Fomento de Construcciones y Contratas, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2017 and Consolidated Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Fomento de Construcciones y Contratas, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in total equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2017, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test on Corporación Uniland and FCC Environment (UK) goodwill	
Description	**Procedures applied in the audit**
The consolidated balance sheet includes goodwill amounting to EUR 1,084 million relating to certain ownership interests, mainly those relating to the Corporación Uniland cash-generating unit (CGU) of the Cement area (EUR 396 million), and the FCC Environment (UK) Group CGU of the Services area (EUR 294 million). The Group tests these assets for impairment each year. Management's assessment of the possible impairment is a key matter in our audit since the assessment is a complex process that requires a significant number of estimates, judgements and assumptions to be made, mainly in relation to: Goodwill of Corporación Uniland of the Cement area: discount rate, projected production levels, estimate of future margins and perpetuity growth rate. Goodwill of the FCC Environment (UK) Group of the Services area: discount rate, backlog, estimate of future margins and perpetuity growth rate.	Our audit procedures included, among others, the obtainment of the impairment tests performed by the Group and the supporting documentation used as the basis for their preparation. For the review, we involved our internal valuation experts to help us evaluate the methodology and financial assumptions used by the Group to determine the recoverable amount of the cash-generating units. Also, we analysed the reasonableness of the projected operating assumptions and the consistency of the assumptions included in the tests from the previous year with the actual figures of the CGUs in question in the current year. Furthermore, we focused our work on reviewing the disclosures made by the Group in relation to those assets, especially those relating to the sensitivity analyses of the key assumptions. Note 7-b to the accompanying consolidated financial statements contains the disclosures relating to the impairment tests performed on those assets and, in particular, the detail of the main assumptions used, the analysis of the consistency of the assumptions from prior years with actual figures on activity and a sensitivity analysis of changes in the key assumptions in the tests carried out.

Recoverability of deferred tax assets of the Spanish tax group	
Description	**Procedures applied in the audit**
The consolidated balance sheet as at 31 December 2017 includes deferred tax assets of EUR 837 million, of which EUR 787 million correspond to the Spanish tax group. At year-end, Group management prepares financial models to evaluate the recoverability of the deferred tax assets, taking into account new legislation and the most recent business plans approved for the different divisions and geographical business areas in addition to the reversal periods foreseen for the temporary differences recognised in the consolidated balance sheet. We identified this matter as key in our audit, since the preparation of these models requires a significant level of judgement, basically in connection with the projections of future business performance and the reversal periods foreseen for the temporary differences recognised, which affect the estimate of the recoverability of the deferred and other tax assets recognised in the consolidated balance sheet.	Our audit procedures included, among others, obtaining the financial models prepared by the Group to assess the recoverability of the deferred tax assets and the supporting documentation used as the basis for their preparation. We reviewed the financial models obtained, including the consistency of the pre-tax income projected for the coming years with the actual data for the current year. Also, we analysed the reversal periods foreseen for the temporary differences recognised in the consolidated balance sheet and involved our internal tax experts in analysing the estimate of income tax for the current year. Note 24 to the accompanying consolidated financial statements contains the disclosures relating to the Group's deferred taxes.

Provisions and contingent liabilities relating to Alpine	
Description	**Procedures applied in the audit**
As a result of the process of liquidating the Alpine Group that started in 2013, a series of lawsuits were initiated against the Group, some of which are for a significant amount. Group management should assess whether these claims constitute contingent liabilities or whether, on the other hand, a provision should be recognised in the consolidated balance sheet. This was a key matter in our audit, since this assessment requires Group management to make significant judgements and estimates, especially regarding the probability of there being an outflow of resources in the future or the possibility of measuring the amount of the obligation reliably. These judgements and estimates are made by Group management based on the opinions of the internal legal department and its external legal advisers and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied.	Our audit procedures included, among others, the review of the evolution of each of the lawsuits affecting the Group as a result of the liquidation of the Alpine Group. To this end, we obtained confirmations from its external legal advisers in order to analyse the current status of the proceedings in progress and discussed with Group management its assessment of the related risk, classifying the risk as "remote", "possible" or "probable". Also, we assessed whether the Group's disclosures in the financial statements in relation to the claims currently in progress are adequate, in accordance with the applicable regulatory framework, and checked whether the details thereof were consistent with the evidence gathered in the course of our tests. Notes 19 and 26 to the accompanying consolidated financial statements contain the detail of the provisions and disclosures regarding the contingent liabilities relating to the claims associated with Alpine.

Recognition of long-term contract revenue in the Construction area	
Description	**Procedures applied in the audit**
The Group uses the percentage of completion method to recognise revenue from certain long-term contracts in the Construction area. This revenue recognition method was a key matter in our audit, as it affects a highly significant amount of total consolidated revenue, as well as the measurement of the amounts to be billed for work performed, and requires Group management to make highly significant estimates relating mainly to the expected outcome of the contract, the amount of costs to be incurred at the end of the construction work, the measurement of work completed in the period and the recognition of variations in the initial contract, all of which impact the revenue recognised in the year. These judgements and estimates are made by the persons in charge of performing the construction work, are subsequently reviewed at the various levels of the organisation and are submitted to controls to ensure the consistency and reasonableness of the criteria applied.	Our audit procedures included, among others, the performance of tests on the design and implementation of the relevant controls that mitigate the risks associated with the process of recognising contract revenue by reference to the stage of completion, as well as verification that the aforementioned controls operate effectively. Also, we performed a case-by-case analysis of details of the main projects in order to assess the reasonableness of the assumptions and hypotheses made by the Group, and reviewed their consistency with the estimates made by management in the previous year and with the actual data of the contracts in the current year. As regards the amounts to be billed for work performed, we analysed the recognition of revenue from work in progress and its recoverability on the basis of a sample of contracts, based on qualitative and quantitative factors. Lastly, we focused our work on verifying that the accompanying consolidated financial statements include the related disclosures required by the applicable financial reporting framework. In this connection, Note 3-s discloses the fact that the percentage of completion method is used to recognise revenue from long-term contracts, and Note 16-a includes additional disclosures in relation to balances recognised corresponding to amounts to be billed for work performed in the Construction area.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2017, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the information contained in the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels thereof:

a) A specific level that applies to the consolidated non-financial information statement, as well as to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the consolidated directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we have checked that the information described in section a) above is provided in the consolidated directors' report and that the other information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2017 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Directors and Audit and Control Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit and control committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on pages 8 and 9 below, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Parent's Audit and Control Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and control committee dated 27 February 2018.

Engagement Period

The Annual General Meeting held on 28 June 2016 appointed us as auditors of the Group for a period of one year from the year ended 31 December 2016.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the consolidated financial statements uninterruptedly since the year ended 31 December 1990, taking into account the content of Article 17.8 of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Antonio Sánchez-Covisa Martín-González
Registered in ROAC under no. 21251

27 February 2018

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.
- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit and control committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit and control committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Servicios Ciudadanos

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES (CONSOLIDATED GROUP)

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

Financial Statements and Directors' Report

2017

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES (CONSOLIDATED GROUP)

Financial Statements

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

CONSOLIDATED BALANCE SHEET

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES
as at 31 December 2017 (in thousands of euros)

A S S E T S	31-12-2017		31-12-2016	
NON-CURRENT ASSETS		**6,760,761**		**7,008,694**
Intangible assets (Note 7)		**2,485,248**		**2,536,258**
Concessions (Notes 7 and 11)	1,334,882		1,350,691	
Goodwill	1,083,740		1,094,561	
Other intangible assets	66,626		91,006	
Property plant and equipment (Note 8)		**2,455,863**		**2,520,255**
Land and buildings	761,187		780,364	
Plant and other items of property, plant and equipment	1,694,676		1,739,891	
Investment Property (Note 9)		**3,188**		**14,303**
Investments accounted for using the equity method (Note 12)		**650,640**		**669,002**
Non-current financial assets (Note 14)		**328,374**		**322,252**
Deferred tax assets (Note 24)		**837,448**		**946,624**
CURRENT ASSETS		**3,806,160**		**3,761,087**
Non-current assets classified as held for sale (Note 4)		**41,365**		**14,907**
Inventories (Note 15)		**569,627**		**581,627**
Trade and other receivables		**1,722,114**		**1,690,807**
Trade receivables for sales and services (Note 16)	1,457,659		1,417,099	
Other receivables (Note 16 and 24)	264,455		273,708	
Other current financial assets (Note 14)		**158,569**		**263,726**
Other current assets (Note 16)		**76,230**		**63,935**
Cash and cash equivalents (Note 17)		**1,238,255**		**1,146,085**
TOTAL ASSETS		**10,566,921**		**10,769,781**

The accompanying Notes 1 to 33 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2017.

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
as at 31 December 2017 (in thousands of euros)

EQUITY AND LIABILITIES	31-12-2017		31-12-2016*	
EQUITY (Note 18)		**938,519**		**872,879**
Equity attributable to the Parent Company		**863,926**		**797,482**
Shareholders' equity	1,221,103		1,099,741	
Share capital	378,826		378,826	
Retained earnings and other reserves	726.073		885.402	
Treasury shares	(4,427)		(5,502)	
Profit (Loss) for the year attributable to the Parent Company	118,041		(161,575)	
Other equity instruments	2,590		2,590	
Valuation adjustments	(357,177)		(302,259)	
Non-controlling interests		**74,593**		**75.397**
NON-CURRENT LIABILITIES		**6.112.718**		**6,595,636**
Grants		**215,372**		**225,460**
Non-current provisions (Note 19)		**1,140,965**		**1,175,595**
Non-current financial liabilities (Note 20)		**4,279,585**		**4,659,288**
Debt instruments and other marketable securities	1.560.546		229,632	
Bank borrowings	2.507.571		4,211,384	
Other financial liabilities	211.468		218,272	
Deferred tax liabilities (Note 24)		**312.653**		**360,347**
Other non-current liabilities (Note 21)		**164,143**		**174,946**
CURRENT LIABILITIES		**3,515,684**		**3,301,266**
Liabilities associated with non-current assets classified as held for sale (Note 4)		**14,241**		**14,907**
Current provisions (Note 19)		**165,793**		**202,911**
Current financial liabilities (Note 20)		**827,528**		**557,161**
Debt instruments and other marketable securities	48,609		2,737	
Bank borrowings	649,677		324,752	
Other financial liabilities	129,242		229,672	
Trade and other payables (Note 22)		**2,508,122**		**2,526,287**
Payable to suppliers	1,116,440		1,077,171	
Other payables (Notes 22 and 24)	1,391,682		1,449,116	
TOTAL EQUITY AND LIABILITIES		**10,566,921**		**10,769,781**

The accompanying Notes 1 to 33 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2017.

(*) The comparative figures from 2016 have been re-expressed to record the impact of the takeover bid for Cementos Portland Valderrivas S.A. made in 2017 (notes 2, 5, 18 and 20).

CONSOLIDATED INCOME STATEMENT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES
as at 31 December 2017 (in thousands of euros)

	31-12-2017	31-12-2016
Net revenue (Note 27)	**5,802,032**	**5,951,591**
Capitalised expenses of in-house work on fixed assets	34,671	52,930
Other operating income (Note 27)	153,888	175,440
Changes in inventories of finished goods and work in progress	(6,975)	3,517
Procurements (Note 27)	(2,178,699)	(2,146,181)
Staff costs (Note 27)	(1,780,450)	(1,822,226)
Other operating expenses	(1,209,102)	(1,381,365)
Depreciation and amortisation charge and allocation to the consolidated income statement of grants related to non-financial non-current assets and other grants (Notes 7, 8 and 9)	(364,123)	(399,312)
Impairment and gains on disposals of non-current assets (Note 27)	(12,741)	(281,679)
Other profit or loss (Note 27)	(2,618)	(59,104)
OPERATING INCOME	**435,883**	**93,611**
Finance income (Note 27)	43,468	90,175
Finance costs (Note 27)	(301,189)	(379,239)
Other net finance costs (Note 27)	(28,883)	(22,202)
FINANCIAL RESULT	**(286,604)**	**(311,266)**
Result of companies accounted for using the equity method (Note 27)	33,884	56,444
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**183,163**	**(161,211)**
Income tax (Note 24)	(59,576)	(34,981)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**123,587**	**(196,192)**
Profit for the year from discontinued operations, net of tax (Note 4)	—	(7,294)
CONSOLIDATED PROFIT OR LOSS FOR THE YEAR	**123,587**	**(203,486)**

Profit (Loss) attributable to the Parent Company	118,041	(161,575)
Profit (Loss) attributable to non-controlling interests (Note 18)	5,546	(41,911)

EARNINGS PER SHARE (Note 18)		
Basic	0.31	(0,45)
Diluted	0.31	(0,45)

The accompanying Notes 1 to 33 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2017.

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES
as at 31 December 2017 (in thousands of euros)

	31-12-2017		31-12-2016	
CONSOLIDATED PROFIT OR LOSS FOR THE YEAR		**123,587**		**(203,486)**
Other overall profit/loss – Items not reclassified to profit or loss for the year		**3.573**		**(9,956)**
For actuarial profits and losses (*)		**3.573**		**(9,956)**
Other overall profit/loss – Items that may subsequently be reclassified to profit or loss for the year		**(3.161)**		**(41.655)**
Available-for-sale financial assets		**6**		**(45)**
Valuation gain (Loss)	-		(39)	
Transfers to the income statement	6		(6)	
Cash flow hedges		**10,010**		**(1,788)**
Valuation gain (Loss)	(2,340)		(10,006)	
Transfers to the income statement	12,350		8,218	
Exchange differences		**(28,258)**		**(81,343)**
Valuation gain (Loss)	(28,251)		(73,915)	
Transfers to the income statement	(7)		(7,428)	
Participation in other comprehensive income recognised by investments in joint ventures and associates companies		**16,655**		**22,671**
Valuation gain (Loss)	4,412		(29,992)	
Transfers to the income statement	12,243		52,663	
Tax effect		**(1,574)**		**18,850**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**123,999**		**(255,097)**
Attributable to the Parent Company		**116,677**		**(205,408)**
Attributable to non-controlling interests		**7,322**		**(49,689)**

The accompanying Notes 1 to 33 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2017.

(*) Amounts that may not be recognised in the consolidated income statement in any circumstances.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
as at 31 December 2017 (in thousands of euros)

	Share capital (Note 18.a)	**Share premium and reserves** (Note 18.b)	**Interim dividend**	**Treasury shares and equity interests** (Note 18.c)	**Profit (Loss) for the year attributable to the Parent Company**	**Other equity instruments** (Note 18.d)	**Valuation adjustments** (Note 18.e)	**Equity attributable to shareholders of the Parent Company** (Note 18)	**Non-controlling interests** (Note 18.II)	**Total equity**
Equity at 31 December 2015	**260,572**	**301,342**	**—**	**(5,502)**	**(46,291)**	**35,576**	**(264,966)**	**280,731**	**206,516**	**487,247**
Total income and expenses for the year		(9,501)			(161,575)		(34,332)	(205,408)	(49,689)	(255,097)
Transactions with shareholders or owners	118,254	589,594						707,848	(12,191)	695,657
Capital increases/(reductions)	118,254	589,594						707,848	15	707,863
Dividends paid									(12,206)	(12,206)
Treasury share transactions (net)										
Other changes in equity (note 18)		3,967			46,291	(32,986)	(2,961)	14,311	(69,239)	(54,928)
Equity at 31 December 2016 (*)	**378,826**	**885,402**	**—**	**(5,502)**	**(161,575)**	**2,590**	**(302,259)**	**797,482**	**75,397**	**872,879**
Total income and expenses for the year		3,161			118,041		(4,525)	116,677	7,322	123,999
Transactions with shareholders or owners		689		1,075				1,764	(16,211)	(14,447)
Capital increases/(reductions)									(734)	(734)
Dividends paid									(15,477)	(15,477)
Treasury share transactions (net)		689		1,075				1,764		1,764
Other changes in equity (note 18)		(163,179)			161,575		(50,393)	(51,997)	8,085	(43,912)
Equity at 31 December 2017	**378,826**	**726,073**	**—**	**(4,427)**	**118,041**	**2,590**	**(357,177)**	**863,926**	**74,593**	**938,519**

The accompanying Notes 1 to 33 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2017.

(*) The comparative figures from 2016 have been re-expressed to record the impact of the takeover bid for Cementos Portland Valderrivas S.A. made in 2017 (notes 2, 5, 18 and 20).

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
as at 31 December 2017 (in thousands of euros)

	31-12-2017		31-12-2016	
Profit (Loss) before tax from continuing operations		183,163		(161,211)
Adjustments to profit (loss)		686,975		977,526
Depreciation and amortisation charge (Notes 7, 8 and 9)	370,815		404,794	
Impairment of goodwill and non-current assets (Notes 7 and 8)	2,343		317,768	
Other adjustments to profit (loss) (net) (Note 27)	313,817		254,964	
Changes in working capital (Notes 11 and 16)		31,085		331,395
Other cash flows from operating activities		(132,359)		(122,808)
Dividends received	30,208		46,492	
Income tax recovered/(paid)	(83,697)		(48,598)	
Other proceeds/(payments) relating to operating activities	(78,870)		(120,702)	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		**768,864**		**1,024,902**
Payments due to investments		(333,079)		(448,616)
Group companies, associates and business units	(16,209)		(114,661)	
Property, plant and equipment, intangible assets and investment property (Notes 7, 8 and 9)	(272,406)		(302,800)	
Other financial assets	(44,464)		(31,155)	
Proceeds from disposals		173,568		294,169
Group companies, associates and business units	109,143		160,797	
Property, plant and equipment, intangible assets and investment property (Notes 7, 8 and 9)	23,325		18,017	
Other financial assets (Note 11)	41,100		115,355	
Other cash flows from investing activities		8,597		59,761
Interest received	12,897		14,066	
Other proceeds/(payments) relating to investing activities	(4,300)		45,695	
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES		**(150,914)**		**(94,686)**
Proceeds and (payments) relating to equity instruments (Note 18)		2,174		707,780
Issues/(Redemptions)	415		707,863	
(Acquisition)/Disposal of treasury shares	1,759		(83)	
Proceeds and (payments) relating to financial liability instruments (Note 20)		(244,815)		(1,452,677)
Issues	1,490,110		495,000	
Repayments and redemptions	(1,734,925)		(1,947,677)	
Dividends and returns on other equity instruments paid (Note 6)		(16,475)		(11,662)
Other cash flows from financing activities		(214,593)		(334,755)
Interest paid	(185,591)		(316,327)	
Other proceeds/(payments) relating to financing activities	(29,002)		(18,428)	
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		**(473,709)**		**(1,091,314)**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(52,071)**		**(38,332)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**92,170**		**(199,430)**
Cash and cash equivalents at beginning of year		1,146,085		1,345,515
Cash and cash equivalents at end of year		1,238,255		1,146,085

The accompanying Notes 1 to 33 and Appendices I to V are an integral part of the consolidated financial statements and, together with the latter, make up the statutory consolidated financial statements for 2017.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
as at 31 December 2017

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1. GROUP ACTIVITIES

The FCC Group is made up of the Parent, Fomento de Construcciones y Contratas, S.A., and a group of Spanish and international subsidiaries which carry on various business activities that are grouped together in the following areas:

- **Environmental Services**. Services related to urban water treatment, treatment of industrial waste and waste-to-energy (waste recovery).

- **End-to-End Water Management**. Services related to the integral water cycle: collection, treatment and distribution of water for human consumption; wastewater collection, filtering and treatment; design, construction, operation and maintenance of water infrastructure for municipal, industrial, agricultural and other services.

- **Construction**. This area specialises in infrastructure construction projects, building construction and related activities, such as motorways, dual carriageways and other roads, tunnels, bridges, hydraulic construction works, ports, airports, residential property developments, housing units, non-residential building construction, lighting, industrial air conditioning and heating systems, environmental restoration, etc.

- **Cement.** This area engages in the operation of quarries and mineral deposits, the manufacture of cement, lime, plaster and related pre-manufactured products and the production of concrete.

International operations, which represent approximately 45% of the FCC Group's revenue (2016: 48%), are carried on mainly in the European, Latin American, Middle East and US markets.

Also, the FCC Group has a presence in the real estate industry, both through the company F-C y C S.L. Unipersonal *[Sole-Shareholder Company]* and through the 36.96% holding in Realia Business S.A., which engages mainly in housing development and office rental, both in Spain and abroad.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND BASIS OF CONSOLIDATION

a) Basis of presentation

The accompanying financial statements and the notes thereto, which compose these statutory consolidated financial statements, were prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union at year-end, in conformity with (EC) Regulation no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, and with all the related implementing provisions and interpretations.

The 2017 consolidated financial statements of the FCC Group were formally prepared by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be submitted for approval by the shareholders at the Annual General Meeting. However, no changes are expected to be made to the consolidated financial statements as a result of compliance with this requirement. The 2016 consolidated financial statements were approved by the shareholders of Fomento de Construcciones y Contratas, S.A. at the Annual General Meeting held on 28 June 2017.

These consolidated financial statements of the FCC Group present fairly its equity and financial position at 31 December 2017 and 2016, and its consolidated results, the changes in its consolidated equity and its consolidated cash flows in the years then ended.

The consolidated financial statements of the FCC Group were prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and of its investees. These records, in accordance with the Group's established operating procedures and systems, justify and support the consolidated financial statements prepared pursuant to current international accounting regulations.

In order to uniformly present the various items composing these consolidated financial statements, accounting uniformity criteria were applied to the separate financial statements of the companies included in the scope of consolidation. In general, in 2017 and 2016 the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

The financial statements are expressed in thousands of euros.

Reclassifications

Pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations", the non-core assets that are currently being sold are recognised under "Non-current assets classified as held for sale" and "Liabilities associated with non-current assets classified as held for sale" in the accompanying consolidated balance sheet and, in the case of setting up a cash-generating unit that is clearly separate from the rest of the Group from an operational point of view and for financial-reporting purposes, under "Profit (Loss) for the year from discontinued operations, net of tax" in the accompanying consolidated income statement.

