuing operations.
The company has no other gains and losses other than those disclosed above.

[1] Notes 1 to 26 are an integral part of these financial statements.

ABENGOA YIELD PLC
Balance Sheet
31 December 2014

Balance Sheet

	Notes (1)	2014 US$'000	2013 US$'000
Non-current assets			
Investments in subsidiaries	13	1,392,481	-
Amounts owed by group undertakings	14	694,302	-
Deferred tax asset	11	209	-
		2,086,992	-
Current assets			
Trade and other receivables		1,250	-
Amounts owed by group undertakings	14	25,485	-
Cash and bank balances	19	155,367	-
		182,102	-
Total assets		**2,269,094**	**-**
Current liabilities			
Trade and other payables	16	19,558	-
Amounts owed to group undertakings		172	-
Borrowings	15	2,255	-
		21,985	-
Net current assets		160,117	
Non-current liabilities			
Borrowings	15	376,159	-
Deferred revenue	16	64,400	-
		440,559	-
Total liabilities		**462,544**	**-**
Net assets		**1,806,550**	**-**
Equity			
Share capital	17	8,000	-
Share premium account	17	1,313,903	-
Distributable reserves	17	476,233	-
Retained earnings	18	8,414	-
Total equity		**1,806,550**	**-**

The Company made a number of acquisitions during the year 2014 (see note 13).

(1) Notes 1 to 26 are an integral part of these financial statements.

ABENGOA YIELD PLC

Balance Sheet
31 December 2014

The financial statements of Abengoa Yield plc, company registration no. 08818211, were approved by the board of directors and authorised for issue on 23rd February 2015. They were signed on its behalf by:

CEO

Santiago Seage

Statement of changes in equity

	Notes (1)	Share Capital US$'000	Share Premium Account US$'000	Distributable Reserves US$'000	Retained Earnings US$'000	Total Equity US$'000
Balance at December 31 2013		-	-	-	-	-
Profit for the period	18	-	-	-	8,414	8,414
Issue of share capital and share premium	17	8,000	1,813,903	-	-	1,821,903
IPO transaction costs		-	-	(71)	-	(71)
Reduction of share premium	17	-	(500,000)	500,000	-	-
Dividends	17	-	-	(23,696)	-	(23,696)
Balance at December 31 2014		**8,000**	**1,313,903**	**476,233**	**8,414**	**1,806,550**

(1) Notes 1 to 26 are an integral part of these financial statements

Cash flow statement

	Notes (1)	Year ended 2014 US$'000	15 day period ended 2013 US$'000
Net cash from operating activities	19	**6,900**	**-**
Investing activities			
Acquisition of subsidiary		(196,849)	-
Purchases of other financial assets		(34,053)	-
Net cash used in investing activities		**(230,902)**	**-**
Financing activities			
Dividends paid	17	(23,696)	-
Proceeds on issue of shares		681,915	-
New bank loans raised	15	125,000	-
New Bonds raised	15	255,000	-
Arrangement fees for loans	15	(3,253)	
Repayment of debt		(655,597)	-
Net cash from financing activities		**379,369**	**-**
Net increase in cash and cash equivalents	19	**155,367**	**-**
Cash and cash equivalents at beginning of year		**-**	**-**
Cash and cash equivalents at end of year		**155,367**	**-**

(1) Notes 1 to 26 are an integral part of these financial statements.

Notes to the financial statements

1. General information

Abengoa Yield plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is Great West Road, Brentford TW8 9DF, Greater London (United Kingdom). The nature of the Company's operations and its principal activities are set out in the strategic report on pages 3 to 11.

These financial statements are presented in US Dollars because that is the primary currency in which the Company operates.

2. Adoption of new and revised Standards

a) Standards, interpretations and amendments effective from 1st January 2014 under IFRS-EU, applied by the Company:

- IAS 32 (Amendment) 'Offsetting of financial assets and financial liabilities'. The IAS 32 amendment is mandatory for periods beginning on or after 1st January 2014 under IFRS-EU and under the IFRS approved by the International Accounting Standards Board, hereinafter IFRS-IASB, and is to be applied retroactively.
- IAS 36 (Amendment) 'Recoverable Amount Disclosures for Non-Financial Assets'. The IAS 36 amendment is mandatory for periods beginning on or after 1st January 2014 under IFRS-EU and IFRS-IASB.
- IAS 39 (Amendment) 'Novation of Derivatives and Continuation of Hedge Accounting'. The IAS 39 amendment is for periods beginning on or after 1st January 2014 under IFRS-EU and IFRS-IASB.