Note 4 "Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale and discontinued operations" includes a detail and explanation of the related changes with regard to discontinued operations.

Standards and interpretations issued but not yet in force

At the date of preparation of these notes to the consolidated financial statements, the most significant standards and interpretations that had been issued by the International Accounting Standards Board (IASB) in the year but which had not yet come into force, either because they had not yet been adopted by the European Union or because they are applicable in subsequent years, were as follows:

		Obligatory application for the FCC Group
Not adopted by the European Union		
IFRS 17	Insurance contracts	1 January 2021
CINIF 22	Foreign-currency transactions and advance considerations	1 January 2018
CINIF 23	Uncertainty about treatment of tax on earnings	1 January 2019
Amendments to IFRS 2	Classification and valuation of share-based transactions	1 January 2018
Amendments to IAS 40	Property-investment transfers	1 January 2018
Amendments to IFRS 9	Negative-offset prepayment options	1 January 2019
Amendments to IAS 28	Long-term interest at associates and joint ventures	1 January 2019
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and associates	Indefinite
Amendments to IAS 19	Amendment, reduction or settlement of a plan	1 January 2019

In general, the Group does not expect the application of these standards pending EU approval to have any significant impact on the financial statements.

With regard to the standards issued by IASB in previous years but not in effect by the closure date of these financial statements, on 1 January 2018 two standards come into effect which will have an impact on the Group's financial statements.

The FCC Group expects the application of IFRS 15 “Revenue from Contracts with Customers” as at 1 January 2018 to have a negative impact on reserves of EUR 224,412 thousand, largely as a result of the re-estimation of income formerly recognised under IAS 11 “Construction Contracts” and IAS 18 “Revenue”, as it does not meet the requirements to be recognised as income under the new standard, which establishes more restrictive criteria for the registration of income, generally requiring the customer's approval. The estimated impact mostly consists of the annulment of income previously recognised for non-client-approved amendments to construction contracts, which under the rules in force at year end 2017 (IAS 11 and IAS 18) were recognised when there was a reasonable expectation that the client's approval would occur in the future. To date, such expectations have been based on past experience of contracts with the same client and works of similar characteristics, and on assessments made when contracting with each counterpart, including their solvency and capacity, which is re-assessed if any contract amendments so require, on the existence and content of negotiations with clients, and also on the possibility of being able to make a sufficiently reliable valuation of the sum of the consideration due (Note 3.s). Also, to a lesser extent, the impact of this standard also includes the annulment of income recognised in certain price reviews in contracts with public entities. To date these have been recognised if there was a reasonable expectation of future approval by the client, which is a less demanding criterion that the probability requirement under the new IFRS 15. In the case of transactions subject to variable considerations, the new standard establishes that income for the transaction is to be recognised at a value that is highly unlikely to undergo any significant reversal once the uncertainty has been resolved. In this regard, the considerations subject to variable considerations include income from claims submitted to clients, which according to the criteria under the previous standard were recognised according to their likelihood. Finally, IFRS 15 establishes the charging to profit and loss of any non-incremental expenses incurred in the submission of tenders that had previously been activated.

IFRS 15 also makes it compulsory to identify the various performance indicators included under a single contract when clearly separate activities are undertaken under the same contract. The Group, having studied its portfolio of contracts, has concluded that in general there is only one performance obligation in the contracts that it undertakes, either because services to integrate the various services rendered are provided or because such services are highly inter-related. Similarly, as the standards require, the Group has developed a homogeneous method for registering income in contracts with similar characteristics.

The Group forecasts that the first application of IFRS 9 “Financial Instruments” as at 1 January 2018 to have a positive impact on reserves of EUR 46,996 thousand, partly as a result of the positive impact of applying the accounting treatment of non-substantive changes to financial liabilities with regard to the syndicated loan as part of the refinancing of the syndicated debt of the parent company of the Fomento de Construcciones y Contratas Group (Note 20), and partly because of the negative impact of applying the impairment model for financial assets, which the new standard requires to be estimated according to the forecast credit loss instead of the credit loss incurred, as contained in IAS 39 “Financial Instruments: Recognition and Measurement”.

IFRS 9 develops a new valuing system for accounting for cover, which may mean that in some cases operations are defined as cover operations that previously would not have met the requirements for being classified as such. Given the type of financial instruments that the Group uses to mitigate the financial risks to which it is exposed (Notes 23 and 30), no new operations have been identified as needing to be considered as cover under IFRS 9. IFRS 9 also establishes a new classification for financial assets according to the business model. The Group manages its financial assets with a view to obtaining contractual cash flows, so they must be accounted for by the amortised-cost method, unless they are designated at sources as being at fair value with changes in profit and loss, a form of treatment that is consistent with that currently applied in accordance with the classification established under IAS 39, so no significant impact has been found that might cause changes in how financial assets are valued.

IFRS 16 “Leases”, which comes into effect on 1 January 2019, provides that for the lessor all leases (except for certain exceptions for small sums or short terms) result in accounting for an asset for the use rights and a liability for the future payment obligations incurred. At the time of preparing these financial statements the Group is still in the process of assessing its impact.

Significant standards and interpretations applied in 2017

The standards already adopted by the European Union that came into force in 2017 and were applied by the Group where applicable were as follows:

New standards, amendments and interpretations:		Obligatory application for the FCC Group
Approved for use in the European Union		
Amendments to IAS 7	Initiative of information to be disclosed	1 January 2017
Amendments to IAS 12	Recognition of deferred tax assets for non-realised losses	1 January 2017

In general, the application of the aforementioned regulatory changes did not have a material impact on the accompanying consolidated financial statements.

b) Basis of consolidation

Subsidiaries

The subsidiaries listed in Appendix I, over which Fomento de Construcciones y Contratas, S.A. exercises control, i.e. where Fomento de Construcciones y Contratas, S.A. has the power to govern the significant activities of the investee; has exposure, or rights, to variable returns from involvement with the investee; and has the ability to use power over the investee to affect the amount of the investor’s returns, either directly or through other investees controlled by it, are fully consolidated.

The share of non-controlling interests of the equity of the investee is presented under “Non-Controlling Interests” on the liability side of the accompanying consolidated balance sheet and their share of the results of the investee is presented under “Profit (Loss) Attributable to Non-Controlling Interests” in the accompanying consolidated income statement.

Goodwill is determined as indicated in Note 3.b below.

Joint arrangements

The Group participates in joint arrangements through investments in joint ventures controlled jointly by one or more FCC Group companies with other non-Group companies (see Note 12) and through interests in joint operations, in the form of unincorporated temporary joint ventures (Spanish UTEs) and other similar entities (Note 13).

The Group applies its professional judgement to assess its rights and obligations with in relation to joint arrangements, taking into consideration the financial structure and legal form of the arrangement, the terms and conditions agreed upon by the parties and other relevant facts and circumstances in order to assess the type of joint arrangement in question. Once analysed, two types of joint arrangements can be identified:

a) Joint operation: When the parties have rights to the assets and obligations for the liabilities.
b) Joint ventures: When the parties only have rights to the net assets.

In accordance with IFRS 11 “Joint Arrangements”, the interests in joint ventures are accounted for using the equity method and are recognised under “Investments Accounted for Using the Equity Method” in the accompanying consolidated balance sheet. The share in the after-tax profit or loss for the year of these companies is recognised under “Result of Companies Accounted for Using the Equity Method” in the accompanying consolidated income statement.

Joint operations, primarily in the Construction and Environmental Services Areas, most of which have the legal form of unincorporated temporary joint ventures and similar entities, were included in the accompanying consolidated financial statements in proportion to the Group's percentage interest in the assets, liabilities, income and expenses arising from the transactions performed by these entities, and reciprocal asset and liability balances and income and expenses not realised with third parties were eliminated.

Appendix II lists the joint ventures controlled jointly with non-Group third parties and Appendix V lists the joint operations operated jointly with non-Group third parties through unincorporated temporary joint ventures and other entities of similar legal characteristics.

Associates

The companies listed in Appendix III, over which Fomento de Construcciones y Contratas, S.A. does not exercise control but does have significant influence, are equity-accounted and are included under "Investments Accounted for Using the Equity Method" in the accompanying consolidated balance sheet. The share in the after-tax profit or loss for the year of these companies is recognised under "Result of Companies Accounted for Using the Equity Method" in the accompanying consolidated income statement.

Transactions between Group companies

Gains or losses on transactions between consolidated companies are eliminated on consolidation and deferred until they are realised with non-Group third parties. This elimination does not apply in the case of "concession arrangements" since the related gains or losses are deemed to have been realised with third parties (Note 3.a).

Group work on non-current assets is recognised at production cost, and any intra-Group results are eliminated.

Reciprocal receivables and payables and intra-Group income and expenses were eliminated from the consolidated financial statements.

Changes in the scope of consolidation

Appendix IV shows the changes in 2017 in the fully consolidated companies and the companies accounted for using the equity method. The results of these companies are included in the consolidated income statement from the effective date of acquisition to year-end or from the beginning of the year to the effective date of disposal or derecognition, as appropriate.

The effects of the inclusion of companies in the scope of consolidation or of their exclusion therefrom are shown in the related notes to the consolidated financial statements under "Changes in the Scope of Consolidation". In addition, Note 5 to these consolidated financial statements, "Changes in the Scope of Consolidation", sets forth the most significant inclusions and exclusions.

c) Re-expressions performed

These consolidated financial statements have been re-expressed to facilitate understanding of the date for 2016 cited here. With regard to the delisting takeover bid for Cementos Portland Valderrivas S.A. in progress as at 31 December 2016 and completed in February 2017, a liability has been registered representing the payment obligation for the acquisition of the shares to which the bid applied, for the maximum possible sum, i.e., considering the acquisition of 100% of those shares, as at year end 2016 Fomento de Construcciones y Contratas S.A. was understood to have incurred in the obligation to buy the equity instruments held by the minority shareholders the bid was targeted at. The impact of re-expression has meant an increase in current financial liabilities of EUR 63,933 thousand, offset by the same sum under the Group's equity (Notes 5, 18 and 20).

The re-expression carried out has had the following impact on the comparative financial statements from 2016, with the impact mostly affecting non-controlling interests under equity:

	Annual statements data published	Impact of takeover bid	Impact after takeover bid
Non-current Assets	7,008,694	—	7,008,694
Current assets	3,761,087	—	3,761,087
TOTAL ASSETS	**10,769,781**	—	**10,769,781**
Equity	936,812	(63,933)	872,879
Non-current liabilities	6,595,636	—	6,595,636
Current liabilities	3,237,333	63,933	3,301,266
TOTAL EQUITY AND LIABILITIES	**10,769,781**	—	**10,769,781**

Note 5 explains the impact resulting from the acceptance of 87.81% of the shares at which the bid closed on 13 February 2017 was targeted.

3. ACCOUNTING POLICIES

Set forth below is a detail of the accounting policies used in preparing the FCC Group’s consolidated financial statements:

a) Service concession arrangements

The concession contracts are arrangements between a public-sector grantor and FCC Group companies to provide public services such as water distribution, waste water filtering and treatment, management of landfills, motorways and tunnels, etc., through the operation of the related infrastructure. Revenue from providing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for providing the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the infrastructure assigned to the concession and required to provide the service is returned to the concession grantor, generally for no consideration. The concession arrangement must provide for the management or operation of the infrastructure. Another common feature is the existence of obligations to acquire or construct all the items required to provide the concession service over the concession term.

These concession arrangements are accounted for in accordance with IFRIC 12 “Service Concession Arrangements”. In general, a distinction must be drawn between two clearly different phases: the first in which the concession operator provides construction or upgrade services which are recognised as intangible or financial assets by reference to the stage of completion pursuant to IAS 11 "Construction Contracts"; and a second phase in which the concession operator provides a series of maintenance or operation services of the aforementioned infrastructure, which are recognised in accordance with IAS 18 “Revenue”.

An intangible asset is recognised when the demand risk is borne by the concession operator and a financial asset is recognised when the demand risk is borne by the concession grantor since the operator has an unconditional contractual right to receive cash for the construction or upgrade services. These assets also include the amounts paid in relation to the fees for the award of the concessions.

In certain bifurcated arrangements, the operator and the grantor may share the demand risk, although this is not common for the FCC Group.

For concessions classified as intangible assets, provisions for dismantling, removal and restoration and any work to upgrade the infrastructure or increase its capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the interest cost relating to the provisions are recognised in the income statement. Also, provisions to replace and repair the infrastructure are systematically recognised in the income statement as the obligation is incurred.

Borrowing costs arising from the financing of the infrastructure are recognised in the period in which they are incurred and those accruing from the construction until the entry into service of the infrastructure are capitalised only in the intangible asset model.

These intangible assets are amortised on the basis of the demand for, or the use of, the infrastructure, taken to be the changes in and best estimates of the production units of each activity. The Group's most important concession business in quantitative terms is the water supply and treatment activity, in which the assets are amortised on the basis of water consumption; in general, this consumption remains constant over time due, on the one hand, to the reduction arising from water saving policies and, on the other, to the rise resulting from the increase in the population. The assets are amortised in full over the concession term, which generally ranges from 25 to 50 years.

Concessions classified as a financial asset are recognised at the fair value of the construction or upgrade services provided. In accordance with the amortised cost method, the related income is recognised as revenue in the income statement based on the effective interest rate resulting from the expected cash inflows and outflows of the concession. The borrowing costs arising from the financing of these assets are classified under “Finance Costs” in the consolidated income statement. As explained above, the income and expenses from the provision of maintenance and operation services are recognised in the consolidated income statement in accordance with IAS 18 “Revenue”.

b) Business combinations and goodwill

The assets and liabilities of the acquired companies and subgroups are recognised in the consolidated balance sheet at their fair value together with the related deferred taxes. However, in accordance with the applicable legislation, the initial measurement of the assets and liabilities and their allocation to the various asset and liability headings may be reviewed within the twelve months following the acquisition date, should it be necessary to consider new information.

The date of inclusion in the scope of consolidation is the date on which effective control of the company is obtained, which normally coincides with the acquisition date.

Goodwill is recognised as the excess of (a) the aggregate of the fair value of the consideration transferred for the equity interest acquired, the amount of the non-controlling interests and the acquisition-date fair value of the previously held equity interests, when control is achieved in stages, over (b) the fair value of the identifiable assets and liabilities.

In general, the non-controlling interests are measured at their proportionate share of the acquiree’s assets and liabilities.

In a business combination achieved in stages, the difference between the acquisition-date fair value of the previously held equity interest and the carrying amount of this equity interest is recognised as a result from operations.

Once control is obtained over an investee and provided control is not lost, the difference between the amount of any additional equity interest acquired or sold and its carrying amount is recognised in equity.

Goodwill is not amortised; however, it is tested for impairment at least at the end of each reporting period in order to recognise it at the lower of its recoverable amount, estimated on the basis of expected cash flows, and acquisition cost, less any accumulated impairment losses. The accounting policies used to determine impairment are detailed in Note 3-e.

c) Intangible assets

Except as indicated in the preceding two sections of this Note in relation to service concession arrangements and goodwill, the other intangible assets included in the accompanying consolidated financial statements are measured at acquisition cost. These intangible assets include the investments relating to operating contracts and licences and to surface rights.

None of these intangible assets recognised were generated internally and they all have a finite useful life. Intangible assets are amortised over their useful lives (in general between 20 and 35 years), i.e. the period during which it is estimated they will generate income, using the straight-line method, except where the application of the pattern of consumption of future economic benefits more faithfully reflects their decline in value. Software is generally amortised over 5–10 years.

d) Property, plant and equipment and investment property

Property, plant and equipment and investment property are recognised at cost (revalued, where appropriate, in accordance with various legal provisions pre-dating the transition to IFRSs), less any accumulated depreciation and any recognised impairment loss. Also, the cost of property, plant and equipment includes the estimated present value of the costs of dismantling and removing the related items and, in cases where these non-current assets have been acquired through business combinations as explained in Note 3-b, they are initially recognised at their acquisition-date fair values.

Group work on non-current assets is measured at production cost.

Upkeep and maintenance expenses not leading to a lengthening of the useful life or to an increase in the production capacity of the related assets are recognised in profit or loss as incurred.

When the construction and start-up of non-current assets require a substantial period of time, the borrowing costs accrued over that period are capitalised.

Property, plant and equipment are depreciated by the straight-line method at annual rates based on the following years of estimated useful life:

Investment property	75
Natural resources and buildings	25-50
Plant, machinery and transport equipment	5-30
Furniture and tools	7-12
Computer hardware	4
Other items of property, plant and equipment	5-10

However, certain contracts have terms shorter than the useful life of the related non-current assets, in which case they are depreciated over the contract term.

The residual value, useful life and depreciation method applied to the Group's assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the property, plant and equipment and investment property are consumed. This review takes the form of an in-situ assessment and technical analysis, based on the current conditions of the assets, and the remaining useful life of each asset is estimated on the basis of its capacity to continue to perform the functions for which it was designed. Subsequently, these internal analyses are confirmed by checking them with non-Group third parties, such as manufacturers, installers, etc.

The Group companies assess regularly, at least at the end of each reporting period, whether there is any indication that an item or group of items of property, plant and equipment is impaired so that, as indicated in Note 3-e), an impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use. Under no circumstances may the amount of reversals exceed that of the impairment losses previously recognised.

e) Impairment of intangible assets, property, plant and equipment and investment property

Intangible assets with finite useful lives, property, plant and equipment and investment property are tested for impairment when there is an indication that the assets might have become impaired, in order to adjust their carrying amount to their value in use (if this is lower).

The Group uses both internal and external information sources to assess any signs of impairment. The external sources include reductions in market value beyond the passage of time or normal use or possible adverse future changes in the legal, economic or technological environment that might reveal a loss in the recoverable value of assets. Internally, the Group assesses whether physical deterioration or obsolescence of assets has occurred, if the possible future situation could cause changes in the forecast use of an asset, e.g., if the asset is expected to lie idle for a significant period of time, if restructuring plans are in place, or if the asset is found to be performing worse than expected.

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment tests show a recovery in the value of these assets. The carrying amount of the assets whose recoverable amount increases must in no case exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The recognition or reversal of impairment losses on assets is charged or credited to income under "Impairment and Gains or Losses on Disposals of Non-Current Assets".

To determine the recoverable amount of the assets tested for impairment, an estimate is made of the present value of the net cash flows arising from the cash-generating units (CGUs) to which the assets belong, except for cash inflows and outflows from financing activities and income tax payments, and the cash inflows and outflows arising from scheduled future improvements or enhancements of the assets of these cash-generating units. To discount the cash flows, a pre-tax discount rate is applied that reflects current market assessments of the time value of money and the risks specific to each cash-generating unit.

The estimated cash flows are obtained from projections prepared by management of each CGU, which in general cover periods of five years, except when the characteristics of the business advise longer periods and include growth rates based on the various approved business plans (which are reviewed periodically), considering, generally, zero growth rates for the years after those covered by the business plans. In addition, it should be noted that sensitivity analyses are conducted in relation to revenue growth, operating margins and discount rates in order to forecast the impact of future changes on these variables.

Flows from CGUs located abroad are calculated in the functional currency of these cash-generating units and are discounted using discount rates that take into consideration the risk premiums relating to each currency. The present value of the net flows thus obtained is translated to euros at the year-end exchange rate applicable to each currency.

f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

f.1) Finance leases

In finance leases, the Group acts solely as the lessee. In the accompanying consolidated balance sheet the Group recognises the cost of the leased assets and, simultaneously, recognises a liability for the same amount. This amount will be the lower of the fair value of the leased asset and the present value, at the inception of the lease, of the agreed minimum lease payments, including the price of the purchase option when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the income statement for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the period in which it is incurred.

On expiry of the leases, the Company exercises the purchase option and the lease arrangements do not impose any restrictions concerning exercise of this option. Also, the lease agreements do not contain any renewal, review or escalation clauses.

Assets held under finance leases are depreciated using the criteria detailed in sections a), c) and d) of this Note.

f.2) Operating leases

When the Company acts as the lessee, it charges the expenses from operating leases to income on an accrual basis.

When the Group acts as the lessor, income and expenses from operating leases are recognised in the consolidated income statement on an accrual basis.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

g) Investments accounted for using the equity method

Investments in jointly ventures and associates are initially recognised at acquisition cost and are subsequently revalued to take into account the share of the results of these companies not distributed in the form of dividends. Also, the value of the investments is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their statements of profit or loss. These changes include most notably translation differences and the adjustments arising from changes in the fair value of the cash flow hedges arranged by the companies.

Necessary valuation adjustments are made whenever there are signs of impairment that could reveal a reduction in the carrying amount of an investment. Both internal and external sources are used for this.

h) Financial assets

Financial assets are initially recognised at fair value, which generally coincides with their acquisition cost, adjusted by the transaction costs directly attributable thereto, except in the case of held-for-trading financial assets, the transaction costs for which are charged to profit or loss for the year.

All acquisitions and sales of financial assets are recognised at the transaction date.

The financial assets held by the Group companies are classified as follows:

- **Financial assets at fair value through profit or loss**, which comprise:

  - **held-for-trading financial assets**, which are assets acquired with the intention of realising them at short term based on fluctuations in their prices. These assets, which are expected to mature within twelve months, are included under "Other Current Financial Assets" in the accompanying consolidated balance sheet.

    Held-for-trading financial assets which, when arranged, mature within three months or less and whose realisation is not expected to give rise to significant costs are included under "Cash and Cash Equivalents" in the accompanying consolidated balance sheet. These assets are considered to be investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and therefore relate basically to very short-term, highly liquid investments with a high turnover.

  - **financial assets initially recognised at fair value through profit or loss,** which are financial assets not considered to be held for trading.

- **Held-to-maturity investments** are financial assets with fixed or determinable payments and fixed maturity. Those maturing within no more than twelve months are classified as current assets and those maturing within more than twelve months as non-current assets.

- **Loans and receivables** maturing within no more than twelve months are classified as current items and those maturing within more than twelve months as non-current items. This category includes collection rights arising from the application of IFRIC 12 "Service Concession Arrangements" as detailed in Note 3-a.