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

b) In preparing these Consolidated Financial Statements as of 31st December 2014, the Group has applied the following new standards and amendments that came into effect on 1st January 2014 under IFRS-IASB, and which have been applied early under IFRS-EU:

- IFRIC 21 (Interpretation) 'Levies'. The IFRIC 21 is mandatory for periods beginning on or after 1st January 2014 under IFRS-IASB and for periods beginning on or after 17th June 2014 under IFRS – EU.

The amendments and interpretations effective from 1st January 2014 have not had any significant impact on these financial statements.

c) Standards, interpretations and amendments published by the IASB that will be effective for periods beginning on or after 1st January, 2015:

- Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles. These improvements are mandatory for periods beginning on or after 1st July 2014 under IFRS-IASB and have not yet been adopted by the EU.

Notes to the financial statements

2. Adoption of new and revised Standards (continued)

- Annual Improvements to IFRSs 2012-2014 cycle. These improvements are mandatory for periods beginning on or after 1st January 2016 under IFRS-IASB and have not yet been adopted by the EU.
- IFRS 9 'Financial Instruments'. This Standard will be effective from 1st January 2018 under IFRS-IASB and has not yet been adopted by the EU.
- IFRS 14 'Regulatory Deferral Accounts'. This Standard will be effective from 1st January 2016 under IFRS-IASB ad has not yet been adopted by the EU.
- IFRS 15 'Revenues from contracts with Customers'. IFRS 15 is applicable for periods beginning on or after 1st January 2017. Earlier application is permitted. IFRS 15 has not yet been adopted by the EU.
- IAS 16 (Amendment) 'Property, Plant and Equipment' and IAS 38 'Intangible Assets', regarding acceptable methods of amortization and depreciation. This amendment is mandatory for periods beginning on or after 1st January 2016 under IFRS-IASB, earlier application is permitted, and has not yet been adopted by the EU.
- IAS 27 (Amendment) 'Separate financial statements' regarding the reinstatement of the equity method as an accounting option n separate financial statements. This amendment is mandatory for periods beginning on or after 1st January 2016 under IFRS-IASB and has not yet been adopted by the EU.
- IFRS 10 (Amendment) 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures' regarding the exemption from consolidation for investment entities. These amendments are mandatory for periods beginning on or after 1st January 2016 under IFRS-IASB and have not yet been adopted by the EU.
- IFRS 11 (Amendment) 'Joint Arrangements' regarding acquisition of an interest in a joint operation. This amendment is mandatory for periods beginning on or after 1st January 2016 under IFRS-IASB, earlier application is permitted, and has not yet been adopted by the EU.

The Company is currently in the process of evaluating the impact on the financial statements derived from the application of the new standards and amendments that will be effective for periods beginning after 31st December 2014.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The company is exempt from the preparation of consolidated financial statements, since it is included in the group accounts of Abengoa S.A. The group accounts of Abengoa S.A. are available for public use and can be obtained as set out in note 26. In addition, the Company is preparing consolidated accounts in accordance with IFRSs as issued by the IASB, which are also filed within the Securities and Exchange Commission (SEC).

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Strategic Report on pages 3 to 11.

Revenue recognition

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currencies

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (which is US$) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

3. Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Significant accounting policies (continued)

Investments in subsidiaries and impairment

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

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 to their present value using a pre-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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

3. Significant accounting policies (continued)

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. As at the balance sheet date the Company held only AFS financial assets and loans and receivables and therefore we have discussed only the treatment applied to those assets within this policy.

Effective interest method

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

Available for sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The Company has investments in unlisted shares that are not traded in an active market but that are classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis. Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. Significant accounting policies (continued)

Impairment of financial assets

Financial assets, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3. Significant accounting policies (continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Transaction fees on borrowings are capitalised and amortised over the term of the borrowings.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimates the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Impairment of investments in subsidiaries

Determining whether the company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was $ 1,392,481 thousand with no impairment loss recognised in 2014 or 2013.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Fair value measurement of available for sale financial assets

The Company's available for sale financial assets are measured at fair value for financial reporting purposes.
The fair value of the preferred equity investment in ACBH was calculated by taking as the main reference the value of the investment, which is obtained by considering expected cash-flows from the preferred equity instrument discounted at a rate appropriate for the sector in which the Company is operating. Valuation was obtained from internal models. This valuation could vary where other models and assumptions made on the principle variables had been used, however the fair value of the asset as well as the results generated by this financial instrument are considered reasonable.