- **Available-for-sale financial assets** are securities acquired that are not held for trading purposes and are not classified as held-to-maturity investments. They are classified as non-current in the accompanying consolidated balance sheet since it is intended to hold them at long term.

The financial assets at fair value through profit or loss and the available-for-sale financial assets were measured at their fair value at the reporting date. The fair value of a financial instrument is taken to be the amount for which it could be bought or sold by two knowledgeable, willing and experienced parties in an arm's length transaction.

In the case of financial assets at fair value through profit or loss, the gains or losses arising from changes in fair value are recognised in net profit or loss for the year whereas in the case of available-for-sale financial assets, they are recognised in equity until the asset is disposed of, at which time the cumulative gains previously recognised in equity are recognised in profit or loss for the year, or it is determined that it has become impaired, at which time, once the cumulative gains previously recognised in equity have been reduced to zero, the loss is recognised in the consolidated income statement.

Collection rights arising from a service concession arrangement are measured in accordance with the criteria detailed in Note 3-a.

Held-to-maturity investments, credits, loans and receivables originated by the Group are measured at the lower of amortised cost, i.e. the initial cost minus principal repayments plus the uncollected interest accrued on the basis of the effective interest rate, and market value. The effective interest rate is the rate that exactly matches the initial cost of the investment to all its estimated cash flows of all kinds through its residual life. Where appropriate, if there are signs that these financial assets have become impaired, the necessary valuation adjustments are made.

Trade receivables arising in the Group's normal business activities are stated at their nominal value, reduced by the amounts considered to be non-recoverable.

The Group companies assign trade receivables to banks, without the possibility of recourse against them in the event of non-payment. These transactions bear interest at market rates and the Group companies continue to manage collection of the receivables.

Also, certain future collection rights arising from construction project contracts awarded under the lump-sum payment system were sold.

Through the sale and assignment of these collection rights, substantially all the risks and rewards associated with the receivables, as well as control over the receivables, were transferred, since no repurchase agreements have been entered into between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, in accordance with IFRSs, the Group derecognises the balances of receivables assigned or sold on the terms indicated above.

i) Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale and discontinued operations

Assets and liabilities whose carrying amount is recovered through a sale transaction rather than through continuing use are classified as non-current assets held for sale and liabilities associated with non-current assets classified as held for sale. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Discontinued operations represent Group components that are intended to be sold or disposed of by any other means or are classified as held for sale. These components comprise operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group and represent separate lines of business or geographical areas of operations.

j) Inventories

Inventories are stated at average acquisition or production cost and the necessary valuation adjustments are made to reduce the carrying amount to net realisable value, if this is lower.

Assets received in payment of loans, located mainly in the FCC Construcción subgroup (in exchange for construction work performed or to be performed), are measured at the lowest of the following three values: the amount at which the loan relating to the asset was recognised, production cost and net realisable value.

k) Foreign currency

k.1) Translation differences

In general, the financial statements of foreign subsidiaries denominated in currencies other than the euro were translated to euros at the closing rates, with the exception of:

- Share capital and reserves, which were translated at historical exchange rates.

- The income statement items of foreign operations, which were translated at the average exchange rates for the period.

Translation differences arising at the consolidated foreign companies through application of the year-end exchange rate method are included in equity in the accompanying consolidated balance sheet, as shown in the accompanying consolidated statement of changes in equity.

k.2) Exchange differences

Balances receivable and payable in foreign currencies are translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet, and the differences that arise are taken to income, except with regard to advances, which are considered to be non-monetary items, converted at the exchange rate corresponding to when the transaction took place.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

Also, the exchange rate differences arising in relation to the financing of investments in foreign companies (in which the investment and the financing are denominated in the same currency) are recognised directly in equity as translation differences that offset the effect of the difference arising from the translation to euros of the foreign investee.

l) Equity instruments

Equity or capital instruments are recognised at the proceeds received, net of direct issue costs.

Treasury shares acquired by the Parent are recognised at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in the income statement.

m) Grants

Grants are recognised according to their nature.

m.1) Grants related to assets

Grants related to assets are grants which involve the acquisition or construction of assets. These grants are measured at the amount received or the fair value of the asset received; they are recognised as deferred income on the liability side of the accompanying consolidated balance sheet and are recognised in profit or loss as the asset or assets to which they relate are depreciated.

m.2) Grants related to income

Grants related to income are different from those described above in that they do not relate directly to an asset or group of assets. These grants are accounted for as operating income for the amount received when awarded, unless they are received to finance specific expenses, in which case they are recognised in profit or loss as the related expenses are incurred.

n) Provisions

The Group companies recognise provisions on the liability side of the accompanying consolidated balance sheet for present obligations arising from past events which the companies consider will probably require an outflow of resources embodying economic benefits to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying financial statements of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognised as interest cost in the income statement.

Provisions for dismantling, removal or rehabilitation and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. The impact on income arises when the asset concerned is depreciated (as described in previous sections of this Note) and when the provisions are discounted to present value (as described in the preceding paragraph).

Also, certain Group companies recognise provisions for restructuring costs when there is a detailed formal plan in place for this restructuring that has been communicated to the affected parties. At 31 December 2017, no liabilities for significant amounts had been recognised in this connection.

Provisions are classified as current or non-current in the accompanying balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the average cycle of the activity giving rise to the provision.

o) Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

Borrowing costs are recognised on an accrual basis in the income statement using the effective interest method and are added to the amount of the financial instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months as non-current liabilities.

p) Financial derivatives and hedge accounting

A financial derivative is a financial instrument or other contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable, which may be of a non-financial nature.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign currency or interest rate risks or risks relating to the value associated with balances and transactions. Hedges are accounted for as follows:

- Fair value hedges: in this case, the changes in fair value of the hedging instrument are recognised in profit or loss and offset the changes in fair value of the hedged item.

- Cash flow hedges: in hedges of this nature, the portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is recognised in the consolidated income statement in the same period during which the hedged item affects profit or loss.

- Hedges of a net investment in a foreign operation: hedges of this type are aimed at covering foreign currency risk and are accounted for similarly to cash flow hedges.

Pursuant to IAS 39 "Financial Instruments: Recognition and Measurement", in order to qualify for hedge accounting, a financial derivative must meet the following requirements:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.

- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.

- Prospective (analytical) evidence of the effectiveness of the hedge.

- Objective and verifiable ex-post measurements.

In order to be classified as a hedging instrument, the derivative must undergo an effectiveness test. These effectiveness tests are adapted to the type of hedge and the nature of the instruments used:

- In cash flow hedges it is first verified that the critical terms of the hedging instrument and the hedged asset or liability – amounts, maturities, repayments, reference indices, review dates, etc. – are all the same.

  In the case of interest rate swaps (IRSs) in which the FCC Group receives a floating rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness is estimated using a test that prospectively and retrospectively checks that the changes in fair value of the cash flows of the IRS offset the changes in fair value of the hedged risk.

  A hypothetical derivative is used to quantify the hedged risk, whereby the hedged risk is replicated, isolating it from the other factors that influence expected cash flows. Using this approach, the present value of the cash flows is calculated on the basis of the difference between the forward interest rates for the applicable periods at the date of the effectiveness test and the interest rate that would have been obtained had the debt been arranged at the market rate prevailing on inception of the hedge. The hedge will be considered highly effective where the changes in the fair value of the cash flows of the real derivative and the cash flows of the hypothetical derivative are offset within a range of 80% and 125%. If this is not the case, the derivative is not classified as a hedge and changes in its fair value are recognised in the consolidated income statement.

  For cash flow hedges in which the derivative hedging instrument is not an IRS but an option, the reduction in the variance of costs is taken into consideration only if the hedge is "activated", i.e. if the reference rates fall within the hedged variability range. The methodology used once the hedge has been activated is the same as that used to test the effectiveness of the IRSs, with the exception that only the intrinsic value of the option will be taken into account in the effectiveness test, in accordance with IAS 39.

- The effectiveness test of fair value hedges -arranged using IRSs- is based on the comparison of the changes in the fair value of the hedged position and of the hedging instrument. The assessment of the effectiveness of this type of hedge is performed by isolating the effects of the credit risk of the liability and the change in value of the variable leg of the IRS, which does not affect the ultimate objective of the hedge but may give rise to apparent ineffectiveness due to the interest accrued at each date.

Although certain hedging instruments are not recognised as hedges, this is only for accounting purposes since for financial and management purposes all the hedges arranged by the FCC Group have, at inception, an underlying financial transaction and the sole purpose of hedging such transaction.

Derivatives do not qualify for hedge accounting if the hedge fails the effectiveness test, which requires the changes in the fair value or in the cash flows of the hedged item directly attributable to the hedged risk to be offset by changes in the fair value or in the cash flows of the hedging instrument within a range of 80% to 120%. When this does not occur, the changes in value are recognised in the income statement.

Changes in the fair value of financial derivatives that do not qualify for hedge accounting are recognised in the consolidated income statement as they arise.

The measurement of financial derivatives includes counterparty credit risk and is performed by experts on the subject that are independent from the Group and the entities financing it. The related values are calculated using methods and techniques defined on the basis of observable market inputs.

- For example: The IRSs were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon yield curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon yield curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black-Scholes model was used.

- In the case of a cash flow hedging derivative tied to inflation, the method used is very similar to that applied to interest rate swaps. The projected inflation is estimated on the basis of the inflation included implicitly in the ex-tobacco European inflation-indexed swaps quoted on the market and is aligned with Spanish inflation by means of a convergence adjustment.

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group’s accounts, assuming an increase and decrease in interest rates at year-end in various scenarios (Note 30).

Note 23 to these consolidated financial statements details the financial derivatives that the Group has arranged and other matters related thereto.

q) Income tax

The income tax expense is calculated on the basis of consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit. Based on the legislation applicable to each company, the corresponding tax rate is applied to this adjusted accounting profit. Any tax relief and tax credits earned in the year are then deducted and any positive or negative differences between the tax charge estimated for the previous year’s accounting close and the amount of tax subsequently paid are added to or deducted from, respectively, the resulting tax charge.

The temporary differences between the accounting profit and the taxable profit for income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the consolidated balance sheet and their tax bases give rise to deferred taxes which are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably reverse, and in no circumstances are they discounted to present value.

The Group capitalises the deferred tax assets arising from temporary differences and tax loss carryforwards, except for those with respect to which there are reasonable doubts as to their future recovery.

r) Pension obligations

The Group companies have certain specific pension plan and similar obligations, which are described in Note 25 to these consolidated financial statements.

s) Operating income and expenses

In construction activities, the Group recognises results by reference to the stage of completion, determined by measuring the construction work performed in the year and the construction costs, which are recognised on an accrual basis. It recognises the revenue corresponding to the selling price of the completed construction work covered by a principal contract entered into with the owners and by amendments thereto approved by the owners, or the revenue with respect to which there is reasonable certainty regarding its recovery, since construction project revenue and costs are susceptible to substantial variations during the performance period which cannot be readily foreseen or objectively quantified. Also recognised as income are any claims that comply with the accrual principle, but only when the Group — based on previous experience of contracts with the same client and works of similar characteristics, on the assessment made at the time of contracting, including its solvency and capacity, which is reassessed if contract amendments so require, and on legal and technical advisers' reports — expects the claim to be settled with collection of the sums recognised as income. The existence and stock of negotiations with clients are assessed in a similar way, together with whether it will be possible to value the consideration due with a sufficient degree of reliability. Otherwise no income is recognised in relation to contract amendments. In any case, the Group recognises no further income once legal action has been brought (Note 16). Budgeted losses are recognised as an expense in the consolidated income statement for the year.

The revenue and expenses of the other activities are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

With regard to service concession arrangements, it should be noted that the FCC Group recognises as a result from operations the interest income arising from the receivables under the financial asset model, since the value of the financial asset includes both the construction services and the upkeep and maintenance services, which from an operational standpoint are identical to those represented by the intangible asset model and, consequently, it is considered that since both models relate to the operating activity of the Group, a fair representation is better achieved by including the income from the financial asset as a result from operations (Note 3-a).

The gains or losses arising on disposals of ownership interests in subsidiaries are also recognised as a result from operations when control of the subsidiaries is lost. Also, as indicated in Note 3-b above in relation to business combinations achieved in stages, the difference between the acquisition-date fair value of the previously held equity interest and the carrying amount of this equity interest is also recognised as profit or loss from operations.

The Group receives the CO_2 emission allowances for its cement business free of charge under the respective national allocation plans and it recognises the related income and expense flows when its sells its surplus allowances or purchases the allowances it requires.

t) Related party transactions

The Group performs all its transactions with related parties on an arm’s length basis.

Note 31 to these consolidated financial statements details the main transactions with the significant shareholders of the Parent, its Directors and Senior Executives, between Group companies or entities and with companies in which the shareholders of the Group hold a participating interest.

u) Consolidated statement of cash flows

The FCC Group prepares its consolidated statement of cash flows in accordance with the indirect method under IAS 7 “Statement of Cash Flows”, using the following terms with the meanings specified:

- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. Operating cash flows include most notably "Other Adjustments to Profit (Loss) (Net)" which consists of, primarily, items that are included in “Profit (Loss) before Tax” but do not have an impact on the change in cash, and items that are included in other line items of the consolidated statement of cash flows in accordance with their nature.
- Investing activities relate to the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities are activities that result in changes in the size and composition of the equity and borrowings of the Group.

For the purpose of preparing the consolidated statement of cash flows, “Cash and Cash Equivalents” were considered to be cash on hand, demand bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

v) Use of estimates

In the Group’s consolidated financial statements for 2017 and 2016, estimates were made in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The impairment losses on certain assets (Notes 7, 8 and 9).
- The measurement of goodwill (Note 7).
- The recoverability of amounts to be billed for construction work performed being processed (Notes 3.s and 16).
- The recoverability of deferred tax assets (see Note 24).
- The amount of certain provisions and, in particular, those relating to claims and litigation (Note 19).
- The measurement of assets and liabilities classified as held for sale, when their net value is recognised at an amount less than the carrying amount, since their selling price, less costs to sell, is estimated to be lower than their carrying amount (Note 4).
- The identification and the determination of the fair value of the assets and liabilities acquired in business combinations (Note 5).
- The useful life of the intangible assets, property, plant and equipment and investment property (Notes 7, 8 and 9).
- The calculation of the recoverable amount of inventories (Note 15).
- The assumptions used in the actuarial calculation of the post-employment benefit liabilities and obligations (Notes 19 and 25).
- The market value of derivatives (Note 23)

In 2016 goodwill was impaired in the cement business. This impairment was partly due to a decrease in cement consumption in Spain last year and the existence of more recent estimates from external sources pointing towards practically static behaviour in 2017. The business in Tunisia underwent falls in volumes sold and prices, together with the depreciation of the Tunisian dinar. In addition to these factors, the expected rise in fuel prices resulted in less cash flow than forecast. This year the Group has updated its impairment test for the cement business, concluding that no additional impairment needs to be recognised (Note 7.b).

Although these estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future financial statements.

IFRS 7 "Financial Instruments: Disclosures" requires that the fair value measurements of financial instruments, both assets and liabilities, be classified in accordance with the significance of the variables used in the measurements. For this purpose, it establishes the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices that are observable for the financial instrument, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial instrument that are not based on observable market data.

Substantially all the Group's financial assets and liabilities measured at fair value are Level 2.

4. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

In accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" (Note 3-i), the assets for which there were sale plans were reclassified. The FCC Group considers as discontinued operations activities which, individually or as a whole, regardless of whether they represent a business segment (Note 28), represent a major line of business for the Group and are managed separately from the others.

The assets held for sale, after deducting their liabilities, were measured at the lower of carrying amount and the expected selling price less costs to sell, which gave rise to the recognition of the related impairment losses.

In December 2017 the assets of the Cedinsa group, which is consolidated by the participation method, were reclassified to "Non-current saleable assets", as a sale plan is at advanced stages and is expected to have a positive outcome for the Group. The assets and liabilities of Cemusa in Portugal that were not sold with the rest of the Cemusa group are held as interrupted business until a sale plan is in place. Their net value is zero.

On 17 March 2016 the agreement was completed to close the operation to sell the shares of Globalvia Infraestructuras S.A. to Optrust Infraestructure Europe I S.A.R.L., Stichting Depositary PGGM Infraestructure Funds and USS Nero Limited, as the purchasers. The total sale price included an initial payment received when the operation was closed (EUR 83,817 thousand) and a deferred price, which as at 31 December 2016 was EUR 106,040 million and collected in February 2017. The final sum received was EUR 106,444 thousand, recorded as proceeds from disposals on the enclosed cash-flow statement.

Furthermore, at the end of the operation an escrow account was set up with an initial balance in the Group's favour of EUR 27,303 thousand, included under the heading "Other financial assets". This escrow account guarantees for the purchasers that deposits given by the company to third parties to address financial undertakings will be executed. The Group will receive the cash as the guarantees are released. During 2016 EUR 10,243 thousand was released and received, leaving an outstanding sum of 17,060 thousand, which has been maintained in 2017.

The sections below detail the results, cash flows and balance sheet items relating to assets and liabilities classified as held for sale and discontinued operations.

Consolidated income statement

The detail of the result after tax from discontinued operations shown in the accompanying consolidated income statement is as follows:

	Cemusa Group
2017	
Revenue	9,687
Operating expenses	(7,467)
Operating income	2,220
Profit (Loss) before tax	1,772
Income tax	(54)
Impairment losses on discontinued operations after tax	(1,718)
Profit (Loss) for the year from discontinued operations, net of tax	—
Profit (Loss) attributable to non-controlling interests	—

	Cemusa Group	Globalvia Group	Total
2016			
Revenue	9,077	—	9,077
Operating expenses	(7,466)	—	(7,466)
Profit (Loss) from operations	1,611	—	1,611
Profit (Loss) before tax	912	(39,555)	(38,643)
Income tax	(87)	32,260	32,173
Impairment losses on discontinued operations after tax	(825)	—	(825)
Profit (Loss) for the year from discontinued operations, net of tax	—	(7,295)	(7,295)
Profit (Loss) attributable to non-controlling interests	—	—	—

Once the Globalvia Infraestructuras S.A. sale was complete, the tax impact of the operation was recorded, including the reversion of the deferred tax associated with that holding and the recording in profit and loss of the corresponding valuation adjustments (Note 18), which were the main components of the results from interrupted activities in the period (Notes 5 and 27).

In relation to the income tax recognised on the result from discontinued operations, the amount relating to the discontinued operation itself represented an income tax expense of EUR 54 thousand at 31 December 2017 (31 December 2016: EUR 87 thousand). Also, the loss from the sale of Globalvia resulted in the recognition of an income tax profit of EUR 32,260 thousand at 31 December 2016.

Consolidated statement of cash flows

The consolidated statement of cash flows relating to discontinued operations is as follows:

	Cemusa Group
2017	
Profit (Loss) before tax from discontinued operations	1,772
Adjustments to profit (loss)	451
Changes in working capital	238
Other cash flows from operating activities	10
Cash flows from operating activities	**2,471**
Payments due to investments	(93)
Proceeds from disposals	23
Other cash flows from investing activities	(68)
Cash flows from investing activities	**(138)**
Proceeds and (payments) relating to equity instruments	37
Proceeds and (payments) relating to financial liability instruments	(1,725)
Other cash flows from financing activities	(543)
Cash flows from financing activities	**(2,231)**
Total cash flows	**102**

	Cemusa Group
2016	
Profit (Loss) before tax from discontinued operations	912
Adjustments to profit (loss)	1,103
Changes in working capital	49
Other cash flows from operating activities	(335)
Cash flows from operating activities	**1,729**
Payments due to investments	(551)
Proceeds from disposals	82
Other cash flows from investing activities	—
Cash flows from investing activities	**(469)**
Proceeds and (payments) relating to equity instruments	—
Proceeds and (payments) relating to financial liability instruments	(875)
Other cash flows from financing activities	(432)
Cash flows from financing activities	**(1,307)**
Total cash flows	**(47)**

Balance sheet. Non-current assets and liabilities classified as held for sale

Following is a detail of the various assets and liabilities reclassified as held for sale under the respective headings in the accompanying balance sheet:

	2017		2016	
	Assets	Liabilities	Assets	Liabilities
Cemusa Group	14,241	14,241	14,907	14,907
Cedinsa Group	27,124	—	—	—
	41,365	**14,241**	**14,907**	**14,907**

Following is a detail, by balance sheet heading, of the assets and liabilities presented under the respective held-for-sale headings:

	2017			2016
	Cemusa Group	Cedinsa Group	Total	Cemusa Group
Property, plant and equipment	16,817	—	16,817	16,655
Intangible assets	270	—	270	348
Financial assets	—	27,124	27,124	—
Deferred tax assets	267	—	267	267
Current assets	5,712	—	5,712	4,765
Impairment of non-current assets classified as held for sale	(8,825)	—	(8,825)	(7,128)
Non-current assets classified as held for sale	**14,241**	**27,124**	**41,365**	**14,907**
Non-current financial liabilities	—	—	—	—
Other non-current liabilities	2,184	—	2,184	2,183
Current financial liabilities	7,417	—	7,417	9,229
Other current liabilities	4,640	—	4,640	3,495
Liabilities associated with assets classified as held for sale	**14,241**	**—**	**14,241**	**14,907**

5. CHANGES IN THE SCOPE OF CONSOLIDATION

In 2017 the main variations noted within the consolidation perimeter were as follows:

- On 13 February 2017 the acceptance period ended for the delisting tender offer targeted at 100% of the share capital of Cementos Portland Valderrivas S.A., at a price of 6 euros per share, initially being accepted for 9,356,605 shares, representing 87.81% of those at which the bid was targeted. Fomento de Construcciones y Contratas has subsequently made further acquisitions of shares of Cementos Portland Valderrivas S.A., with a total of 56,914 thousand paid up, recorded on the enclosed consolidated cash-flow statement under “Proceeds (and payments) relating to financial-liability instruments”.