5. Profit for the year

Profit for the year has been arrived at after charging:

	Year ended 2014 US$'000	Period ended 2013 US$'000
Net foreign exchange losses	9,821	-

6. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 2014 US$'000	Period ended 2013 US$'000
Fees payable to the company's auditor for the audit of the company's annual accounts	144	-
Fees payable to the company's auditor for the audit of the group accounts	508	-
Fees payable to the company's auditor for other audit services	318	-
Total audit fees	970	-

No services were provided pursuant to contingent fee arrangements. Audit fees for the period ended 2013 were borne by Abengoa S.A.

7. Staff costs

The company had no employees in the period (2013 - Nil).

8. Operating revenue

	Year ended 2014 US$'000	Period ended 2013 US$'000
Interest income	14,806	-
Dividend income (see note 14)	9,200	-
Total Operating Income	24,006	-

9. Finance costs

	Year ended 2014 US$'000	Period ended 2013 US$'000
Interest on loans (see note 15)	(167)	-
Interest on bonds (see note 15)	(2,152)	-
Total finance costs	(2,319)	-

Interest on bonds and loans relate to the interest on the $ 255 million Senior Notes issued in November 2014 and on the $ 125 million credit facility entered into in December 2014 respectively. See Note 15 for further details of the terms in place.

10. Other gains and losses

	Year ended 2014 US$'000	Period ended 2013 US$'000
Net foreign exchange losses	(9,821)	-
Other gains	7	-
Total other gains and losses	(9,814)	-

11. Tax

	Year ended 2014 US$'000	Period ended 2013 US$'000
Corporation tax:		
Current tax	209	-
	209	-

The charge for the year can be reconciled to the profit in the income statement as follows:

	Year ended 2014 US$'000	Period ended 2013 US$'000
Profit before tax on continuing operations	8,205	-
Profit before tax multiplied by the blended rate of Corporation tax in the UK of 21.5% (2013 – 23.25%)	1,723	-
Tax effect of income not taxable in determining taxable profit	(1,932)	-
Tax credit for the period	(209)	-

The tax effect of income not taxable in determining taxable profit relates to dividend income.

On 17th July 2013, the Finance Act 2013 received Royal Assent which enacted the change in the corporate tax rate in the UK from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015.

12. Dividends

On 14th November 2014, the Company announced that the board of directors declared the first quarterly dividend corresponding to the third quarter of 2014, amounting to $0.2592 per share. The dividend was paid on December 15 2014, together with a pro-rata dividend corresponding to the number of days since the initial public offering to June 30 2014, amounting to $0.0370 per share, which resulted in a total average payment of $ 0.2962 per share, resulting in a total payment of US$23.7 million.

The payment of this dividend will not have any tax consequences for the Company.

13. Investments in subsidiaries

Details of the Company's subsidiaries at 31 December 2014 are as follows:

Name	Place of incorporation and principal place of business	Proportion of ownership interest %	Proportion of voting power held %
Palmucho, S.A.	Chile	1%	100%
Solar de Receptores de Andalucía, S.A.	Spain	99.99%	99.99%
Transmisora Baquedano, S.A.	Chile	0.10%	100%
Transmisora Mejillones, S.A.	Chile	0.10%	100%
Abengoa Solar US Holdings Inc.	USA	100%	100%
ACT Holdings, S.A. de C.V.	Mexico	99.97%	99.97%
Abengoa Concessions Perú, S.A.	Peru	99.99%	99.99%
Abengoa Concessions Infrastructure, S.L.	Spain	99.99%	99.99%
Abengoa Solar Holdings USA Inc	USA	100%	100%

As at 31 December 2013 the Company had no subsidiary undertakings.