  Also, on 23 July 2017 the company Cementos Portland Valderrivas S.A. completed a capital increase subscribed by means of monetary contributions and credit offsets, totalling 85,621,330 shares. In this capital increase Fomento de Construcciones y Contratas acquired 85,512,698 shares by offsetting credits totalling EUR 423,288 thousand.

  Upon the completion of these operations, the Group's effective holding at year end 2017 stood at 99.04% (79.11% in 2016) (Notes 18 and 20).

- The carrying amount of the Cedinsa group's various concessionaire companies consolidated by the participation method has been reclassified to "Non-current saleable assets”, as a sale plan is in place and now at very advanced stages (Note 4). Completing this sale is expected to be have a positive outcome for the Group.

Operations in 2016 included:

- On 17 March 2016 the sale was completed to the USS, OPTrust, USS Nero and PGGM funds of the company Globalvia Infraestructuras S.A. was completed, with the receipt of the full price of EUR 95,161 thousand established under the agreement reached in 2005. In February 2017 the sum of EUR 106,444 thousand was collected as the final deferred price. Also in 2016, Globalvia Infraestructuras S.A. returned to Fomento de Construcciones y Contratas S.A. EUR 8,661 thousand as the return of a contribution (Note 4).

- On 28 October 2016 a capital-increase operation was approved at the subsidiary Giant Cement Holding Inc. (Cement Division) of USD 220 million, fully subscribed by Elementia S.A. de C.V., a company associated with the majority shareholder, together with the granting by part of the latter of credit of approximately USD 305 million and the capitalisation of intragroup loans granted by the Group totalling approximately USD 66 million. As a result of this operation, the Group lost control of the aforementioned company and thus accounted it by the equity method at 44.57% at year-end 2017, following the operations mentioned above. This loss of control resulted in a profit recorded in the enclosed income statement of EUR 54,323 thousand, mostly as a result of the recording at fair value of the withheld holding (Notes 12 and 27).

- Sale of the 10.01% stake that the Group held in the company Metro de Málaga S.A. on 8 April 2016; the sale price was EUR 27,446 thousand, with a profit of EUR 13,773 thousand (Note 12). This sum is recorded under "Other financial assets" on the enclosed cash-flow statement.

- On 28 December 2016, Realia Business S.A. completed a capital-increase operation, in which the Group subscribed shares in proportion to its holding, as a result of which its participating interest has Note varied in respect of its percentage stake as at 31 December 2015. The Group subscribed 68,026,898 shares by paying up EUR 54,422 thousand (Notes 12 and 18).

- Also in 2016, the Group reached an agreement to sell a company associated with the majority shareholder to sell shares representing 85% of the capital of Concesionaria Túnel de Coatzacoalcos S.A., still pending approval of the operation, at the time of preparing these consolidated financial statements, by the government of the State of Veracruz. Consequently, the Group received an advance from the purchaser of EUR 48,396 thousand (MXN 1,000,000 thousand), leaving EUR 15,667 thousand (MXN 367,692 thousand), the latter sum being converted at the exchange rate applicable at year end 2017.

6. DISTRIBUTION OF PROFIT OR LOSS

Although Fomento de Construcciones y Contratas, S.A. did not distribute a dividend in 2017 or 2016, certain subsidiaries with non-controlling interests did distribute a dividend, which gave rise to the following payments to those non-controlling interests:

	2017	2016
Shareholders of Fomento de Construcciones y Contratas, S.A.	—	—
Other non-controlling interests of the other companies	16,475	11,662
	16,475	**11,662**

7. INTANGIBLE ASSETS

The detail of the carrying amount of intangible assets at 31 December 2017 and 2016 is as follows:

	Cost	Accumulated depreciation	Impairment losses	Carrying amount
2017				
Concessions (Note 11)	2,198,754	(804,412)	(59,460)	1,334,882
Goodwill	1,863,700	—	(779,960)	1,083,740
Other intangible assets	340,492	(259,534)	(14,332)	66,626
	4,402,946	**(1,063,946)**	**(853,752)**	**2,485,248**
2016				
Concessions (Note 11)	2,135,913	(727,298)	(57,924)	1,350,691
Goodwill	1,887,459	—	(792,898)	1,094,561
Other intangible assets	335,051	(234,291)	(9,754)	91,006
	4,358,423	**(961,589)**	**(860,576)**	**2,536,258**

a) Concessions

The changes in “Concessions” in the consolidated balance sheet in 2016 and 2015 were as follows:

	Concessions	Accumulated depreciation	Impairment losses
Balance at 31.12.2015	**2,109,050**	**(648,472)**	**(56,959)**
Additions or charge for the year	72,084	(81,741)	562
Disposals or reductions	(1,765)	1,250	713
Changes in the scope of consolidation, translation differences and other changes	(50,939)	1,663	—
Transfers	7,483	2	(2,240)
Balance at 31.12.2016	**2,135,913**	**(727,298)**	**(57,924)**
Additions or charge for the year	79,345	(81,756)	(1,680)
Disposals or reductions	(4,886)	3,027	2,583
Changes in the scope of consolidation, translation differences and other changes	(11,852)	(1,413)	—
Transfers	234	3,028	(2,439)
Balance at 31.12.2017	**2,198,754**	**(804,412)**	**(59,460)**

“Concessions” includes the intangible assets relating to the service concession arrangements (Note 11).

The most significant additions in the Spanish Environmental Services area in 2017 correspond to the waste-treatment plant in Granada province, to the value of EUR 26,675 thousand, and to the company FCC (E&M) Ltd. (EUR 25,025 thousand (2016: EUR 9,576 thousand)), Acque di Caltanisseta, S.P.A. (EUR 3,537 thousand (2016: 3,745 thousand)) and concessions operated by FCC Aqualia, S.A. (EUR 12,459 thousand (2016: EUR 10,301 thousand).

In 2017 and 2016 there were no significant outgoings.

Incoming and outgoing sums resulted in cash flow recorded on the enclosed cash-flow statement as “Payments due to investments” and “Receipts for disinvestments” under “Tangible and intangible assets and property investments", respectively.

“Changes in the scope of consolidation, translation differences and other changes” in 2017 include the depreciation of the pound sterling and the Mexican peso against the euro, mostly for negative translation differences resulting in a reduction of EUR 6,225 thousand in the UK group FCC-PFI Holdings Group and EUR 16,073 thousand in the company Concesionaria Túnel de Coatzacoalcos S.A.

The borrowing costs capitalised in 2017 amounted to EUR 1,028 thousand (2016: EUR 1,109 thousand) and accumulated capitalised borrowing costs amounted to EUR 22,455 thousand (2016: EUR 23,099 thousand).

b) Goodwill

The breakdown of the goodwill in the accompanying consolidated balance sheets as at 31 December 2017 and 2016 is as follows:

	2017	2016
Cementos Portland Valderrivas, S.A.	509,397	509,397
FCC Environment (UK) Group	294,001	304,824
.A.S.A. Group	139,787	136,891
FCC Aqualia, S.A.	82,764	82,764
FCC Ámbito S.A.	23,311	23,311
FCC Industrial e Infraestructuras Energéticas, S.L.U.	21,499	21,499
Canteras de Aláiz, S.A.	4,332	4,332
Cementos Alfa, S.A	3,712	3,712
Other	4,937	7,831
	1,083,740	**1,094,561**

Goodwill movements on the enclosed consolidated balance sheet in 2017 and 2016 were as follows:

Balance at 31.12.2015		**1,495,909**
Changes in the scope of consolidation, translation differences and other changes:		
FCC Environment (UK) Group	(50,761)	
Giant Cement Holding, Inc.	(32,613)	
Other	(128)	(83,502)
Impairment losses on assets:		
Cementos Portland Valderrivas, S.A.	(299,955)	
Marepa Group	(9,353)	
FCC Construcción, S.A.	(8,460)	
Other	(78)	(317,846)
Balance at 31.12.2016		**1,094,561**
Changes in the scope of consolidation, translation differences and other changes:		
FCC Environment (UK) Group	(10,823)	
Other	2,869	(7,954)
Impairment losses on assets:		
Marepa Group	(2,867)	(2,867)
Balance at 31.12.2017		**1,083,740**

"Changes in the scope of consolidation, translation differences and other changes" in 2017 include the effect of the depreciation of the pound sterling against the euro in the FCC Environment (UK) subgroup, which resulted in a decrease of EUR 10,823 thousand (2016: EUR 50,761 thousand) of its associated goodwill. In 2016, included is the deregistration of the goodwill associated with Giant Cement Holding Inc. after the capital-increase operation at the former dependent company, as a result of which the Group lost control, for EUR 32,613 thousand.

The impairment tests performed by the Group on its goodwill are described in Note 3.b. Based on the methods used and on the estimates, projections and valuations available to Group management, there are no signs of any further impairment losses in addition to those shown on the above chart.

Following is a description of the most significant estimates and sensitivity tests performed in the impairment tests on goodwill, the hypotheses used for the tests performed in 2016 have been met this year with no significant deviations.

Cementos Portland Valderrivas

Two separate goodwill items have been recorded in the individual accounts of Cementos Portland Valderrivas S.A.:

- goodwill from the takeover of the group's parent Corporación Uniland and some of its subsidiaries totalling EUR 395,892 thousand.

- EUR 113,505 thousand relating to the cash-generating unit (CGU) consisting of the Alcalá de Guadaira plant.

Following is a description of the main assumptions used in each of the impairment tests performed on the two aforementioned CGUs:

1) Corporación Uniland

In August 2006 Cementos Portland Valderrivas, S.A. acquired a 51.04% ownership interest in the Corporación Uniland Group. The related agreement granted the seller a put option on an additional 22.50%, exercisable in five years. In December 2006 a portion of the option, representing 2.18%, was exercised. The total acquisition price was EUR 1,144,134 thousand.

Additional ownership interests were acquired in subsequent years through the exercise of the aforementioned put option (20.32%) for a total amount of EUR 432,953 thousand. Lastly, an exchange transaction was performed in 2013 whereby the ownership interest in Cementos Lemona was given up in exchange for the non-controlling interest owned by the Irish cement group CRH. As a result of this transaction, the Group obtained all the shares of Uniland. The transaction was valued at EUR 321,886 thousand. The total cost of the 100% ownership interest in Uniland amounted, therefore, to EUR 1,898,973 thousand.

The aforementioned additional acquisitions gave rise to a negative impact on reserves of EUR 177,292 thousand, as a result of the application of IFRS 3 from its entry into force in 2009. In 2011 impairment losses of EUR 239,026 thousand were recognised in relation to the aforementioned acquisitions, as a result of the market slump in the cement industry, which is not expected to recover in the short or medium term. In 2016 a further impairment of EUR 181,191 thousand was recorded.

As indicated above, the parent of the Corporación Uniland Group and certain of its subsidiaries were absorbed by Cementos Portland Valderrivas, S.A. and, accordingly, the goodwill of the former is recognised in the separate financial statements of Cementos Portland Valderrivas, S.A.

Given that Uniland operates in two clearly separate geographical markets, different before-tax discount rates have been used to value the flows obtained from each market (6.7% for Spain and

13.8% for Tunisia).

The Cementos Portland Valderrivas Group bases its cash flow projections on historical data and the future projections of both the Group and external organisations. In 2017 the Company updated its “Business Plan 2018–2027”, which is used as the basis for calculating impairment tests.

The Oficemen forecast for Spain in 2018 is for 13.9% growth, estimating a domestic cement market of 12.7 million tonnes. For the operations considered at Uniland Spain, a 9% increase in revenue is expected. After this year increases of around 14% are forecast, gradually levelling off towards the end of the period considered to 4% for the final period considered. With regard to the evolution of the EBITDA margin, improved prices in the domestic market and higher volumes achieved have resulted in a higher estimate for the EBITDA margin.

The evolution included is based internal forecasts of the evolution of prices and costs. For 2018 a reduction in variable costs is expected because of lower electricity costs and an increase in the valuation of alternative fuels, together with a policy to contain fixed costs.

The Tunisian cement market is expected to remain steady in 2018, with no growth, at around 7.1 million tonnes. The Tunisian market has been reversing since 2013, when its maximum level of 7.7 million tonnes was recorded. Significant recovery of exports is expected, reaching 172 million tonnes.

For all operations in Tunisia as a whole, a 4.9% reduction in revenue is forecast for 2018, with exports expected to recover in subsequent years. The overall evolution of operations in the country is significantly affected by the negative forecast for the exchange rate of the Tunisian dinar. The Tunisian Central Bank's policy is to foster this depreciation in order to encourage new capital to come into the country.

The evolution included is based internal forecasts of the evolution of prices and costs.

The working-capital variations included in the analysis for each year remain stable in terms of how they are calculated, being linked to the general evolution of the unit analysed.

The evolution of investments is closely linked to that of the business studied. For the initial years, 2018-2020, very similar values to the current ones are maintained, being considered sufficient to assure the adequate maintenance of facilities. For future years an increase is recorded that is consistent with the evolution of the EBITDA generated. The value of investments shown in the perpetuity rate presents the value that the company estimates should be investment target it will be necessary to aim for in order to maintain production at the level required in order to secure the revenue included.

The main variables used in the test are as follows:

- Discount period for joint flows for Uniland Spain and Tunisia: 2018–2027
- Discount rate before tax: 6.70% (Spain) and 13.80% (Tunisia)
- Perpetuity growth rate: 0%

- Compound annual growth rate (in euros) of the Spanish cement market:
    - Revenue from domestic market (without CO_2 allowances): 6.7%
    - Revenue from export market: 7.0%
    - Gross profit (loss) from operations: 12.7%

- Compound annual growth rate (in dinars) of the Tunisian cement market:
    - Total revenue: 6.4%
    - Revenue from export market: 4,0%
    - Gross profit (loss) from operations: 7.7%

The goodwill test for the Corporación Uniland group withstands various scenarios, including a joint scenario with a 7.38% discount rate (68 pp variation) for Spain and a 16.25% rate (245 pp variation) for Tunisia. It would withstand an annual drop in joint cash flows of approximately 12% compared with the flows forecast.

The Group's management considers the test to be sensitive to variations in its key hypothesis, but that those scales are within a reasonable degree of sensitivity, enabling them to find no impairment of value in 2017.

As a result of the impairment test in 2016, goodwill was impaired to the value of EUR 299,955 thousand.

Prior to the impairment performed in 2016, the goodwill also included that arising from the successive acquisitions by Fomento de Construcciones y Contratas, S.A. (the Parent of the Group) of additional ownership interests in Cementos Portland, to the value of EUR 112,764 thousand, which was impaired in full in 2016 and was included in the impairment of EUR 299,955 thousand mentioned above.

Given the signs of impairment that became evident in 2016 as a result of the impairment of the goodwill associated with Uniland, one of the main UGEs of the Cementos Portland subgroup, an impairment test was performed, considering the UGE made up of the cement business as a whole.

In addition, in order to confirm the impairment test, the Group contracted an independent expert, who proceeded to use the internal information provided and other information from external sources to estimate the value in use of the Cementos Portland subgroup for its business in Spain and Tunisia. The 2016 report concluded that its carrying amount was greater than its value in use within a range with a similar average value to that of the impairment performed.

2) Alcalá de Guadaira

The forecasts for cement demand and expectations in the domestic sector described above for goodwill at Corporación Uniland are also applicable to Cementos Atlántico.

The Alcalá de Guadaira plant continues to develop positively of its geographical location to offset the drop in the domestic market with increased exports.

The main variables used in the test are as follows:

- Discounted cash flow period: 2018 to 2027
- Discount rate before tax: 6.7%
- Perpetuity growth rate: 0%

- Compound annual growth rate:
  - o Total revenue: 8.2%
  - o Gross profit (loss) from operations: 16.6%

The Cementos Atlántico goodwill tests withstands a before-tax discount rate of up to approximately 8.15%, representing a spread of 145 basic points. It would withstand an annual drop in cash flows of approximately 23% compared with the flows forecast. The test would withstand a decrease in forecast operating margins of approximately 20%.

Based on this, the Controlling Company's management considers the sensitivity of the impairment test to allow for sufficiently large deviations for no impairment in the value of the assets associated with the UGE to be found.

FCC Environment (UK) Group, formerly WRG Group

In 2006 the FCC Group acquired all of the shares of the FCC Environment (UK) Group for an investment cost of EUR 1,693,532 thousand.

It should be noted that in 2012 impairment losses of EUR 190,229 thousand were recognised on goodwill, as a result of the decrease in cash flows from the latter's activities due to changes in their timing and amount. In 2013 additional impairment losses of EUR 236,345 thousand were recognised on goodwill, mainly as a result of the decrease in the tonnage treated at landfills. Lastly, in 2014, impairment losses of EUR 649,681 thousand were recognised on landfill activity-related items of property, plant and equipment.

Subsequent to the write-downs and the changes arising from the results and changes in equity of FCC Environment (UK), the consolidated carrying amount at 31 December 2017 was EUR 498,202 thousand (31 December 2016: EUR 574,147 thousand).

From the moment of its acquisition, the Group considered the FCC Environment (UK) subgroup as a single cash-generating unit (CGU), as the goodwill recognised in the balance sheet related solely to that CGU. Landfill-related activities are not considered, nor were they considered in the past, as a separate CGU.

The cash flows considered in the impairment test take into consideration the current situation of the CGU, and the best estimates of the future cash flows are performed based on the mix of activities expected in the future. The relative weight of the various activities will vary as the Group strengthens other waste treatment alternatives, which the subgroup already does, offsetting the gradual abandonment of landfill activities.

The main hypotheses used show a 2% increase in income for 2018; subsequently we find a certain amount of recovery with discreet growth, the highest being 6.3% for 2019, then gradually decreasing to around 1.2–1.9% for the 2022–2027 period. The gross operating margin evolves from 24.2% to around 20.5% by the end of the period considered, which is less than at present, due largely to the change in the mix of activities, with activities with lower margins gaining relative importance. The discount rate before tax used was 5.95% and a ten-year time horizon was considered for the estimates, in view of the structural characteristics of its business and the long useful lives of its assets. A 1% growth rate was used to calculate the perpetual return. The present value of the perpetual return represents 67.3% of the total recoverable amount. The test showed that the recoverable amount of the cash-generating unit is EUR 771,990 thousand higher than its carrying amount and would withstand an increase of just over 560 basis points without incurring in impairment, a 10% decrease in current cash-flow values would reduce the surplus to EUR 635,587 thousand. Considering zero growth, the surplus would have fallen to EUR 617,670 thousand.

Note 3-e to these consolidated financial statements establishes that the general criterion was not to consider growth rates in the perpetual return but rather, in the case of the FCC Environment (UK) subgroup, given the transformation occurring in the mix of activities, it was considered that a 1% growth rate was a fairer representation of the reality of the business in the framework of the changes occurring in UK waste treatment industry, with a sharp decline in the dumping of waste at landfills and an increase in alternative waste treatment activities, which is expected to persist over a prolonged period of time. This growth rate is lower than that applied by comparable companies carrying on similar activities in the UK. The subgroup is gradually decreasing due to its lack of profitability, and this abandonment is being offset by an increase in other waste treatment activities as indicated. Accordingly, the growth rate used in calculating the perpetual return includes the gradual increase in the other activities, offsetting the reduced value of the perpetual return offered by landfill activities.

Given the room for manoeuvre in the impairment test and the fact that the business's key assets and liabilities are linked to the same currency (pound sterling), no impairment should be expected to come to light as a result of Brexit.

c) Other intangible assets

The changes in "Other Intangible Assets" in the consolidated balance sheet in 2017 and 2016 were as follows:

	Other intangible assets	Accumulated depreciation	Impairment losses
Balance at 31.12.2015	**368,633**	**(230,995)**	**(10,746)**
Additions or charge for the year	10,609	(25,867)	993
Disposals or reductions	(12,449)	5,997	—
Changes in the scope of consolidation, translation differences and other changes	(32,040)	16,651	—
Transfers	298	(78)	—
Balance at 31.12.2016	**335,051**	**(234,292)**	**(9,753)**
Additions or charge for the year	10,859	(24,933)	(4,590)
Disposals or reductions	(954)	610	2
Changes in the scope of consolidation, translation differences and other changes	(5,486)	(397)	—
Transfers	1,022	(523)	10
Balance at 31.12.2017	**340,492**	**(259,535)**	**(14,331)**

The heading "Changes in the scope of consolidation, translation differences and other changes" in 2016 includes the loss of control of the Giant subgroup in the Cement division, which began to be consolidated by the equity method (Note 5), meant a decrease of EUR 15,031 thousand under "Other intangible assets".

This heading includes mainly:

- amounts paid to public or private bodies in relation to fees for the award of contracts that do not qualify as concession arrangements pursuant to IFRIC 12 "Service Concession Arrangements", relating mainly to the Environmental Services Area.

- the amounts recorded on initial recognition of certain business combinations representing items such as customer portfolios and contracts in force on the purchase date.

- the rights to operate quarries relating to the Cement Area; and

- computer software.

8. PROPERTY, PLANT AND EQUIPMENT

The detail of the carrying amount of intangible assets at 31 December 2017 and 2016 is as follows:

	Cost	Accumulated depreciation	Impairment	Carrying amount
2017				
Land and buildings	**1,337,984**	**(513,104)**	**(63,693)**	**761,187**
Land and natural resources	645,161	(137,615)	(48,788)	458,758
Buildings for own use	692,823	(375,489)	(14,905)	302,429
Plant and other items of property, plant and equipment	**7,277,039**	**(4,967,655)**	**(614,708)**	**1,694,676**
Plant	4,516,704	(2,851,920)	(597,899)	1,066,885
Machinery and transport equipment	2,052,217	(1,617,834)	(14,216)	420,167
Property, plant and equipment in the course of construction and advances	49,867	—	—	49,867
Other items of property, plant and equipment	658,251	(497,901)	(2,593)	157,757
	8,615,023	**(5,480,759)**	**(678,401)**	**2,455,863**
2016				
Land and buildings	**1,336,192**	**(496,647)**	**(59,181)**	**780,364**
Land and natural resources	637,733	(130,384)	(44,226)	463,122
Buildings for own use	698,459	(366,263)	(14,955)	317,241
Plant and other items of property, plant and equipment	**7,285,173**	**(4,907,642)**	**(637,640)**	**1,739,891**
Plant	4,534,018	(2,804,981)	(619,808)	1,109,229
Machinery and transport equipment	2,058,872	(1,617,877)	(14,825)	426,170
Property, plant and equipment in the course of construction and advances	49,447	—	—	49,447
Other items of property, plant and equipment	642,836	(484,784)	(3,007)	155,045
	8,621,365	**(5,404,289)**	**(696,821)**	**2,520,255**

The changes in 2017 and 2016 in property, plant and equipment accounts were as follows:

	Land and natural resources	Buildings for own use	Land and buildings	Plant	Machinery and transport equipment	Property, plant and equipment in the course of construction and advances	Other items of property, plant and equipment	Plant and other items of property, plant and equipment	Accumulated depreciation	Impairment losses
Balance at 31.12.2015	**784.772**	**789,746**	**1,574,518**	**5,350,270**	**2,109,414**	**51,817**	**668,930**	**8,180,431**	**(5,811,474)**	**(817,241)**
Additions or charge for the year	1,884	12,348	14,232	24,037	84,548	62,128	24,814	195,527	(272,737)	(17,067)
Disposals or reductions	(162)	(7,661)	(7,823)	(3,949)	(107,580)	(2,748)	(32,404)	(146,681)	143,809	2,238
Changes in the scope of consolidation, translation differences and other changes	(164,434)	(103,473)	(267,907)	(881,935)	(31,434)	(4,151)	(33,392)	(950,912)	539,640	135,248
Transfers	15,673	7,499	23,172	45,595	3,924	(57,599)	14,888	6,808	(3,527)	—
Balance at 31.12.2016	**637,733**	**698,459**	**1,336,192**	**4,534,018**	**2,058,872**	**49,447**	**642,836**	**7,285,173**	**(5,404,289)**	**(696,822)**
Additions or charge for the year	27	6,664	6,691	25,799	99,602	51,149	36,352	212,902	(262,463)	(13,843)
Disposals or reductions	(359)	(14,277)	(14,636)	(7,699)	(102,889)	(3,435)	(19,301)	(133,324)	132,714	9,679
Changes in the scope of consolidation, translation differences and other changes	7,726	(1,010)	6,716	(63,319)	(21,081)	(2,262)	1,547	(85,115)	53,717	22,507
Transfers	34	2,987	3,021	27,905	17,713	(45,032)	(3,183)	(2,597)	(438)	78
Balance at 31.12.2017	**645,161**	**692,823**	**1,337,984**	**4,516,704**	**2,052,217**	**49,867**	**658,251**	**7,277,039**	**(5,480,759)**	**(678,401)**

The most significant “Additions” in 2017 were the investments made for the performance of contracts in the Environmental Services Area, mainly at Fomento de Construcciones y Contratas S.A., amounting to EUR 55,224,000 (2016: EUR 54,217,000), at the FCC Environment (UK) Group (formerly the WRG Group), amounting to EUR 31,741,000 (2016: EUR 33,923,000), at the ASA Group, amounting to EUR 34,967,000 (2016: EUR 32,538,000), at Fomento de Construcciones y Contratas S.A. (waste business), amounting to EUR 26,305,000 (no entries in 2016) and those made in the End-to-End Water Management Area, primarily by SmVak, amounting to EUR 19,984,000 (2016: EUR 17,608,000).

“Disposals or Reductions” includes disposals and inventory reductions relating to assets which, in general, have been depreciated substantially in full since they have reached the end of their useful lives.

Incoming and outgoing sums resulted in cash flow recorded on the enclosed cash-flow statement as “Payments due to investments” and “Proceeds from disposals” under “Property plant and equipment, intangible assets and investment property", respectively.

“Changes in the scope of consolidation, translation differences and other changes” in 2017 includes the effect of the depreciation of the pound.

No borrowing costs were capitalised in 2017 and 2016 and accumulated capitalised borrowing costs at 31 December 2017 amounted to EUR 6,383 thousand (2016: EUR 30,153 thousand).

At 31 December 2017, grants related to property, plant and equipment amounting to EUR 6,692 thousand were allocated to profit or loss (31 December 2016: 5,482 thousand).

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject. At 2017 year-end, the Parent considered that the property, plant and equipment were fully insured.

The gross sum of the fully depreciated property, plant and equipment which, being in good working order, are used in production amounted to EUR 2,889,741 thousand at 31 December 2017 (31 December 2016: EUR 3,085,467 thousand).

At 31 December 2017, property plant and equipment located outside Spain, net of depreciation, in the accompanying consolidated balance sheet amounted to EUR 1,261,663 thousand (31 December 2016: EUR 1,311,759 thousand).

Restrictions on title to assets

Of the total property, plant and equipment in the consolidated balance sheet as at 31 December 2017, there are restrictions on title to assets amounting to EUR 532,549 thousand (31 December 2016: EUR 549,974 thousand), the detail being as follows:

	Cost	Accumulated depreciation	Impairment	Carrying amount
2017				
Buildings, plant and equipment	2,193,538	(1,717,702)	(4,344)	471,492
Other items of property, plant and equipment	186,409	(125,352)	—	61,057
	2,379,947	**(1,843,054)**	**(4,344)**	**532,549**
2016				
Buildings, plant and equipment	2,239,007	(1,749,286)	(57)	489,664
Other items of property, plant and equipment	182,491	(122,181)	—	60,310
	2,421,498	**(1,871,467)**	**(57)**	**549,974**

The restrictions on title to the aforementioned assets arise from the finance lease agreements explained in Note 10 to these consolidated financial statements and also relate to the assets assigned to the operation of certain concession arrangements.

Purchase commitments

In the course of their business activities, the Group companies had formalised property, plant and equipment purchase commitments amounting to EUR 16,505 thousand at 31 December 2017 (31 December 2016: EUR 774 thousand), the detail being as follows:

	2017	2016
Buildings for own use	—	—
Plant	—	57
Machinery and transport equipment	16,505	67
Other items of property, plant and equipment	—	650
	16,505	**774**

9. INVESTMENT PROPERTY

“Investment Property” in the accompanying consolidated balance sheet reflects the net values of the land, buildings and other structures held either to earn rentals or, as the case may be, for capital appreciation.

The detail of “Investment Property” at 31 December 2017 and 2016 is as follows:

	Cost	Accumulated depreciation	Impairment losses	Carrying amount
2017				
Investment property	11,483	(721)	(7,574)	3,188
	11,483	**(721)**	**(7,574)**	**3,188**
2016				
Investment property	14,849	(546)	—	14,303
	14,849	**(546)**	**—**	**14,303**

The detail of the changes in 2017 and 2016 is as follows:

Balance at 31.12.2015	**20,134**
Additions	166
Disposals	—
Depreciation and impairment losses charge	(168)
Changes in the scope of consolidation, translation differences and other changes	(5,829)
Transfers	—
Balance at 31.12.2016	**14,303**
Additions	59
Disposals	—
Depreciation and impairment losses charge	(7,786)
Changes in the scope of consolidation, translation differences and other changes	(3,388)
Transfers	—
Balance at 31.12.2017	**3,188**

In 2017, the provisions for EUR 7,786 thousand include impairment of property investments totalling EUR 7,575 thousand at the company Vela Borovica Koncern d.o.o.

Incoming and outgoing sums resulted in cash flow recorded on the enclosed cash-flow statement as “Payments due to investments” and “Proceeds from disposals” under “Property plant and equipment, intangible assets and investment property", respectively.

At the end of 2017 and 2016 the Group did not have any firm commitments to purchase or construct investment property.

10. LEASES

a) Finance leases

The detail of the finance leases in force at the end of 2017 and 2016 and of the related cash flows is as follows:

	Movable property	Real estate	Total
2017			
Carrying amount	**89,385**	**2,408**	**91,793**
Accumulated depreciation	53,405	—	53,405
Cost of the assets	**142,790**	**2,408**	**145,198**
Finance costs	12,571	92	12,663
Capitalised cost of the assets	**155,361**	**2,500**	**157,861**
Lease payments paid in prior years	(54,936)	(216)	(55,152)
Lease payments paid in the year	(38,758)	(770)	(39,528)
Lease payments outstanding, including purchase option	**61,667**	**1,514**	**63,181**
Unaccrued finance charges	(3,317)	(16)	(3,333)
Present value of lease payments outstanding, including purchase option (Note 20-c. and d)	**58,350**	**1,498**	**59,848**
Lease term (years)	1 to 10	9 to 20	
Value of purchase options	2,550		2,550

	Movable property	Real estate	Total
2016			
Carrying amount	**90,619**	**1,180**	**91,799**
Accumulated depreciation	73,853	24	73,877
Cost of the assets	**164,472**	**1,204**	**165,676**
Finance costs	20,816	75	20,891
Capitalised cost of the assets	**185,288**	**1,279**	**186,567**
Lease payments paid in prior years	(79,838)	(212)	(80,050)
Lease payments paid in the year	(46,811)	(526)	(47,337)
Lease payments outstanding, including purchase option	**58,639**	**541**	**59,180**
Unaccrued finance charges	(9,729)	(22)	(9,751)
Present value of lease payments outstanding, including purchase option (Note 20-c. and d)	**48,910**	**519**	**49,429**
Lease term (years)	1 to 10	9 to 20	
Value of purchase options	2,638		2,638

The detail, by maturity, of the total amount of the lease payments and of their present value at 31 December 2017 is as follows:

	Within one year	Between one and five years	After five years	Total
2017				
Lease payments outstanding, including purchase option	22,014	41,010	**156**	**63,181**
Unaccrued finance charges	(1,161)	(2,163)	**(8)**	**(3,333)**
Present value of lease payments outstanding, including purchase option	**20,853**	**38,847**	**148**	**59,848**

The finance leases arranged by the Group companies do not include lease payments the amount of which must be determined on the basis of future economic events or indices and, accordingly, in 2017 no expense was incurred in connection with contingent rent.

b) Operating leases

The operating lease payments recognised as an expense by the Group in the year ended 31 December 2017 amounted to EUR 167,876 thousand (31 December 2016: EUR 201,894 thousand). These payments relate mainly to machinery leased in the construction business, to plant and to buildings leased for use by the Group in all the activities carried on by it.

The agreements arranged in prior years include most notably the lease for the office building located in Las Tablas (Madrid), in effect since 23 November 2012 for an 18-year term, extendable at the FCC Group's discretion by two five-year periods, with an annual rent adjustable each year based on the increase in the CPI. Also worthy of Note is the lease agreement entered into in 2011 between Fomento de Construcciones y Contratas, S.A. and the owners of the buildings housing the FCC Group's Central Services offices, located at Federico Salmón 13, in Madrid and at Balmes 36, in Barcelona, for a non-cancellable minimum term of 30 years, extendable at the Group's discretion by two five-year periods, each with an annual rent adjustable each year based on the increase in the CPI. The owners, in turn, granted a purchase option to Fomento de Construcciones y Contratas, S.A., which can be exercised only at the end of the lease term at the higher of fair value and the CPI-adjusted selling price.

In addition, on 18 July 2016, an addendum was added to the contract between the Company and Hewlett Packard Servicios España S.L., originally entered on 19 November 2010 and renegotiated on 30 May 2014, through which information technology infrastructure operating services were outsourced, in order to improve efficiency and create greater flexibility and competitiveness at an international level. The term was set to end in October 2020.

At 2017 year-end the non-cancellable future payment obligations relating to operating leases for buildings, structures and IT infrastructure operation services amounted to EUR 425,431 thousand (2016: EUR 459,616 thousand). The detail, by maturity, of the non-cancellable future minimum payments at 31 December 2017 is as follows:

	2017
Within one year	61,131
Between one and five years	130,664
After five years	233,636
	425,431

It should be noted that as a lessor, the FCC Construcción Group recognised income of EUR 4,146 thousand (31 December 2016: EUR 3,387 thousand) in relation to the lease of its machinery to third parties, mainly to FCC Construcción América in Central America.

11. SERVICE CONCESSION ARRANGEMENTS

This Note presents an overview of the Group's investments in concession businesses, which are recognised under various headings on the asset side of the accompanying consolidated balance sheet.

The following table includes the total amount of the assets held by the Group companies under service concession arrangements and recognised under "Intangible Assets", "Non-Current Financial Assets", "Current Financial Assets" and "Investments Accounted for Using the Equity Method" in the accompanying consolidated balance sheets as at 31 December 2017 and 2016.

	Intangible assets	Financial assets	Joint ventures - concession operators	Associates - concession operators	Total investment
2017					
Water services	1,467,951	5,118	29,123	93,822	1,596,014
Motorways and tunnels	386,879	—	6,654	—	393,533
Other	343,924	158,599	29,497	(6,117)	525,903
TOTAL	**2,198,754**	**163,717**	**65,274**	**87,705**	**2,515,450**
Accumulated amortisation	(804,412)	—	—	—	(804,412)
Impairment	(59,460)	—	—	—	(59,460)
	1,334,882	163,717	65,274	87,705	1,651,578
2016					
Water services	1,448,509	—	46,484	81,125	1,576,118
Motorways and tunnels	398,275	—	6,165	12,852	417,292
Other	289,129	124,309	19,626	75,597	508,661
TOTAL	**2,135,913**	**124,309**	**72,275**	**169,574**	**2,502,071**
Accumulated amortisation	(727,298)	—	—	—	(727,298)
Impairment	(57,924)	—	—	—	(57,924)
	1,350,691	124,309	72,275	169,574	1,716,849

Following is a detail of the main characteristics of the principal concession arrangements included in the categories indicated above:

	Carrying amount at 31 December 2017		Concession grantor	Collection mechanism
	Intangible assets	Financial assets		
Water services	**751,961**	**5,118**		
Jerez de la Frontera (Cádiz, Spain)	82,741	—	Jerez de la Frontera Municipal Council	User - based on use
Adeje (Tenerife, Spain)	50,467	—	Adeje Municipal Council	User - based on use
Santander (Cantabria, Spain)	45,909	—	Santander Municipal Council	User - based on use
Lleida (Spain)	41,030	—	Lleida Municipal Council	User - based on use
Caltanisetta (Italy)	40,367	—	Consorzio Ambito Territoriale Ottimale	User - based on use
Badajoz (Spain)	28,429	—	Badajoz Municipal Council	User - based on use
Oviedo (Asturias, Spain)	23,610	—	Oviedo Municipal Council	User - based on use
Vigo (Pontevedra, Spain)	20,896	—	Vigo Municipal Council	User - based on use
Other arrangements	418,512	5,118		
Motorways and tunnels	**301,856**	**8,501**		
Coatzacoalcos underwater tunnel (Mexico)	221,582	—	Government of the State of Veracruz	User-paid direct toll
Autovía Conquense (Spain)	80,274	—	Ministry of Public Works	Shadow toll
Other arrangements		8,501		
Other	**281,065**	**150,098**		
Buckinghamshire plant (UK)	159,043	8,987	Buckinghamshire County Council	Fixed amount plus variable amount per tonne
Campello plant (Alicante, Spain)	34,890	—	Autonomous Community of Valencia Consortium for Plan for Zone XV *[Consorcio Plan Zonal XV de la Comunidad Valenciana]*	Based on tonnes treated
Edinburg plant (UK)	34,261	39,231	City of Edinburgh and Midlothian Council	Variable sum per minimum tonne guaranteed
RE3 plant (UK)	—	30,560	Reading, Bracknell Forest and Workingham councils	Fixed amount plus variable amount per tonne
Manises plant (Valencia, Spain)	—	25,169	Metropolitan Waste Treatment Entity	Fixed amount plus variable amount per tonne
Wrexham I plant (UK)	—	24,005	Wrexham County Borough Council	Fixed amount plus variable amount per tonne
Wrexham II plant (UK)	—	20,011	Wrexham County Borough Council	Fixed amount plus variable amount per tonne
Other arrangements	52,871	2,135		
Total FCC Group	**1,334,882**	**163,717**		

	Carrying amount at 31 December 2016		Concession grantor	Collection mechanism
	Intangible assets	Financial assets		
Water services	**790,260**	**—**		
Jerez de la Frontera (Cádiz, Spain)	86,827	—	Jerez de la Frontera Municipal Council	User - based on use
Adeje (Tenerife, Spain)	57,716	—	Adeje Municipal Council	User - based on use
Santander (Cantabria, Spain)	49,373	—	Santander Municipal Council	User - based on use
Lleida (Spain)	43,136	—	Lleida Municipal Council	User - based on use
Caltanisetta (Italy)	40,517	—	Consorzio Ambito Territoriale Ottimale	User - based on use
Vigo (Pontevedra, Spain)	27,927	—	Vigo Municipal Council	User - based on use
Badajoz (Spain)	29,492	—	Badajoz Municipal Council	User - based on use
Oviedo (Asturias, Spain)	24,433	—	Oviedo Municipal Council	User - based on use
Other arrangements	430,839	—		
Motorways and tunnels	**323,390**	**—**		
Coatzacoalcos underwater tunnel (Mexico)	234,961	—	Government of the State of Veracruz	User-paid direct toll
Autovía Conquense (Spain)	88,429	—	Ministry of Public Works	Shadow toll
Other	**237,041**	**124,309**		
Buckinghamshire plant (UK)	170,890	9,362	Buckinghamshire County Council	Fixed amount plus variable amount per tonne
Campello plant (Alicante, Spain)	36,418	—	Autonomous Community of Valencia Consortium for Plan for Zone XV *[Consorcio Plan Zonal XV de la Comunidad Valenciana]*	Based on tonnes treated
RE3 plant (UK)	—	32,210	Reading, Bracknell Forest and Workingham councils	Fixed amount plus variable amount per tonne
Wrexham I plant (UK)	—	25,529	Wrexham County Borough Council	Fixed amount plus variable amount per tonne
Wrexham II plant (UK)	—	21,641	Wrexham County Borough Council	Fixed amount plus variable amount per tonne
Manises plant (Valencia, Spain)	—	26,230	Entidad Metropolitana para el Tratamiento de Residuos	Fixed amount plus variable amount per tonne
Other arrangements	29,733	9,337		
Total FCC Group	**1,350,691**	**124,309**		

"Water Services" activities are characterised by the high number of arrangements, the most significant of which are detailed in the foregoing table. The core activity covered by the arrangements is end-to-end water management, including the capture, transportation and treatment of water and its distribution to urban centres -using the distribution networks and complex drinking water treatment facilities- and also the capture and purification of waste water. This activity comprises both the construction and maintenance of water-supply and sewer networks, desalination plants and drinking water treatment and purification plants. Revenue is generally received on the basis of the customers' use of the service, although in exceptional cases, principally that of desalination plants, the concession grantor guarantees that the operator will receive a specified level of revenue. Accordingly, in most cases the cash flows depend on water consumption which, in general, remains constant over time. However, in order to ensure the recovery of the concession operator's investment, the arrangements normally include regular price revision clauses in which future prices are established on the basis of consumption in previous periods and other variables such as inflation. For the purpose of carrying on their activities, the concession operators either construct or are granted the right to use the distribution and sewer networks, as well as the complex drinking water treatment and purification facilities. Water service concessions are arranged for various different terms, up to a maximum of 75 years, and the facilities are handed over to the grantor at the end of the concession term for no consideration.

Since in substantially all of the fully consolidated arrangements the amount collected depends on the extent to which the service is used and since the amount is therefore variable, the demand risk is borne by the concession operator and the arrangements are accounted for as intangible assets. In some cases, including certain desalination plants, the amount collected depends on the volume of water effectively desalinated, and the grantor guarantees a minimum amount regardless of volume; accordingly, since the revenue collected is a fixed amount and the grantor therefore bears the demand risk, the aforementioned guaranteed amounts are accounted for as financial assets.

The core activity of the concessions belonging to the motorways and tunnels business is the management, promotion, development and operation of land transport infrastructure, mainly toll motorways and tunnels. This activity comprises both the construction and the subsequent upkeep and maintenance of the aforementioned infrastructure for a substantial concession term that can vary widely from 25 to 75 years. Revenue is normally received on the basis of traffic intensity through both the direct collection of tolls from drivers and a shadow toll. Accordingly, the cash flows vary in relation to traffic intensity and generally tend to increase as the concession term progresses and, therefore, as the concession operator bears the demand risk, they are accounted for as intangible assets. In certain cases, the cash receipts are fixed, either because payments are made for availability, i.e. when the operator receives a specified amount previously agreed with the grantor in exchange for making the infrastructure available, on the agreed terms, or because the concession grantor guarantees to pay the operator the shortfall between the toll revenue collected from users and a specified amount. In these cases, as the grantor bears the demand risk, they are accounted for as financial assets. The arrangements usually encompass both the construction or upgrade of the infrastructure for which the operator receives a right of use and the provision of maintenance services, and the infrastructure is handed over to the grantor at the end of its useful life, generally for no consideration. In certain cases the arrangements provide for consideration mechanisms, such as an extension of the concession term or an increase in the toll, that guarantee a minimum return for the concession operator.

"Other" includes mainly construction, operation and maintenance arrangements for waste treatment facilities in both Spain and the UK. The contracts include price revision clauses based on a number of variables such as inflation, energy costs and payroll costs. In order to classify the concession arrangements as intangible assets or financial assets, they were analysed to determine which party to the arrangement bears the demand risk. Arrangements in which the billings are determined solely according to the fixed amount and a variable amount based on the volume of tonnes treated, given that the latter is residual and the cost of the construction services is substantially covered by the fixed amount, the entire concession was considered as a financial asset, except in the case of the Buckinghamshire plant, in which the intangible component is very significant and which, therefore, is accounted for using the bifurcated model. With regard to the Buckinghamshire plant, in 2016, under the conditions of the contract, the sum of EUR 219,571 thousand was received from the conceding entity for construction services rendered. The operations phase remains pending, for which earnings for services rendered will also be received. As this case is a mixed model, receipts were distributed among the component parts, with EUR 63,344 thousand corresponding to the financial part and EUR 156,227 thousand to the intangible part. Consequently, the receipt corresponding to the financial part was recorded as a reduction in the value of the financial asset, whereas the receipt attributed to the intangible part has been recorded as a liability under "Other non-current liabilities" (Note 21). As a result, the receipt of the financial part was recorded in the enclosed cash-flow statement as a disinvestment under "Other financial assets", whereas the receipt corresponding to the intangible part was recorded under "Changes in current capital".