The investments in subsidiaries are all stated at cost. As of 31 December 2014, the carrying value of these investments was as follows:

	2014 US$'000	2013 US$'000
Palmucho, S.A.	-	-
Solar de Receptores de Andalucía, S.A.	73	-
Transmisora Baquedano, S.A.	-	-
Transmisora Mejillones, S.A.	-	-
Abengoa Solar US Holdings Inc.	317,950	-
ACT Holdings, S.A. de C.V.	72,095	-
Abengoa Concessions Perú, S.A.	258,795	-
Abengoa Concessions Infrastructure, S.L.	363,375	-
Abengoa Solar Holdings USA Inc	380,193	-
Total Investments in subsidiaries	1,392,481	-

Movements in the carrying value of investments during the period were as follows:

	US$'000
As at 1st January 2014	-
Additions	1,392,481
As at 31st December 2014	1,392,481

13. Investments in subsidiaries (continued)

The date and method of the acquisition of each subsidiary during the period were as follows:

	Acquisition date	Acquisition method
Palmucho, S.A.	13/06/2014	(*) Contribution through issue of shares
Solar de Receptores de Andalucía, S.A.	23/12/2014	Purchase
Transmisora Baquedano, S.A.	14/04/2014	Purchase
Transmisora Mejillones, S.A.	14/04/2014	Purchase
Abengoa Solar US Holdings Inc.	13/06/2014	(*) Contribution through issue of shares
ACT Holdings, S.A. de C.V.	13/06/2014	(*) Contribution through issue of shares
Abengoa Concessions Perú, S.A.	13/06/2014	(*) Contribution through issue of shares
Abengoa Concessions Infrastructure, S.L.	13/06/2014	(*) Contribution through issue of shares
Abengoa Solar Holdings USA Inc	13/06/2014	(*) Contribution through issue of shares

(*) Prior to the initial public offering of Abengoa Yield Plc., Abengoa contributed, through a series of transactions, which we refer to collectively as the "Asset Transfer," a series of concessional assets described in the Strategic Report on pages 3 to 11, certain holding companies and the preferred equity investment in ACBH.

In September 2014, pursuant to the ROFO Agreement, the Company agreed to acquire from Abengoa an additional set of assets described in the Strategic Report on pages 3 to 11 through a purchase by Abengoa Yield's immediate holding company. The acquisition of these assets completed during December 2014, with the total consideration being paid for these assets amounting to $312 million.

14. Amounts owed by group undertakings

	2014 US$'000	2013 US$'000
Non-current receivables from group companies	431,302	-
Preferred equity investment in ACBH	263,000	-
	694,302	-
Current receivables from group companies	25,485	-
	719,787	-

14. Amounts owed by group undertakings (continued)

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

- During the five-year period commencing on 1st July 2014, Abengoa Yield has the right to receive, in four quarterly instalments, a preferred dividend of $18,400 thousand per year;
- Following the initial five-year period, Abengoa Yield has the option to (i) remain as preferred equity holder receiving the first $18,400 thousand in dividends per year that ACBH is able to distribute or (ii) exchange the preferred equity for ordinary shares of specific project companies owned by ACBH.

Given that Abengoa Yield has a right to receive a quarterly dividend during the upcoming five years, the Company has recorded an account receivable for a total amount of $70,784 thousand as at 31 December, 2014, corresponding to the present value of the receivable, with a credit to Deferred income. Income is recorded progressively during the next five years from July 2014, as dividend is collected. The long-term portion of this account receivable is included in non-current receivables from group companies as set out below.

The current receivables from group companies includes the current portion of the preferred dividend of $18,400 thousand and accrued interest on loans from group companies.

As at 31 December 2014, the detail of the amounts owed by group undertakings was as follows:

	2014 US$'000	2013 US$'000
Abengoa Transmisión Norte, S.A.	21,932	-
Abengoa Concessions Infrastructure, S.L.	43,035	-
Abengoa Concessões Brasil Holding, S.A.	64,400	-
Carpio Solar Inversiones, S.A.	116,472	-
Abengoa Transmisión Sur, S.A.	84,764	-
Logrosán Solar Inversiones, S.A.	42,807	-
ACT Holdings, S.A. de C.V.	51,448	-
Other	6,444	-
Amounts owed by group undertakings	431,302	-

14. Amounts owed by group undertakings (continued)

The principal features of the main group's borrowings are as follows:

	Interest Rate	Maturity
Abengoa Transmisión Norte, S.A..	8.96%	Not applicable
Abengoa Concessions Infrastructure, S.L.	10.05%	Not applicable
Carpio Solar Inversiones, S.A.	2,5% to Euribor 12 months	31 July 2031
Abengoa Transmisión Sur, S.A.	8.96%	Not applicable
Logrosán Solar Inversiones, S.A	2,5% to Euribor 12 months	15 December 2030

15. Borrowings

	2014 US$'000	2013 US$'000
Secured borrowing at amortised cost		
Bonds	254,912	-
Borrowings	123,502	-
Total borrowings	378,414	-
Amount due for settlement within 12 months	2,255	-
Amount due for settlement after 12 months	376,159	-

The principal features of the borrowings and bonds are as follows:

On 17th November 2014 the Company issued 7.000% Senior Notes due 2019 in an aggregate principal amount of $255 million (the "2019 Notes"). The 2019 Notes accrue annual interest of 7.000% payable semi-annually beginning on 15th May 2015 until their maturity date of 15th November 2019. In the event that the Company does not obtain a public credit rating for the 2019 Notes from both S&P and Moody's prior to 15th November 2015, the interest rate per annum accruing on the 2019 Notes will increase by 0.75%, to 7.750%, on and after 15th November 2015 until the date on which the Company has obtained a public credit rating for the 2019 Notes from both S&P and Moody's.

15. Borrowings (continued)

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

16. Trade and other payables

	2014 US$'000	2013 US$'000
Deferred income (current)	18,400	-
Other payables (current)	1,158	-
	19,558	-
Total current payables excluding borrowings		
Deferred income (non – current)	64,400	-
Total non-current payables excluding borrowings	64,400	-

Deferred income current and non-current fully relates to the preferred dividend of $18,400 thousand per year that the Company has the right to receive for the upcoming five years commencing on 1 July 2014 from Abengoa Concessões Brasil Holding, S.A. (see note 14).

17. Share capital, share premium and distributable reserves

	2014 US$'000	2013 US$'000
Share capital		
Authorised:		
80 million ordinary shares of $ 0.1 each	8,000	-
Issued and fully paid:		
80 million ordinary shares of $ 0.1 each	8,000	-

The Company has one class of ordinary shares which carry no right to fixed income.

There are a number of events in the current and prior period relating to the issue and transfer of share capital, being as follows:

- The Company was incorporated by Abengoa on 17th December 2013 under the name Abengoa Yield Ltd with 100 shares of 0.1 Euros each for a total amount of 10 Euros. These shares were transferred by Abengoa S.A. to Abengoa Concessions Investments Limited on 27th December 2013.
- On 17th March 2014, Abengoa Yield Plc issued an additional 570,900 shares of 0.1 Euros each for a total amount of 57,090 Euros to Abengoa Concessions Investments Ltd. On 19th March 2014, the Company re-registered as public limited company under the name of Abengoa Yield plc. On 20th March 2014, the 571,000 shares in the Company were redenominated to USD, using an exchange rate of 1.38 USD and immediately consolidated into 5,710 shares of USD 13.80 each. Each share of 13.80 USD was then divided into 138 shares of 0.10 USD each, resulting in 787,980 shares of 0.1 USD each for a total amount of 78,798 USD owned by Abengoa Concessions Investments Ltd.
- On 2nd June 2014, Abengoa Solar S.A. transferred its equity interest in Abengoa Solar US Holdings Inc to Abengoa Yield Plc. in exchange for the allotment and issue of 12,718,005 shares. Abengoa Solar S.A. then sold its equity interest in Abengoa Yield Plc on 4th June 2014 to Abengoa Concessions S.L. On 5th June 2014, Abengoa Solar S.A. also contributed 100% of its equity interest in Abengoa Solar Holdings USA Inc. to Abengoa Yield Plc in exchange for the allotment and issue of 15,207,720 shares.
- On 13th June 2014, Abengoa Concessions S.L. contributed the shares in Abengoa Concessions Perú S.A., ACT Holding S.A., Abengoa Concessinos Infrastructures S.L.U. and Abengoa Concessoes Brasil Holding S.A. to Abengoa Yield plc in exchange for the allotment and issue of 26,436,295 shares in Abengoa Yield plc. Subsequently on the same date Abengoa Solar S.A. and Abengoa Concessions S.L. transferred their equity interest in Abengoa Yield Plc to Abengoa Concessions Investments Ltd.
- On 18th June 2014, Abengoa Yield plc closed its initial public offering issuing 24,850,000 ordinary shares.