It should also be noted that under the concession arrangements the concession operators in which the Group holds ownership interests are obliged to purchase or construct, during the term of the concession, property, plant and equipment items assigned to concessions amounting to EUR 295,051 thousand at 31 December 2017 (31 December 2016: EUR 248,517 thousand).

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

“Investments Accounted for Using the Equity Method” includes the value of the investments in companies accounted for using the equity method and the long-term loans granted to such companies which, as indicated in Note 2.b, include joint ventures and associates, the detail being as follows:

	2017	2016
Joint ventures	**145,753**	**140,948**
Value of the investment	1,805	(3,574)
Loans	143,948	144,522
Associates	**504,887**	**528,054**
Value of the investment	359,142	380,851
Loans	145,745	147,203
	650,640	**669,002**

The negative sum noted in 2016 in the value of joint-business investment refers to entities where the sum of the investment, calculated as the equity percentage corresponding to the Group, is negative (mostly owing to losses incurred by the entity) to which the parent has granted credits for the same or a higher amount. Such that the value of the total investment over the entity is positive.

Following is a detail of the changes in the long-term loans included in the value of the investments in companies accounted for using the equity method:

	Balance at 31.12.2016	Additions	Disposals	Translation differences and other changes	Balance at 31.12.2017
Joint ventures	**144,522**	**10,566**	**(2,052)**	**(9,088)**	**143,948**
OHL CO. Canada & FCC Canada Ltd. Partnership	70,530	1,080	—	(4,033)	67,577
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	33,387	—	—	(2,413)	30,974
Proyecto Front Marítim, S.L.	7,865	5,638	—	—	13,503
North Tunnels Canada Inc.	9,013	—	—	(515)	8,498
Aguas de Langreo, S.L.	4,817	—	—	(366)	4,451
Aguas de Narixa, S.A.	4,746	793	—	(176)	5,363
Empresa Municipal Aguas de Benalmádena, S.A.	6,259	—	—	(762)	5,497
Zabalgarbi, S.A.	2,052	—	(2,052)	—	—
Other	5,853	3,055	—	(823)	8,085
Associates	**147,203**	**1,219**	**(2)**	**(2,675)**	**145,745**
Concessió Estacions Aeroport L9, S.A.	57,005	—	—	—	57,005
Construcción de Infraestructuras de Aguas de Potosí, S.A. de C.V.	5,396	—	—	—	5,396
N6 (Construction) Limited	39,447	—	—	—	39,447
Cleon, S.A.	7,899	12	—	—	7,911
Aquos El Realito, S.A. de C.V.	6,808	—	—	(492)	6,316
Aguas del Puerto Empresa Municipal, S.A.	9,900	1 thousand	—	(500)	10,400
Baross Ter Kft	2	—	(2)	—	—
Other	20,746	207	—	(1,683)	19,270
	291,725	**11,785**	**(2,054)**	**(11,763)**	**289,693**

	Balance at 31.12.2015	Additions	Disposals	Translation differences and other changes	Balance at 31.12.2016
Joint ventures	**144,119**	**5,059**	**(788)**	**(3,868)**	**144,522**
OHL CO. Canada & FCC Canada Ltd. Partnership	63,931	2,425	—	4,174	70,530
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	38,432	—	—	(5,045)	33,387
Proyecto Front Marítim, S.L.	6,695	—	—	1,170	7,865 8
North Tunnels Canada Inc.	8,461	—	—	552	9,013
Aguas de Langreo, S.L.	5,183	—	—	(366)	4,817
Aguas de Narixa, S.A.	4,900	—	—	(154)	4,746
Empresa Municipal Aguas de Benalmádena, S.A.	7,749	—	—	(1,490)	6,259
Other	8,768	2,634	(788)	(2,709)	7,905
Associates	**166,160**	**4,851**	**(2,730)**	**(21,078)**	**147,203**
Concessió Estacions Aeroport L9, S.A.	57,005	—	—	—	57,005
Construcción de Infraestructuras de Aguas de Potosí, S.A. de C.V.	11,135	555	(142)	(6,152)	5,396
N6 (Construction) Limited	41,797	—	(2,350)	—	39,447
Teide Gestión Sur, S.L.	10,564	—	—	(10,564)	—
Cleon, S.A.	7,884	15	—	—	7,899
Aquos El Realito, S.A. de C.V.	7,837	—	—	(1,029)	6,808
Aguas del Puerto Empresa Municipal, S.A.	6,811	4 thousand	—	(911)	9,900
Other	23,127	281	(238)	(2,422)	20,748
	310,279	**9,910**	**(3,518)**	**(24,945)**	**291,726**

a) Joint ventures

The breakdown of the joint ventures by company is presented in Appendix II to these consolidated financial statements.

The changes in 2017 and 2016 were as follows:

	Balance at 31.12.2016	Profit (Loss) for the year	Dividends paid	Changes in fair value of financial instruments recognised in reserves	Purchases	Sales	Translation differences and other changes	Changes in loans granted	Balance at 31.12.2017
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	8,976	799	8	—	—	—	(1,080)	(5)	8,698
Sociedad Concesionaria Tranvía de Murcia, S.A.	19,626	1,231	—	—	—	—	1	341	21,199
Mercia Waste Management Ltd.	14,855	6,032	(2,739)	—	—	—	(595)	—	17,553
Zabalgarbi, S.A.	15,442	2,352	—	(966)	—	—	1	(2,052)	14,777
Atlas Gestión Medioambiental, S.A.	12,557	467	(875)	—	—	—	—	—	12,149
Empresa Municipal de Aguas de Benalmádena, S.A.	7,841	338	(201)	(71)	—	—	(1)	(762)	7,144
Ibisan Sociedad Concesionaria, S.A.	6,165	849	(1,138)	777	—	—	1	—	6,654
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	1	(495)	—	—	—	—	2,909	(2,413)	2
OHL CO. Canada & FCC Canada Ltd. Partnership	—	503	—	—	—	—	2,450	(2,953)	—
Other	55,485	235	(2,256)	(1,868)	—	(2)	(1,287)	7,270	57,577
Total joint ventures	**140,948**	**12,311**	**(7,201)**	**(2,128)**	**—**	**(2)**	**2,399**	**(574)**	**145,753**

	Balance at 31.12.2015	Profit (Loss) for the year	Dividends paid	Changes in fair value of financial instruments recognised in reserves	Purchases	Sales	Translation differences and other changes	Changes in loans granted	Balance at 31.12.2016
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	19,852	1,531	(855)	—	—	—	(11,513)	(39)	8,976
Sociedad Concesionaria Tranvía de Murcia, S.A.	19,197	69	—	—	—	—	(1)	361	19,626
Mercia Waste Management Ltd.	14,804	2,226	—	—	—	—	(2,175)	—	14,855
Zabalgarbi, S.A.	13,931	1,014	—	497	—	—	—	—	15,442
Atlas Gestión Medioambiental, S.A.	12,905	550	(897)	—	—	—	(1)	—	12,557
Empresa Municipal de Aguas de Benalmádena, S.A.	9,684	272	(568)	(57)	—	—	—	(1,490)	7,841
Ibisan Sociedad Concesionaria, S.A.	9,053	611	(3,659)	161	—	—	(1)	—	6,165
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	6,928	(9,720)	—	—	—	—	7,838	(5,045)	1
OHL CO. Canada & FCC Canada Ltd. Partnership	1,663	(14,629)	—	—	—	—	6,366	6,600	—
Other	59,461	20,733	(18,323)	(148)	—	(963)	(5,291)	16	55,485
Total joint ventures	**167,478**	**2,657**	**(24,302)**	**453**	**—**	**(963)**	**(4,778)**	**403**	**140,948**

Following are the main aggregates in the financial statements of the joint ventures, in proportion to the percentage of ownership held therein, at 31 December 2017 and 2016:

	2017	2016
Non-current Assets	367,457	383,046
Current assets	185,575	188,333
Non-current liabilities	369,546	369,099
Current liabilities	224,152	241,471
Profit or loss		
Revenue	204,341	196,593
Operating income	18,913	(3,075)
Profit (loss) before tax	15,622	5,411
Profit (Loss) attributable to the Parent	12,311	2,657

The core activities carried on by the joint ventures consist of the operation of concessions relating to, inter alia, motorways, end-to-end water management, urban waste handling activities, tunnels and passenger transport.

Guarantees amounting to EUR 12,320 thousand (2016: EUR 9,224 thousand) have been provided, mostly to Government Agencies and private customers, for joint ventures owned jointly with non-FCC Group third parties, as security for the performance bonds in the Group's various business areas. There are no significant obligations or other contingent liabilities relating to joint ventures.

The joint ventures which the Group accounts for using the equity method are generally public and private limited liability companies and, accordingly, as they are joint ventures, distributions of funds to their respective parents requires the consent of the other venturers that exercise joint control in accordance with the mechanisms established by their company resolutions.

b) Associates

The detail of the associates accounted for using the equity method is presented in Appendix III to these consolidated financial statements.

The changes in 2017 and 2016 were as follows:

	Balance at 31.12.2016	Profit (Loss) for the year	Dividends paid	Changes in fair value of financial instruments recognised in reserves	Purchases	Sales	Translation differences and other changes	Changes in loans granted	Balance at 31.12.2017
Realia Business Group	206,032	3,807	—	(89)	—	—	(343)	—	209,407
Concessió Estacions Aeroport L9, S.A.	47,097	11,916	(6,790)	5,473	—	—	(1)	—	57,695
Cleon, S.A.	32,796	(60)	—	—	—	—	—	12	32,748
Shariket Tahlya Miyah Mostaganem SPA	32,464	4,179	—	—	—	—	(5,395)	—	31,248
Cedinsa Group	12,853	7,570	(6,188)	5,797	—	—	(20,032)	—	—
Metro de Lima Línea 2, S.A.	23,124	924	—	—	—	—	(2,750)	—	21,298
Aquos El Realito, S.A. de C.V.	12,691	352	—	—	—	—	(458)	(492)	12,093
Suministro de Agua de Querétaro, S.A. de C.V.	9,213	1,246	(1,572)	—	—	—	(728)	—	8,159
Aguas del Puerto Empresa Municipal, S.A.	13,760	(368)	—	435	—	—	—	500	14,327
Shariket Miyeh Ras Djinet SPA	12,178	1,205	—	—	—	—	(1,990)	—	11,393
Lázaro Echevarría, S.A.	8,806	(369)	—	235	—	—	(35)	—	8,637
Tirme Group	4,456	3,007	(2,239)	—	—	—	—	—	5,224
.A.S.A. Group	5,859	1,526	(913)	—	—	(53)	(9)	—	6,410
Hormigones y Áridos del Pirineo Aragonés, S.A.	5,975	344	(175)	—	—	—	(80)	—	6,064
Aigües del Segarra Garrigues, S.A.	6,388	844	(1,157)	—	—	—	—	—	6,075
N6 (Construction) Limited	1,035	—	—	—	—	—	—	—	1,035
Giant Cement Holding, Inc.	48,866	(7,510)	—	—	—	—	(7,585)	—	33,771
Other	44,461	(6,639)	(325)	4,002	31	(440)	(309)	(1,478)	39,303
Total associates	**528,054**	**21,974**	**(19,359)**	**15,853**	**31**	**(493)**	**(39,715)**	**(1,458)**	**504,887**

	Balance at 31.12.2015	Profit (Loss) for the year	Dividends paid	Changes in fair value of financial instruments recognised in reserves	Purchases	Sales	Translation differences and other changes	Changes in loans granted	Balance at 31.12.2016
Realia Business Group	120,189	31,568	—	—	54,422	—	(147)	—	206,032
Concessió Estacions Aeroport L9, S.A.	40,097	11,960	(4,991)	31	—	—	—	—	47,097
Cleon, S.A.	32,833	(11)	—	—	—	—	(1)	(25)	32,796
Shariket Tahlya Miyah Mostaganem SPA	28,090	4,007	—	—	—	—	367	—	32,464
Cedinsa Group	20,664	5,535	(5,392)	(7,954)	—	(2)	2	—	12,853
Metro de Lima Línea 2, S.A.	17,413	2,235	—	—	—	—	3,476	—	23,124
Metro de Málaga, S.A.	13,673	—	—	—	—	(13,673)	—	—	—
Aquos El Realito, S.A. de C.V.	12,746	353	—	1,284	—	—	(663)	(1,029)	12,691
Suministro de Agua de Querétaro, S.A. de C.V.	11,019	1,355	(1,618)	—	—	—	(1,543)	—	9,213
Aguas del Puerto Empresa Municipal, S.A.	10,619	(434)	—	487	—	—	(1)	3,089	13,760
Shariket Miyeh Ras Djinet SPA	10,371	1,664	—	—	—	—	143	—	12,178
Lázaro Echevarría, S.A.	9,322	(469)	—	(47)	—	—	—	—	8,806
Tirme Group	8,358	1,942	(5,845)	—	—	—	1	—	4,456
.A.S.A. Group	5,780	1,112	(1,016)	(20)	—	—	3	—	5,859
Hormigones y Áridos del Pirineo Aragonés, S.A.	5,725	400	(150)	—	—	—	—	—	5,975
Aigües del Segarra Garrigues, S.A.	6,001	388	—	—	—	—	(1)	—	6,388
N6 (Construction) Limited	3,381	4	—	—	—	—	—	(2,350)	1,035
Giant Cement Holding, Inc.	—	(4,570)	—	—	—	—	53,436	—	48,866
Other	63,208	(4,194)	(920)	(953)	2	(7,295)	13,255	(18,642)	44,461
Total associates	**419,489**	**52,845**	**(19,932)**	**(7,172)**	**54,424**	**(20,970)**	**68,327**	**(18,957)**	**528,054**

The above chart includes, in the “Translation differences and other changes” column, the transfer to non-current assets classified as held for sale at the Cedinsa group of EUR 20,032 thousand (Notes 4 and 5). 2016 includes under “Purchases” the impact of the capital increase at Realia Business S.A., in the column Sales the disposal of Metro de Málaga S.A., and in the “Translation differences and other changes” column the effect of the inclusion of Giant Cement Holding Inc., mentioned above.

2016 also includes the result recorded for the Realia Business holding, mostly due to the haircuts granted in the process to refinance its financial debt and the provision of impairment of property inventories.

The detail of the assets, liabilities, revenue and results for 2017 and 2016 of the associates, in proportion to the percentage of ownership held in each associate, is as follows:

	2017	2016
Non-current Assets	1,633,777	1,702,643
Current assets	404,120	380,017
Non-current liabilities	1,574,900	1,527,953
Current liabilities	274,684	365,726
Revenue	424,017	398,742
Operating income	92,776	84,488
Profit (loss) before tax	35,594	66,062
Profit (Loss) attributable to the Parent	21,974	52,845

It should be noted that the value of the ownership interest in the Realia Business Group, based on its market value at 31 December 2017, amounted to EUR 261,903 thousand, (31 December 2016: EUR 204,761 thousand), higher than its carrying amount and that no dividends were distributed in 2017 or 2016. Following, due to its importance, is the summarised financial information of the Realia Group at 31 December 2017 and 2016, after uniformity adjustments to bring it into line with the accounting policies applied by the Group (the investments in the Realia Group is accounted for using the equity method):

	Balance	
	2017	2016
Non-current Assets	**1,017,311**	**1,009,465**
Current assets	**432,636**	**519,755**
Cash and cash equivalents	85,075	101,130
Other current assets	347,561	418,625
TOTAL ASSETS	**1,449,947**	**1,529,220**
Equity	**619,567**	**610,627**
Equity attributable to the Parent	**491,393**	**482,179**
Share capital	154,754	154,754
Reserves	328,948	243,662
Treasury shares	(675)	(675)
Profit (Loss) attributable to the Parent	10,259	85,407
Valuation adjustments	(1,893)	(969)
Non-controlling interests	**128,174**	**128,448**
Non-current liabilities	**623,381**	**199,415**
Non-current financial liabilities	584,444	157,585
Other non-current liabilities	38,937	41,830
Current liabilities	**206,999**	**719,178**
Non-current financial liabilities	180,372	695,825
Other non-current liabilities	26,627	23,353
TOTAL EQUITY AND LIABILITIES	**1,449,947**	**1,529,220**

	Income statement	
	2017	2016
Revenue	**83,492**	**79,834**
Other income	**17,216**	**16,900**
Operating expenses	(55,451)	(93,616)
Depreciation and amortisation charge	(12,618)	(14,313)
Other operating expenses	2,457	(13)
Operating income	**35,096**	**(11,208)**
Finance income	557	114,105
Finance costs	(14,797)	(8,185)
Other net finance income and costs	(1,949)	84
Financial profit (loss)	**(16,189)**	**106,004**
Result of companies accounted for using the equity method	1,486	(3,248)
Net impairment on non-current assets	—	—
Profit (Loss) before tax from continuing operations	**20,393**	**91,548**
Income tax	(3,631)	(2,670)
Profit (Loss) for the year from continuing operations	**16,762**	**88,878**
Profit (Loss) from discontinued operations	—	—
PROFIT (LOSS) FOR THE YEAR	**16,762**	**88,878**
Profit (Loss) attributable to the Parent	10,259	85,407
Profit (Loss) attributable to non-controlling interests	6,503	3,471

It should be noted that uniformity adjustments were made to the foregoing financial statements of the Realia Group in order to account for it using the equity method in these consolidated financial statements, since the Realia Group applies the option allowed under IAS 40 "Investment Property" of measuring its investment property at fair value, an accounting policy not applied by the FCC Group.

13. JOINT ARRANGEMENTS. JOINT OPERATION

As indicated in Note 2.b, in the section entitled “Joint ventures”, the Group companies undertake certain of their business activities by participating in contracts that are operated jointly with other non-Group venturers, mainly through unincorporated temporary joint ventures and other similar entities; these contracts were proportionately consolidated in the accompanying consolidated financial statements.

Following are the main aggregates of the joint arrangements included in the various line items in the accompanying consolidated balance sheet and consolidated income statement, in proportion to the ownership interest held therein, at 31 December 2017 and 2016.

	2017	2016
Non-current Assets	176,488	190,973
Current assets	1,430,648	1,532,810
Non-current liabilities	63,641	61,379
Current liabilities	1,454,293	1,532,258
Profit or loss		
Revenue	1,551,582	1,719,585
Gross profit (loss) from operations	130,422	168,238
Net profit (Loss) from operations	106,343	132,507

At 2017 year-end the property, plant and equipment purchase commitments entered into directly by the joint arrangements amounted to EUR 3,531 thousand (2016: EUR 66 thousand), calculated on the basis of the percentage of ownership of the Group companies.

The arrangements managed through unincorporated temporary joint ventures, silent partnerships and other similar entities require the venturers to share joint and several liability for the business activity carried on.

Guarantees amounting to EUR 1,428,806 thousand (2016: EUR 1,603,290 thousand) were provided, mostly to Government Agencies and private customers, for joint arrangements managed jointly with non-Group third parties as performance bonds for construction projects and urban cleaning contracts.

14. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

The breakdown of the most significant items under “Non-Current Financial Assets” and “Other Current Financial Assets” in the accompanying consolidated balance sheet is as follows:

a) Non-current financial assets

The detail of the non-current financial assets at 31 December 2017 and 2016 is as follows:

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives	Total
2017						
Equity instruments	—	29,168	—	—	—	29,168
Debt securities	—	—	—	1,205	—	1,205
Derivatives	—	—	—	—	438	438
Other financial assets	3,731	—	292,011	1,821	—	297,563
	3,731	**29,168**	**292,011**	**3,026**	**438**	**328,374**
2016						
Equity instruments	—	31,636	—	—	—	31,636
Debt securities	—	—	—	601	—	601
Derivatives	30	—	—	—	1,185	1,215
Other financial assets	3,731	—	281,426	3,643	—	288,800
	3,761	**31,636**	**281,426**	**4,244**	**1,185**	**322,252**

In 2017 there were no significant movements under these headings.

2016 included the sale operation at Xfera Móviles S.A. and the transfer of participatory loans granted by Fomento de Construcciones y Contratas S.A. to the company Más Móvil Phone & Internet S.A.U., as a result of which the Group received a guarantee of EUR 24,285 thousand, recorded under current financial assets as at 31 December 2016. On 7 February 2017 the operation was finally closed with a final sum collected by the Group of EUR 29,139 thousand.

a.1) Available-for-sale financial assets

Breakdown of the balance at 31 December 2017 and 2016:

	Effective percentage of	Fair value
2017		
Ownership interests of 5% or more:		
World Trade Center Barcelona, S.A.	16.52%	6,036
Vertederos de Residuos, S.A.	16.03%	10,817
Consorcio Traza, S.A.	16.60%	8,624
Other	—	2,509
Ownership interests of less than 5%:		
Other	—	1,182
		29,168
2016		
Ownership interests of 5% or more:		
World Trade Center Barcelona, S.A.	16.52%	6,036
Vertederos de Residuos S.A.	16.03%	10,817
Consorcio Traza, S.A.	16.60%	8,624
Other	—	3,266
Ownership interests of less than 5%:		
Other	—	2,893
		31,636

a.2) Loans and receivables

The scheduled maturities of the loans and accounts receivable by the Group companies from third parties are as follows:

	2019	2020	2021	2022	2023	Total
Deposits and guarantees	4,169	1,308	276	165	52,132	58,050
Non-trade loans	15,761	14,513	11,407	12,311	46,978	100,970
Non-current collection rights - concession arrangement (Notes 3.a and 11)	8,101	8,169	8,242	8,318	100,161	132,991
	28,031	**23,990**	**19,925**	**20,794**	**199,271**	**292,011**

The non-trade loans include mainly the amounts granted to Government Agencies for the refinancing of debt in the water service and urban cleaning businesses, which earn interest at market rates. In 2017 there were no events that raised doubts concerning the recovery of these collection rights.

The deposits and guarantees relate basically to those required legally or contractually in the course of the Group companies' activities, such as deposits for electricity connections, construction completion bonds, property lease security deposits, etc.

b) Other current financial assets

The detail of "Other current financial assets" at 31 December 2017 and 2016 is as follows:

	Financial assets at fair value through profit or loss	Loans and receivables	Held-to-maturity investments	Total
2017				
Debt securities	—	—	29	29
Deposits and guarantees given	—	63,598	—	63,598
Other financial assets	202	93,435	1,305	94,942
	202	**157,033**	**1,334**	**158,569**
2016				
Debt securities	—	—	43	43
Deposits and guarantees given	—	43,044	—	43,044
Other financial assets	106,040	113,293	1,306	220,639
	106,040	**156,337**	**1,349**	**263,726**

"Other current financial assets" in the accompanying consolidated balance sheet includes current financial assets which, maturing at more than three months in order to cater for certain specific cash situations, are classified as held-for-trading financial assets, held-to-maturity investments or loans and receivables, based on the initial nature of the investments. "Loans and Receivables" consists mainly of loans granted to, and other receivables from, joint ventures and associates amounting to EUR 17,460 thousand (2016: EUR 17,205 thousand), loans to third parties amounting to EUR 32,512 thousand (2016: EUR 63,244 thousand), deposits at banks amounting to EUR 5,656 thousand (2016: EUR 6,143 thousand) and accounts receivable for concession services (financial asset model) amounting to EUR 30,726 thousand (2016: EUR 19,250 thousand).

The reduction seen under "Other financial assets" mostly corresponds to the collection during the first quarter of 2017 of the sum outstanding from the sale of Globalvia Infraestructuras S.A., which was completed in 2016 for EUR 106,444 thousand, registered in 2016 under "Financial assets at fair value with changes in profit and loss" (Notes 4 and 5), together with EUR 29,139 thousand collected for the sale of Xfera Móviles mentioned above, registered in 2016 under "Loans and receivables".

The average rate of return obtained in this connection is the market return according to the term of each investment.

15. INVENTORIES

The detail of “Inventories” at 31 December 2017 and 2016 is as follows:

	2017		2016	
Property assets		298,095		302,655
Raw materials and other supplies		152,801		171,047
Construction	68,925		76,581	
Cement	53,295		58,956	
End-to-End Water Management	13,019		14,493	
Environmental Services	17,388		19,935	
Corporate	174		1,082	
Finished goods		18,395		12,678
Advances		100,336		95,247
		569,627		**581,627**

“Property Assets” includes building lots earmarked for sale that were acquired by the Group mainly in exchange for completed or outstanding construction work. This heading also includes "Property Assets" in progress for which there are sale commitments representing a final value on delivery to customers of EUR 18,250 thousand (2016: EUR 4,500 thousand). The advances paid by certain customers for the aforementioned “property assets” are secured by insurance contracts or bank guarantees, pursuant to the requirements of Law 57/1968, of 27 July, as amended by Law 38/1999, of 5 November. The detail of the main unsold real estate products is as follows:

	2017	2016
Properties in Tres Cantos (Madrid)	120,144	117,181
Properties in Sant Joan Despí (Barcelona)	44,442	42,757
Properties in Badalona (Barcelona)	14,729	14,729
Residential development - Pino Montano (Sevilla)	11,406	12,061
Las Mercedes property (Madrid)	7,016	10,627
Residential development - Vitoria (Alava)	1,668	4,246
Other properties and developments	98,690	101,054
	298,095	**302,655**

The real estate inventories were measured mainly based on end market references, calculating the terminal value of the land with respect to its current market value where the inventories are located. Where purchase offers have been received, the price of such offers was used for their measurement and, ultimately, when it was impossible to use that methodology, the exit price in the auctions held by the Bank Restructuring Asset Management Company (SAREB) was used as a reference.

A real estate inventory write-down of EUR 10,371 thousand was recognised in 2017 (2016: EUR 2,028 thousand), and the total accumulated write-down amounted to EUR 197,859 thousand (31 December 2016: EUR 187,587 thousand).

At 2017 year-end there were no significant property asset purchase commitments.

“Raw materials and other supplies” includes the installations required to execute construction work that have not yet been included in the construction projects, storable construction materials and items, materials for the assembly of street furniture, replacement parts, fuel and other materials required to carry on the business activities.

At 31 December 2017, there were no material differences between the fair value and the carrying amount of the assets recognised.

16. TRADE, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

a) Trade receivables for sales and services

"Trade receivables for sales and services" in the accompanying consolidated balance sheet includes the present value of revenue receivable, measured as indicated in Note 3-s, contributed by the various activities of the Group and which are the basis of the result from operations.

The detail of the balance of accounts receivable from non-Group debtors at 31 December 2017 and 2016 is as follows:

	2017	2016
Progress billings receivable and trade receivables for sales	769,174	728,419
Amounts to be filled for work performed	571,258	582,174
Retentions	39,539	32,072
Production billed to associates and jointly controlled entities	77,688	74,434
Trade receivables for sales and services	1,457,659	1,417,099
Advanced received on orders (Note 22)	(624,964)	(709,704)
Total net balance of trade receivables for sales and services	**832,695**	**707,395**

The foregoing total is the net balance of trade receivables, after considering the adjustments for the risk of doubtful debts amounting to EUR 327,258 thousand (31 December 2016: EUR 333,320 thousand) and after deducting the balance of “Trade and Other Payables - Advances Received on Orders” on the liability side of the accompanying consolidated balance sheet. This item also includes the amounts of progress billings in various connections, irrespective of whether or not they have been collected.

The detail of the past due trade receivables is as follows:

	2017	2016
Construction	53,496	62,854
Environmental Services	304,764	318,696
Water Activity	55,127	58,476
Corporate	3,683	3,683
TOTAL	**417,070**	**443,709**

It should be noted that the foregoing amounts constitute all of the Group's past due financial assets, as there are no significant past due financial receivables. All matured balances that have not been settled by the counterparty are considered to be past due; however, it should be taken into account that in view of the different characteristics of the various industries in which the FCC Group operates, although certain assets are past due, there is no default risk, mainly in the Environmental Services industry, as most of its customers are public-sector customers from which the corresponding late-payment interest arising from collection delays may be claimed.

The following should be noted, in relation to the balances included in the foregoing table:

- Construction: Given the nature of the business and the fact that in certain construction contracts a long period of negotiation may take place between the date of initial billing to that of final acceptance by the customer, the foregoing balances include certain trade receivables, most of which are not more than 36 months old.

- Environmental Services: In general, except in the case of certain receivables from Spanish Municipal Councils, there are no significant balances more than one year old which have not been written down. The cases lasting longer than one year with no impairment recorded are specific situations that the Company's management believes may reasonably be expected to be received.

- Aqualia: In the Water activity, there are no significant trade receivable balances that are more than two years old; 50% of the balances shown in the table above are less than six months old.

“Progress billings receivable and trade receivables for sales” mainly reflects the amount of the progress billings to customers for completed work amounting to EUR 217,204 thousand (31 December 2016: EUR 226,712 thousand) and services amounting to EUR 551,970 thousand (31 December 2016: EUR 501,707 thousand), not yet collected as at the consolidated balance sheet date. In general, they involve no litigation.

The difference between the amount of the production recognised from inception of each project and contract in progress, measured as explained in Note 3-s, and the amount of the progress billings up to the date of the consolidated financial statements is included under “Amounts to be billed for work performed”.

The heading "Production pending certification" includes completed works pending certification corresponding to construction contracts performed by the Group, totalling EUR 274,454 thousand (31 December 2016: EUR 328,596 thousand). This balance includes the following types:

- Differences between production completed, valued at the sale price, and certification to date under the relevant contract, totalling EUR 138,091 thousand (31 December 2016: EUR 218,798 thousand). In other words, production recognised according to the degree of completion arising out of differences between the time when works production is completed, under the contract entered into with the client, and the time when the client certifies it.

- Changes totalling EUR 54,538 thousand (31 December 2016: EUR 52,469 thousand). Includes production being negotiated with clients because it corresponds to adjustments to scope, changes or new works in addition to those covered by the original contract.

- Claims totalling EUR 81,825 thousand (31 December 2016: EUR 57,329 thousand). Includes production recognised for claims that have arisen, whether litigation has been settled or is still in dispute, either because no agreement has been reached with the client or because the contract provides that arbitration is the method to be used for amendments to the original contract. Production recognised as income only when, based on internal and external reports, the claim is expected to result in the receipt of the sums recognised, without recording any additional income once litigation begins.

Also, the heading "Production pending certification" includes services rendered in the Environment and Water divisions that are billed over periods of longer than one month, basically corresponding to work done in the normal course of business, totalling EUR 235,547 thousand (31 December 2016: EUR 195,984 thousand). Also included, although to a lesser extent, is income corresponding to forecast price reviews in current contracts, totalling EUR 60,771 thousand (31 December 2016: EUR 57,449 thousand). Inasmuch as these are claimable, their accounting maintenance is assessed only if supported by internal or external reports estimating that the claims will result in collections.

At 2017 year-end trade receivables amounting to EUR 289,876 thousand had been factored to financial institutions without recourse against the Group companies in the event of default (31 December 2016: EUR

390,388 thousand). The reduction in this balance in 2017 is due to a decline in use during the year. The impact of credit assignments on cash and bank is recorded under “Changes in current capital” on the cash-flow statement. This amount was deducted from the balance of “Progress Billings Receivable and Trade Receivables for Sales”. Also, the Group sold EUR 25,939 thousand of future collection rights arising from construction contracts awarded under the "lump-sum payment" system (31 December 2016: EUR 12,730 thousand). This amount was deducted from the balance of “Progress billings receivable and trade receivables for sales”.

b) Other receivables

The detail of “Other Receivables” at 31 December 2017 and 2016 is as follows:

	2017	2016
Public Administrations - VAT refundable (Note 24)	74,046	93,165
Public Administrations - Other tax receivables (Note 24)	51,264	49,313
Other receivables	109,187	121,961
Advances and loans to employees	3,004	3,170
Current tax assets (Note 24)	26,954	6,099
Total other receivables	**264,455**	**273,708**

c) Other current assets

"Other current assets" includes mostly sums paid by the Group under certain services contracts that have not been recorded as expenses in the enclosed income statement as they had not fallen due by the closing date of these annual financial statements.

17. CASH AND CASH EQUIVALENTS

The signing on 26 June 2014 of the syndicated agreement (Note 20) gave rise to the repayment of all the bilateral financing lines of the consolidated companies, with the undrawn balances included in cash. In other words, working capital needs started to be managed using cash and not credit facilities. The cash of the subsidiaries within the financing scope headed by the group's parent, Fomento de Construcciones y Contratas, S.A., is managed on a centralised basis. The cash positions of these investees flow to the Parent for their optimisation. “Cash and Cash Equivalents” includes the Group's cash and short-term bank deposits with an initial maturity of three months or less. In both 2017 and 2016 these balances earned interest at market rates.

The detail, by currency, of cash and cash equivalents in 2017 and 2016 is as follows:

	2017	2016
Euro	699,320	497,004
US dollar	342,973	379,613
Pound sterling	82,989	114,907
Czech koruna	24,937	24,743
Other European currencies	4,532	14,195
Latin America (various currencies)	27,739	43,587
Other	55,765	72,036
Total	**1,238,255**	**1,146,085**

18. EQUITY

The accompanying consolidated statements of changes in equity for the years ended 31 December 2017 and 2016 show the changes in equity attributable to the shareholders of the Parent and to the non-controlling interests in those years.

I. Equity attributable to the Parent

On 4 March 2016 the public deed was recorded at the Barcelona Commercial Registry in respect of the increase of the capital of Fomento de Construcciones y Contratas, S.A., as agreed by the board of directors on 17 December 2015, in the framework of the authorisation granted by the shareholders at the Annual General Meeting held on 25 June 2015 (up to 50% increase). This capital increase was effected with monetary contributions for a total cash amount of EUR 709,518,762 by issuing 118,253,127 new ordinary shares for a unit price of EUR 6 (par value of EUR 1), which were admitted to listing on the Spanish Stock Market Interconnection System on 7 March 2016. The increase was effected with a share premium of EUR 5 per share issued, resulting in an increase in the share premium of EUR 589,595 thousand after deducting the costs of the increase after tax (EUR 1,671 thousand).

The funds obtained from the capital increase were used in part for the discounted buy-back (Dutch auction) of debt corresponding to Tranche B of the financial debt of Fomento de Construcciones y Contratas S.A., as regulated under the refinancing contract, totalling EUR 386,443 thousand after deducting a haircut of EUR 58,082 thousand. Also, EUR 289,495 thousand was allocated to financially supporting the subsidiary Cementos Portland Valderrivas S.A., with the remainder being used for corporate purposes, including the exercise of the preference subscription right for capital increases at Realia Business S.A. (EUR 87,301 thousand) (Note 5).

The details of the impact on equity of the capital increase of Fomento de Construcciones y Contratas S.A. performed in 2016 are shown in the following chart:

Share capital increase	118,253

Share capital	**118,253**
Issue premium increase	591,266
Expenses incurred in the capital increase, net of tax	(1,671)
Share Premium	**589,595**
Profit from haircut	58,082
Tax effect	(14,521)
Profit (Loss) for the year	**43,561**
Total impact on Equity	**751,409**

a) Share capital

Once the increase had been effected, the share capital of Fomento de Construcciones y Contratas, S.A. consists of 378,825,506 book-entry ordinary shares of EUR 1 par value each.

All the shares carry the same rights and have been fully subscribed and paid.

The shares of Fomento de Construcciones y Contratas, S.A. are publicly listed on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges and are traded through the Spanish Stock Market Interconnection System (Ongoing Market).

With regard to share capital of over 10% owned by other companies either directly or through their subsidiaries, according to information furnished, Inversora Carso S.A. de C.V., which is in turn controlled by the Slim family, had a 61.11% ownership interest in the share capital directly or indirectly at the date of authorisation for issue of these financial statements. Samede Inversiones 2010 S.L. also has an indirect ownership interest of 15.44% in the share capital and the company Nueva Samede 2016 S.L.U. (Nueva Samede) holds a direct stake of 4.53%. Nueva Samede) holds a direct stake of 4.53%, these two companies are controlled by Esther Koplowitz Romero de Juseu (100%).

Ms Esther Koplowitz Romero de Juseu also directly owns 123,313 shares of Fomento de Construcciones y Contratas S.A.

On 27 November 2014, the two main shareholders signed the "Investment Agreement" whereby both parties undertook not to increase their individual ownership interest in Fomento de Construcciones y Contratas S.A. to above 29.99% of the voting share capital for a period of four years. Subsequently, on 5 February 2016, the aforementioned shareholders signed an amended, non-terminating renewal contract in respect of the agreement. The main features of this renewal were as follows:

- The inclusion of Nueva Samede, a company associated with Esther Koplowitz Romero de Juseu, in the agreement, as a new shareholder of Fomento de Construcciones y Contratas S.A. (FCC) following the new capital increase.

- Amendment of FCC's corporate governance arrangements regarding share transfers in the event that, as a result of the new capital increase and subscription undertaking Control Empresarial de Capitales S.A. de C.V. (CEC) and/or the Guarantor, Inversora Carso, S.A. de C.V. (Carso) should exceed 29.99% of the capital with voting rights or should acquire control of FCC, and the elimination of the provision regarding the parties' maximum stakes in the Company's capital.

- Amendments to FCC's articles of association and the make-up of the board of directors, if CEC and/or Carso should reach a percentage of voting rights that is equal to or greater than 30% or should in any other way acquire control of the Company.

Also, on 5 February 2016, Esther Koplowitz Romero de Juseu, Dominum Dirección y Gestión S.A. and Nueva Samede 2016 S.L.U entered into an agreement for the “Sale and Purchase of Subscription Rights in the New Capital Increase and Other Supplementary Agreements”. The main features of this agreement referred to: (i) establishing the terms and conditions to govern the transfer of preference subscription rights in the capital increase effected by Esther Koplowitz and Dominum Dirección y Gestión S.A. to Nueva Samede S.L.U.; (ii) the subsequent exercise of those rights by Nueva Samede; and (iii) regulation of the undertaking made by Inversora Carso S.A. (as the financier) to finance Nueva Samede in the acquisition of the preference subscription rights and paying-up of the shares resulting from the capital increase.

On 4 March 2016 CEC announced the launch of an OPA for Fomento de Construcciones y Contratas S.A., as its parent, Carso, achieved a percentage of directly or indirectly attributable voting rights of 36.595% (29.558% owned and 7.036% by attribution of Nueva Samede's holding). The bid referred to 100% of the Company's share capital at a price of EUR 7.6 per share. The request was filed at the Spanish Stock Market Commission (CNMV) on 5 April 2016 and accepted for processing by the CNMV on 18 April 2016. Finally, on 22 July 2016, the CNMV communicated that the OPA was accepted for 97,211,135 shares, representing 25.66% of the share capital (48.30% of the shares targeted).

On 1 July 2016 the transfer from Nueva Samede to Inversora Carso S.A. De C.V. of 9,454,167 ordinary shares of Fomento de Construcciones y Contratas S.A. was completed, representing 2.496% of its share capital. The price was EUR 6.4782 per share, making the effective total of the transaction EUR 61,245,984.7.

b) Retained earnings and other reserves

The breakdown of “Retained earnings and other reserves” on the accompanying consolidated balance sheets as at 31 December 2017 and 2016 is as follows:

	2017	2016
Reserves of the Parent	234,559	533,230
Consolidation reserves	491,514	352,172
	726,073	**885,402**

b.1) Reserves of the Parent

"Reserves of the Parent" relates to the reserves recognised by Fomento de Construcciones y Contratas S.A., the Parent of the Group, arising mainly from retained earnings and, where appropriate, from compliance with the applicable legislation.

The detail at 31 December 2017 and 2016 is as follows:

	2017	2016
Share Premium	1,673,477	1,673,477
Legal reserve	26,114	26,114
Reserve for retired capital	6,034	6,034
Voluntary reserves and prior years’ losses	(1,471,066)	(1,172,395)
	234,559	**533,230**

Share Premium

The Consolidated Text of the Spanish Limited Liability Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

Legal reserve

Under the Consolidated Text of the Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Reserve for retired capital

This reserve includes the par value of the treasury shares retired in 2002 and 2008 with a charge to unrestricted reserves, in accordance with Article 335.c of the Spanish Limited Liability Companies Law. The reserve for retired shares is restricted, unless the same requirements as those stipulated for capital reductions are met.

Voluntary reserves

There are no limitations or restrictions as to the use of these reserves, which are recognised on a voluntary basis using the Parent’s profit following the distribution of dividends and the appropriations to the legal or other restricted reserves in accordance with current legislation.

b.2) Consolidation reserves

"Consolidation Reserves" in the accompanying consolidated balance sheet includes the consolidated reserves generated in each of the business areas since their inclusion in the Group. In accordance with IAS 27 "Separate Financial Statements", it also includes those arising from changes in the ownership interests in Group companies, where control is retained, for the difference between the amount of the further acquisition or sale and the carrying amount of the ownership interest. Also, in accordance with IAS 19 "Employee Benefits", "Consolidation Reserves" includes the actuarial gains and losses on pension plans and other employee benefit obligations. The detail of "Consolidation Reserves" at 31 December 2017 and 2016 is as follows:

	2017	2016
Environment	113,238	74,566
Water Area	159,301	501,967
Construction	(122,283)	(133,320)
Cement	24,273	128,249
Corporate	316,985	(219,290)
	491,514	**352,172**

The main variation seen in the above chart is due to the transfer of consolidation reserves as a result of the distribution of EUR 413,462 thousand in dividends charged to reserves from Water to Corporate.

c) Treasury shares and equity interests

"Treasury Shares and equity interests" includes the shares of the Parent owned by it or by other Group companies, measured at acquisition cost.

The Board of Directors and the subsidiaries were authorised by the shareholders at the Annual General Meeting of Fomento de Construcciones y Contratas, S.A. to derivatively acquire treasury shares, with the limits and in accordance with the requirements of Article 144 et seq. of the Spanish Limited Liability Companies Law.

Details of the movements in 2017 are given below:

Balance at 31.12.2015	**(5,502)**
Sales	—
Acquisitions	—
Balance at 31.12.2016	**(5,502)**
Sales	1,255
Acquisitions	(180)
Balance at 31.12.2017	**(4,427)**

The detail of the treasury shares at 31 December 2017 and 2016 is as follows:

	2017		2016	
	Number of shares	Amount	Number of shares	Amount
Fomento de Construcciones y Contratas, S.A.	230,100	(4,427)	415,500	(5,502)
TOTAL	**230,100**	**(4,427)**	**415,500**	**(5,502)**

At 31 December 2017, the shares of the Parent owned by it or by its subsidiaries represented 0.06% of the share capital (31 December 2016: 0.11%).

d) Other equity instruments

This heading includes the measurement of the equity component resulting from accounting for the issue of bonds convertible into shares of Fomento de Construcciones y Contratas, S.A. (Note 20.a)

e) Valuation adjustments

The detail of "Valuation Adjustments" in the accompanying consolidated balance sheets as at 31 December 2017 and 2016 is as follows:

	2017	2016
Changes in fair value of financial instruments	(148,772)	(177,848)
Translation differences	(208,405)	(124,411)
	(357,177)	**(302,259)**

e.1) Changes in fair value of financial instruments

"Changes in Fair Value of Financial Instruments" includes the changes, net of taxes, in the fair value of available-for-sale financial assets (Note 14) and of cash flow hedging derivatives (Note 23).