17. Share capital, share premium and distributable reserves (continued)

The underwriters further purchased 3,727,500 additional shares from Abengoa Concessions Investment Ltd., a subsidiary wholly owned by Abengoa, at the public offering price less fees and commissions to cover over-allotments ("greenshoe") driving the total proceeds of the offering to $828,748 thousand.

On 22nd January 2015, Abengoa closed an underwritten public offering and sale in the United States of 10,580,000 of the ordinary shares of Abengoa Yield for total proceeds of $327,980,000 (or $31 per share). Abengoa continues to beneficially own a majority of Abengoa Yield´s outstanding shares but, as a result of such offering, reduced its stake from approximately 64.3% to 51.1% of Abengoa Yield´s shares.

Movements in share capital and share premium in the current and prior periods are as follows:

	Share capital US$'000	Share premium US$'000	Distributable Reserves US$'000
Balance at 1 January 2014	-	-	-
Issue of share capital and share premium	8,000	1,813,903	(71)
Reduction in share premium	-	(500,000)	500,000
Dividend paid	-	-	(23,696)
Balance at 31 December 2014	8,000	1,313,903	476,233

On 14th November 2014, the Board of Directors declared the first quarterly dividend corresponding to the third quarter of 2014 amounting to $0.2592 per share. The dividend was paid on 15th December 2014, together with pro-rata dividend corresponding to the days since our initial public offer on 12th June 2014 until 30th June 2014, amounting to $0.0370 per share, resulting in a total payment of $0.2962 to shareholders of record as of 28th November 2014.

On 23rd February 2015, the Board of Directors declared a second quarterly dividend corresponding to the fourth quarter of 2014 amounting to $0.2592 per share. It is expected that the dividend will be paid on or around 16th March 2015.

On 17th September 2014 the High Court of Justice approved a reduction of the share premium by US$500 million.

17. Share capital, share premium and distributable reserves (continued)

The breakdown of share capital and share premium as at 31st December 2014 is as follows:

Shareholders	Share capital	%	Share premium	Total
Abengoa Concessions Investment Limited	5,142	64.28%	1,069,654	1,074,796
Free float	2,858	35.72%	744,249	747,107
Total	8,000	100.00%	1,813,903	1,821,903

18. Retained earnings

	2014 US$'000	2013 US$'000
Balance at 1 January 2014	-	-
Net profit for the year	8,414	-
Balance at 31 December 2014	8,414	-

19. Notes to the cash flow statement

	2014 US$'000	2013 US$'000
Profit for the year	8,414	-
Adjustments for:		
Investment revenues	(14,806)	-
Other gains and losses	(7)	-
Finance costs	2,319	-
Exchange differences	9,822	-
	5,742	-
Operating cash flows before movements in working capital		
Increase in payables	1,158	-
Cash generated by operations	6,900	-
Net cash from operating activities	6,900	-

19. Notes to the cash flow statement (continued)

	2014 US$'000	2013 US$'000
Cash and bank balances	155,367	-
	155,367	-

Analysis of changes in net debt

	January 1 2014 US$'000	Cash Flow US$'000	Interest Charges US$'000	Other non-cash movements US$'000	December 31 2014 US$'000
Cash and bank balances	-	(155,367)	-	-	(155,367)
Borrowings	-	376,159	-	2,255	378,414
Amount owed by group undertakings	-	(34,053)	-	(667,334)	(701,387)
Amount owed to group undertakings**	-	(655,597)	-	655,597	-
Net debt*	-	(468,858)	-	(9,482)	(478,340)

* Includes accrued interest at December 31 2014

** Amounts owed to group undertakings included US$655m assigned by Abengoa prior to the IPO. The granting of the loan during the period represents a non cash movement. Subsequent to the IPO, borrowings assigned were repaid to Abengoa

Balances at December 31 2014 comprise:

	Non-current assets US$'000	Current assets US$'000	Current liabilities US$'000	Non-current liabilities US$'000	Total US$'000
Cash and bank balances	-	(155,367)	-	-	(155,367)
Borrowings	-	-	2,255	376,159	378,414
Amount owed by group undertakings	(694,302)	(7,085)	-	-	(701,387)
Net debt	(694,302)	(162,452)	2,255	376,159	(478,340)

20. Financial Instruments

Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings disclosed in note 19 after deducting cash and bank balances) and equity of the Company (comprising issued capital, reserves and retained earnings). The board of directors review the capital structure on a regular basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

The gearing ratio at the year end is as follows:

	2014 US$'000	2013 US$'000
Debt	378,414	-
Cash and cash equivalents	155,367	-
Net financing position	223,047	-
Equity	1,806,550	-
Net financing position to equity ratio	12,34%	-

Debt is defined as long- and short-term borrowings as detailed in note 15. Equity includes all capital and reserves of the Company that are managed as capital.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

20. Financial Instruments (continued)

Categories of financial instruments

	2014 US$'000	2013 US$'000
Financial assets		
Investments in subsidiaries	1,392,481	-
Amounts owed by group undertakings	431,302	-
Trade and other receivables	1,250	-
Amounts owed by group undertakings	25,485	-
Cash and bank balances	155,367	-
Available-for-sale financial assets	263,000	-
	2,268,885	-
Financial liabilities		
Borrowing	378,414	-

Financial risk management objectives

Market risk

The Company is exposed to market risk, such as movement in foreign exchange rates and interest rates. All of these market risks arise in the normal course of business and we do not carry out speculative operations.

Foreign currency risk management

All financial instruments, except for some borrowings owed by group undertakings to the Company, are denominated in US$, which is the Company´s functional and presentation currency.

Interest rate risk management

Financial assets held by the Company are mainly fixed interests instruments, except for some group´s borrowings owed by group undertakings to the Company. Financial liabilities are all fixed interests instruments, except for the US$125 million credit facility entered into in December 2014. For the purpose of managing the interest risk, the Company is currently closing a hedge instrument on this credit facility which will be effective in 2015.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company does not have significant credit risk

The Company does not hold significant receivable and therefore does not have any significant credit risk exposure. The Company does not hold any collateral or other credit enhancements to cover credit risk.

20. Financial Instruments (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

In addition, the Company has entered into a Financial Support Agreement under which Abengoa has agreed to facilitate a US$50,000 thousand revolving credit line and maintain any guarantees and letters of credit that have been provided by it on behalf of or for the benefit of Abengoa Yield and its affiliates for a period of five years. As of 31 December, 2014, the total amount of the credit line remains undrawn.

The following tables detail the Company's remaining expected and contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted average effective interest rate %	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	5+ years US$'000	Total US$'000
December 31 2014							
Variable interest rate instruments	2.99%	-	103	-	123,399	-	123,502
Fixed interest rate instruments	7.00%	-	-	2,152	252,760	-	254,912
		-	103	2,152	376,159	-	378,414

Non derivative financial assets are primarily made up of amounts owed by group undertakings which have no contractual maturities at less than five years, but will be repaid depending on cash generated by the projects.

The Company has access to financing facilities as described above, of which none were unused at the balance sheet date (2013: none). In addition, the Company has entered into a financial support agreement with Abengoa S.A. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

20. Financial Instruments (continued)

Fair value measurements

The information set out below provides information about how the Company determines fair values of various financial assets and financial liabilities.

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

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

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Company measures its available for sale financial asset preferred equity investment in ACBH at fair value. The fair value as at 31 December 2014 was US$263 million (2013: nil). The valuation method used to calculate the fair value of the preferred equity investment in ACBH was discounting the US$18.4 million annual dividend, using a discount rate of 7%.

The fair value hierarchy is level 3.

If the discount rate used were 1% higher or lower while all the other variables were held constant, the carrying amount of this instrument would decrease by US$33 million or increase by US$44 million respectively.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

There were no financial liabilities subsequently measured at fair value on Level 3 fair value measurement bases.

21. Events after the balance sheet date

On 22nd January 2015, Abengoa closed an underwritten public offering and sale in the United States of 10,580,000 of Abengoa Yield´s ordinary shares for total proceeds of $327,980,000 (or $31 per share). Abengoa continues to beneficially own a majority of our outstanding shares but, as a result of such offering, reduced its stake in Abengoa Yield from approximately 64.3% to 51.1%.

In February 2015, pursuant to the ROFO Agreement, the Company agreed to acquire a second set of assets from Abengoa (the "Second Dropdown"), which comprise an aggregate of 200 MW of solar power generation, 10.5 million cubic feet per day of water desalination and an 81-mile transmission line. The Second Dropdown Assets consist of (i) two water desalination plants in Algeria, Honaine and Skikda, with an aggregate capacity of 10.5 million cubic feet per day; (ii) an 81-mile transmission line in Peru, ATN2; (iii) a solar power asset in Spain, Helioenergy 1/2, with a capacity of 100 MW; and (iv) a solar power asset in the United Arab Emirates, Shams, with a capacity of 100 MW. On 3rd February 2015, the Company completed the acquisition of a 25.5% stake in Honaine and a 34% stake in Skikda. The completion of the acquisition of ATN2, the 30% stake in Helioenergy 1/2 and the 20% stake in Shams is subject to satisfaction of customary conditions, including approvals from financing institutions and, in certain cases, from partners in joint ventures.

22. Related party transactions

During the year, the Company entered into the following transactions with related parties who are members of the Abengoa S.A. group:

	2014 Revenue US$'000	**2014 Other operating expenses US$'000**	**2013 Revenue US$'000**	**2013 Other operating expenses US$'000**
Abengoa, S.A.	4,126	-	-	-
Abengoa Concessions, S.L.	-	(2,250)	-	-
	4,126	(2,250)	-	-

22. Related party transactions (continued)

The following amounts were outstanding at the balance sheet date:

	2014 Owed by group undertaking US$'000	2014 Owed to group undertaking US$'000	2013 Owed by group undertaking US$'000	2013 Owed to group undertaking US$'000
Abengoa, S.A.	3,387	-	-	-
Abengoa Solar, S.A.	-	18	-	-
Abengoa Concessions, S.L.	-	79	-	-
	3,387	97	-	-

The Company has taken the exemption under IAS 24 of disclosing transactions with its immediate and intermediate subsidiaries.

Aggregate directors' remuneration

The total amounts for directors' remuneration in accordance with Schedule 5 of the Accounting Regulations were as follows:

	2014 US$'000	2013 US$'000
Salaries, fees, bonuses and benefits in kind	440.8	-
	440.8	-

The directors received no other benefits in respect of their services to the company, including any share option or pension schemes. Further information about the remuneration of individual directors is provided in the audited part of the Directors' Remuneration Report on pages 15 to 18.

23. Contingent liabilities

Contingent liabilities are possible obligations, existing obligations with low probability of a future outflow of economic resources and existing obligations where the future outflow cannot be reliably estimated. The Company had no contingent liabilities as of 31 December 2014.

24. Guarantees and commitments

The Company did not issue any guarantees and commitments as of 31 December 2014.

25. Service concessional arrangements

Below is a description of the concessional arrangements of the Abengoa Yield group.

In these parent only financial statements, they have been accounted for as investments in subsidiaries at cost.

Solana

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

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

Mojave

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

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

Palmatir

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

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

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

25. Service concessional arrangements (continued)

Cadonal

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

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

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

Solaben 2 & 3

Solaben 2 and 3 are two 50 MW solar power facilities located in Spain. Solaben 2 reached COD in June 2012 and Solaben 3 reached COD in October 2012. Solaben Electricidad Dos, S.A., or SE2, owns Solaben 2 and Solaben Electricidad Tres, S.A., or SE3, owns Solaben 3.

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

Solacor 1 & 2

The Solacor 1 and 2 are two 50 MW solar power facilities located in Spain. The COD was reached in January 2012 for Solacor 1 and in March 2012 for Solacor 2. JGC Corporation holds 26% of Solacor 1 & Solacor 2, a Japanese engineering company.

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

25. Service concessional arrangements (continued)

ACT

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

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

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

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

ATN

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

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

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

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

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

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

25. Service concessional arrangements (continued)

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

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

ATS

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

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

(ii) three new 500kV substations; and

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

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

25. Service concessional arrangements (continued)

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

Quadra 1 & Quadra 2

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

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

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

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

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

26. Controlling party

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is Inversiones Corporativa S.A, a company incorporated in Spain. The parent undertaking of the largest and smallest group, which includes the company and for which group accounts are prepared, is Abengoa S.A, a company incorporated in Spain. Copies of the group financial statements of Abengoa S.A. are available from Abengoa´s website. The company's immediate controlling party is Abengoa Concessions Investments Limited.