The detail of the adjustments due to changes in the fair value of financial instruments at 31 December 2017 and 2016 is as follows:

	2017		2016	
Available-for-sale financial assets		9,816		9,800
Vertederos de Residuos S.A.	9,710		9,710	
Other	106		90	
Financial derivatives		(158,588)		(187,648)
Fomento de Construcciones y Contratas, S.A.	(935)		(1,683)	
Azincourt Investments S.L.	244		(401)	
Urbs Iudex et Causidicus, S.A.	(33,993)		(38,022)	
Ibisan Sociedad Concesionaria, S.A.	(3,453)		(4,230)	
FCC Environment (UK) Group	(10,320)		(15,933)	
Cedinsa Group	(38,462)		(51,352)	
Concessió Estacions Aeroport L.9, S.A.	(69,523)		(74,995)	
Other	(2,146)		(1,032)	
		(148,772)		**(177,848)**

e.2) Translation differences

The detail of the amounts included under "Translation differences" for each of the most significant companies at 31 December 2017 and 2016 is as follows:

	2017		2016	
European Union:				
FCC Environment (UK) Group	(149,361)		(100,166)	
Dragon Alfa Cement Limited	(21)		(2,408)	
Other	(21,636)	(171,018)	(13,304)	(115,878)
USA:				
FCC Construcción de América Group	9,489		11,861	
Giant Cement Holding, Inc.	(3,039)		138	
Other	341	6,791	1,416	13,415
Egypt:				
Orasqualia Devel. Waste T.P. S.A.E.	(7,858)		(5,433)	
Egypt Environmental Services, S.A.E.	(4,080)		(3,117)	
Other	(3,799)	(15,737)	(2,961)	(11,511)
Tunisia:				
Societé des Ciments d’Enfidha	(22,524)		(12,012)	
Other	(753)	(23,277)	(450)	(12,462)
Algeria:				
Shariket Tahlya Miyah Mostaganem	(9,338)		(2,957)	
Shariket Miyeh Ras Djinet	(3,395)	(12,733)	(1,053)	(4,010)
Latin America:				
FCC Construcción de América Group	3,170		4,641	
Other	(679)	2,491	(2,671)	1,970
Other currencies:				
Other	5,078	5,078	4,065	4,065
		(208,405)		**(124,411)**

In addition to the variation caused by fluctuating exchange rates owing to depreciation of the euro against most of the currencies in which the Group operates, 2017 saw the reversal of deferred tax assets totalling EUR 46,403 thousand associated with conversion differences at dependent companies abroad, as the Group does not expect these temporary differences to reverse in the foreseeable future.

The detail, by geographical market, of the net investment in currencies other than the euro (translated to euros as described in Note 3.k) is as follows:

	2017	2016
UK	385,521	370,260
USA:	51,868	63,238
Latin America:	84,171	66,723
Czech Republic	69,011	70,755
Other	132,380	166,016
	722,951	**736,992**

f) Earnings per share

Basic earnings per share are calculated by dividing the result attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, with a profit per share of EUR 0.31 in 2017 (2016: loss of EUR 0.45).

In relation to the bond issue described in Note 20-a, it should be noted that dilutive effects could exist if the bondholders were to exercise the conversion option under certain conditions. Under IAS 33 "Earnings per Share", diluted earnings per share shall be calculated by adjusting the weighted average number of shares outstanding under the assumption that all the bonds have been converted into ordinary shares. In addition, the earnings attributable to the Parent shall be adjusted by increasing them by the amount of the interest, net of the tax effect, relating to the bonds recognised in the accompanying consolidated income statement. The resulting calculations mean that in both 2017 and 2016 no dilution in the profit or loss per share occurred, as defined in the standard cited. The calculation used to obtain the basic and diluted basic profit and diluted earnings per share is presented below:

	Basic	Diluted
Profit or loss	**118,041**	**119,524**
Profit (Loss) attributable to the Parent	118,041	118,041
Adjustment for convertible-bond interest	—	1,483
Outstanding shares	**378,497,194**	**379,860,259**
Weighted average number of shares	378,497,194	378,497,194
Convertible shares		1,363,065
Earnings per share (euros)	**0.31**	**0.31**

II. Non-controlling interests

“Non-Controlling Interests” in the accompanying consolidated balance sheet reflects the proportional part of the equity and the result for the year after tax of the companies in which the Group's non-controlling interests have ownership interests.

The detail of "Non-Controlling Interests" at 31 December 2017 and 2016 in relation to the main companies is as follows:

	Equity			
	Share capital	Reserves	Profit or loss	Total
2017				
Cementos Portland Valderrivas Group	1,974	20,277	173	22,424
Aqualia Czech	33,958	7,678	(57)	41,579
Other	16,499	(11,339)	5,430	10,590
	52,431	**16,616**	**5,546**	**74,593**
2016				
Cementos Portland Valderrivas Group	—	65,116	(46,003)	19,113
Aqualia Czech	33,958	9,553	(90)	43,421
Other	17,272	(8,582)	4,173	12,863
	51,230	**66,087**	**(41,920)**	**75,397**

On 22 December 2016 The National Securities Market Commission authorised the delisting tender offer targeted at 100% of the capital of Cementos Portland Valderrivas S.A. by Fomento de Construcción y Contratas S.A. In February 2017 the offer ended, having been accepted by 87.81% of the shares targeted. The resulting variation in non-controlling interests is reflected in the 2016 financial statements (Note 2), causing a reduction of EUR 70,094 thousand representing 100% of the shares targeted. The final acceptance figure resulted in a reduction of EUR 59,550 thousand. This operation also caused in increase in consolidation reserves of EUR 6,260 thousand and a reduction in valuation adjustments of EUR 2,850 thousand. The corresponding estimates made in the 2016 financial statements were for EUR 9,411 thousand and EUR 3,250 thousand, respectively.

19. NON-CURRENT AND CURRENT PROVISIONS

The detail at 31 December 2017 and 2016 is as follows:

	2017		2016	
Non-current		**1,140,965**		**1,175,595**
Long-term employee benefit obligations	23,703		27,407	
Dismantling, removal and restoration of non-current assets	100,761		117,079	
Environmental activities	227,197		201,144	
Litigation	152,818		85,944	
Guarantees and contractual and legal obligations	55,558		82,232	
Improvement or increased-capacity actions at concessions	129,290		75,886	
Other provisions for contingencies and charges	451,638		585,903	
Current		**165,793**		**202,911**
Construction contract settlement and contract losses	150,362		185,888	
Other provisions	15,431		17,023	

The variations under the provisions heading in 2017 include the transfer of EUR 75,000 thousand from “Other provisions for contingencies and charges” to “Litigation” of the provision for the challenge to the sale of Alpine Energie (see below). Also, the variation under “Guarantees and contractual and legal obligations” is mostly due to the application for their purpose of certain provisions related to guarantees granted, totalling EUR 35,835 thousand. The previous year included the provision of EUR 53,400 thousand for restructuring costs in the Construction division (Note 27).

The changes in “Non-current Provisions” and "Current Provisions" in 2017 and 2016 were as follows:

	Non-current provisions	Current provisions
Balance at 31-12-2015	**1,254,119**	**194,743**
Expenses for the removal or dismantling of assets	7,110	—
Changes in employee benefit obligations arising from actuarial gains or losses	9,810	—
Measures to upgrade concessions or expand concession capacity	7,582	—
Provisions recognised/(reversed)	116,684	12,390
Amounts used (payments)	(133,914)	(14,679)
Changes in the scope of consolidation, translation differences and other changes	(85,796)	10,457
Balance at 31-12-2016	**1,175,595**	**202,911**
Expenses for the removal or dismantling of assets	367	—
Changes in employee benefit obligations arising from actuarial gains or losses	(2,826)	—
Measures to upgrade concessions or expand concession capacity	35,018	—
Provisions recognised/(reversed)	77,821	(785)
Amounts used (payments)	(153,365)	(29,868)
Changes in the scope of consolidation, translation differences and other changes	8,355	(6,465)
Balance at 31-12-2017	**1,140,965**	**165,793**

"Allocations (reversal)" includes appropriations for environmental actions totalling EUR 31,137 thousand (31 December 2016: EUR 27,256 thousand), as well as provisions for future replacements or major repairs at concessions totalling EUR 14,476 thousand (31 December 2016: EUR 4,411 thousand). Also in 2016, EUR 53,400 thousand was allocated to expenses incurred in the restructuring of the workforce in the construction business.

The heading "Applications (payments)" includes payments of EUR 16,473 thousand (31 December 2016: EUR 22,343 thousand) and EUR 14,733 thousand (31 December 2016: EUR 7,291 thousand), for fixed-asset dismantling and removal provisions and for improvement and increased-capacity actions at concessions, respectively. These sums have an impact on "Payments due to investments in property, plant and equipment, intangible assets and investment property” in the consolidated cash-flow statement. Also included is the application for their purpose of the aforementioned guarantees, totalling EUR 35,835 thousand.

A review of tax group 18/89, headed by Fomento de Construcciones y Contratas S.A., by the tax authorities for Corporation Tax over the 2010–2012 periods resulted in a payable of EUR 34,484 thousand. This had been provided for in prior years and has had no significant impact on the consolidated cash-flow statement, as most of the payment was deferred. Also in 2016, the sum of EUR 40,680 thousand was paid in expenses incurred as a result of restructuring the construction workforce. This sum has an impact on "Other proceeds/(payments) relating to operating activities" in the consolidated cash-flow statement.

The provisions included in the accompanying consolidated balance sheet are considered to cover the inherent liability that may arise in the course of the Group’s various business activities.

The timing of the expected outflows of economic benefits at 31 December 2017 arising from the obligations covered by non-current provisions is as follows:

	Within five years	After five years	Total
Long-term employee benefit obligations	8,041	15,662	23,703

Dismantling, removal and restoration of non-current assets	60,870	39,891	100,761
Environmental activities	42,014	185,183	227,197
Litigation	122,433	30,385	152,818
Guarantees and contractual and legal obligations	37,385	18,173	55,558
Other provisions	485,120	95,808	580,928
	755,863	**385,102**	**1,140,965**

Long-term employee benefit obligations

“Non-current provisions” in the accompanying consolidated balance sheet includes the provisions covering the Group companies' obligations in respect of pensions and similar obligations such as medical and life insurance, as indicated in Note 25.

Dismantling, removal and restoration of non-current assets

“Expenses for the removal or dismantling of assets” includes the balancing item for the increased asset value relating to the discounted present value of the expenses that will be incurred when operation of the asset ceases.

Measures to upgrade concessions or expand concession capacity

"Measures to upgrade concessions or expand concession capacity" includes both the balancing item for the increase in the value of non-current assets relating to the discounted present value of the infrastructure work carried out by the concession operator during the concession term to upgrade the concessions and expand their capacity and the cost of future replacements or major repairs at concessions in the intangible model.

Environmental activities

The FCC Group's environmental policy goes beyond strict compliance with current legislation in the area of environmental improvement and protection to include the establishment of preventative planning and the analysis and minimisation of the environmental impact of the activities carried on by the Group.

Company management considers that the possible contingencies relating to environmental protection and improvement at 31 December 2017 would not have a significant impact on the accompanying financial statements, which include provisions to cover any probable environmental risks that might arise.

Note 29 to the consolidated financial statements, relating to information on the environment, provides additional information on environmental provisions.

Provisions for litigation

Provisions for litigation cover the contingencies of the FCC Group companies acting as defendants in certain proceedings in relation to the liability inherent to the business activities carried on by them. The lawsuits, although numerous, are not expected to have an impact on the Group's equity according to estimates regarding their final outcomes.

Guarantees and contractual and legal obligations

"Contractual and Legal Guarantees and Obligations" includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

Provisions for construction contract settlements and contract losses

These provisions are recognised for losses budgeted for in construction projects in accordance with the measurement bases set forth in Note 3.s, and for the expenses arising from such projects from the date of their completion to the date of their definitive settlement, which are determined systematically as a percentage of the value of production over the term of the contract based on experience in the construction business.

Other provisions for contingencies and charges

"Other provisions for contingencies and charges" includes the items not classified in the aforementioned accounts, comprising most notably the provisions relating to Alpine, which are explained in further detail in the following paragraphs, also including the EUR 75,000 thousand including as litigation in the above figures.

The sum of "Other provisions for contingencies and charges" not related to alpine covers various litigation risks to which the Group is exposed in the normal course of its business, mostly consisting of tax claims totalling EUR 66,511 thousand (31 December 2016: EUR 97,876 thousand), construction faults or discrepancies in services rendered, inter alia, for EUR 191,762 thousand (31 December 2016: EUR 210,168 thousand). Some of these risks are covered by insurance contracts, and for any uninsured sums the corresponding provision is made.

Also included are provisions from recognising additional losses above the initial value of the investment at associates after incurring in legal or implicit obligations related to the investment at the associate, totalling EUR 54,827 thousand (31 December 2016: EUR 57,711 thousand). The remaining provisions are less relevant and related to the normal functioning of the Group.

With regard to provisions and risks derived from the liquidation of the Alpine subgroup, no significant changes occurred in 2017 compared with what was reported in the 2016 financial statements.

In 2006 the FCC Group acquired an absolute majority interest in Alpine Holding GmbH ("AH"), and in the process indirect control of its operating subsidiary Alpine Bau GmbH ("AB").

On 19 June 2013 AB filed for insolvency at Vienna commercial court, making a retrenchment proposal under court-ordered administration proceedings. After the court-appointed administrator found the retrenchment proposal not to be viable, he moved for the company to be closed and declared bankrupt, a motion that the court accepted on 25 June 2013, thus beginning the official liquidation process. As a result of the bankruptcy of AB, its parent, AH, filed a petition for administration before the commercial court, applying for a declaration of bankruptcy on 28 June 2013. This application was accepted on 2 July 2013.

The direct consequence of both these proceedings for the official liquidation proceedings of these subsidiaries of FCC Construcción S.A. is that the latter loses control of the Alpine group, interrupting its consolidation.

At the time of preparing these financial statements, the administrators in the respective official liquidation proceedings have reported recorded liabilities of approximately EUR 1,669 million at AB and EUR 550 million at AH.

In September 2014, the firm BDO Financial Advisory Services GmbH, at the request of the administrators of AH and AB, issued a report according to which AB would have been insolvent since at least October 2010.

In July 2015 the court processing the AB bankruptcy accepted the administrator's application to commission the preparation of a report to determine the date when AB's debt became untenable for the purposes of the administration proceedings. The expert appointed was Mr Schima, who, based on the report by BDO, a company where he is a partner, reached the same conclusions, finding that AB would have been insolvent since October 2010. In view of these conclusions drawn by the administrators and applied in various court proceedings since, further expert reports were issued in different proceedings, including those by Mr Konecny for the anti-corruption prosecutor's office, AKKT for the banks, Rohatschek for Deloitte Audit Wirtschaftsprüfungs GmbH, and E&Y for FCC, all of which differ from the conclusions drawn by BDO/Schima. In particular, in October 2017, the prosecutors' expert issued his fourth and final report; the reports by the accounting expert concludes that (i) it cannot be said that there was any fraud in the individual financial statements of AB and AH and consolidated statements of AH, and (ii) the final insolvency date for AB and AH was 18 June 2013.

In 2010, 2011 and 2012, AH carried out three bond issues with a joint nominal value of EUR 290 million, accepted for trading on the Luxembourg and Vienna stock exchanges. AH, as the issuer of the bonds, and its directors and monitoring-council members may be subject to liability towards the bondholders for claims for damages if the court's final decision finds the information contained in the corresponding issue brochure to have been incorrect, incomplete or based on false data.

In the framework of the insolvency of the Alpine group, the Central Economic Offences and Corruption Prosecutor's Office (*Wirtschafts- und Korruptions-Staatsanwaltschaft*) launched a criminal investigation in July 2013. To date, 380 claimants have joined the proceedings as private plaintiffs (*Privatbeteiligte*), claiming damages totalling EUR 350 million plus legal interest.

As these financial statements were being prepared, the prosecutors were in the process of investigating more than 25 persons (both natural and bodies corporate) in connection with the commission of crimes related to the Alpine group's tenders, specifically the alleged crimes of negligent insolvency and false accounting in respect of the Alpine group's financial statements.

Pursuant to the provisions for the criminal liability of bodies corporate under Austrian criminal law (*Verbandsverantwortlichkeitsgesetz*), if a court issues a final judgment finding Fomento de Construcciones y Contratas S.A. or FCC Construcción S.A., as the parents of AB and AH, to be criminally liable, because they are considered to be de facto directors, the former bondholders or other creditors suffering damages by those companies may file claims for damages against Fomento de Construcciones y Contratas S.A. or FCC Construcción S.A., under the aforementioned protection rules (*Schutzgesetze*). Also, finding any Group entities to be criminally liable would go hand in hand with a prohibition from participating in any further public tender processes in Austria.

As a result of these insolvency proceedings, as at 31 December 2017, the Group had recognised provisions in relation to the Alpine subgroup amounting to EUR 125,437 thousand in order to cover the contingencies and liability arising of the bankruptcies of AH and AB. The breakdown of these provisions is as follows:

Challenge to the sale of Alpine Energie	75,000
Encumbered collateral provided and accounts receivable for contracts of Alpine	50,437
Total	**125,437**

The provision for the challenge to the sale of Alpine Energie Holding AG amounting to EUR 75,000 thousand covers the risk relating with the filing for retroactive application made by the administrator on 11 June 2014 against the Parent of the Group, Fomento de Construcciones y Contratas S.A. and two of its subsidiaries: Asesoría Financiera y de Gestión S.A. and Bveftdomintaena Beteiligunsgverwaltung GmbH.

With regard to the sale of Alpine Energie Holding AG, in the framework of the investigation of alleged asset-stripping, the expert appointed by the prosecutor's office essentially concluded in October 2015 that the sale of Alpine Energie Holding AG (i) did not constitute asset-stripping and (ii) caused no harm or damage to AB; and (iii) that the sale conditions were consistent with market conditions at the time. The Anti-Corruption and Economic Offences Prosecutor's Office has fully accepted the criteria set forth in the expert report, agreeing to close part of the investigation, with regard to the alleged asset-stripping, in November 2016.

FCC Construcción S.A. lodged corporate guarantees in order for AB and some of its operating subsidiaries to be able to tender for and win contracts for works; now, four and a half years after the bankruptcy, the risk of these guarantees being executed has lessened. In addition, in the ordinary course of its business activities, the FCC Group generated accounts receivable from the Alpine group, which are highly unlikely to be recovered as a result of the bankruptcy proceedings. In order to cover both risks, the Group recognised provisions amounting to EUR 50,437 thousand on the liability side of its consolidated balance sheet.

Since the bankruptcy of AH and AB to date, the following actions have been brought against the FCC Group and directors of AH and AB:

- **Preliminary investigation 19 St 43/13y-1 by the Anti-Corruption and Economic Offences Prosecutor's Office:**

  - In July 2013 the claim filed by a bondholder against five Directors of Alpine Holding GmbH (all of whom were Directors when the bonds were issued and they filed for insolvency) gave rise to the investigations by the aforementioned Spanish Anti-Corruption and Financial Crime Prosecutor's Office.

  - In April 2014 a former Director of Banco Hypo Alpe Adria filed a claim against FCC Construcción S.A., Alpine Holding GmbH, Alpine Bau GmbH, three of their Directors and one employee of Fomento de Construcciones y Contratas S.A. The investigations initiated by the Spanish Public Prosecutor's Office have been added to those mentioned above.

  - In November 2016, the prosecutor's office decided to close the investigations of alleged asset-stripping in the sale of Alpine Energie Holding AG, considering that the facts accredited did not constitute that criminal offence.

  - In October 2017, the prosecutor's expert issued his fourth and final report; the reports by the accounting expert concluded that (i) no fraud can be said to have been committed in the individual financial statements of AB and AH and the consolidated statements of AH, and (ii) the final insolvency date of AB and AH was 18 June 2013.

Civil and commercial proceedings

- Petition for retroactive application filed by the administrator of Alpine Bau GmbH on 11 June 2014 against FCC and two group subsidiaries, Asesoría Financiera y de Gestión S.A. and BVEFDOMINTAENA Beteiligungsverwaltung GmbH, as joint and several liable parties, challenging the sale of shares of Alpine Energie Holding AG to the latter subsidiary. The administrator is not claiming the return of Alpine Energie Holding AG to the scope of the bankruptcy but rather a payment of EUR 75 million plus interest. The proceedings are still at the evidentiary stage.

- In 2014 two bondholders filed two civil claims against FCC Construcción S.A. and a Director for EUR 12 thousand and EUR 506 thousand. In October 2016 notice was given of another law suit, filed three years previously, claiming EUR 23 thousand. These three proceedings were suspended pending the findings of the report by the anti-corruption prosecutor's expert. That report has now been issued, seeking the continuance of the first of the proceedings. After the issue of this report, a motion was accepted to continue with the proceedings.

- The insolvency managers of Alpine Holding filed a claim of EUR 186 million against FCC Construcción S.A. as it considers that this company must indemnify Alpine Holding GmbH for the amounts which the latter raised through bond issues in 2011 and 2012 and which the latter allegedly loaned to its subsidiary Alpine Bau GmbH without the necessary guarantees and through alleged control FCC Construcción S.A. The proceedings, which began with notice of the action in April 2015, were declared by the court to be “heard and pending judgment” in November 2017.

- In April 2017 a member company of the FCC Group, Asesoría Financiera y de Gestión S.A., received a writ in which the administrator lodged a claim for payment by the CFO of de Alpine Bau GmbH and Asesoría Financiera y de Gestión S.A., jointly and severally, of the sum of EUR 19 million for alleged infringements of company and insolvency law, understanding that Alpine Bau GmbH, on lodging a deposit at Asesoría Financiera y de Gestión S.A., had made payments charged to its own resources (a return of capital), which is forbidden by law. The proceedings are at the evidence-hearing stage and the court has appointed an expert.

- Also in April 2017, a former employee of FCC and also a former director of AH and AB received a writ issued by the administrator of Alpine Bau GmbH claiming EUR 72 million for alleged harm to the bankruptcy group caused by alleged liable delays when filing for insolvency.

The enclosed financial statements include the aforementioned provisions to cover probably risks related to some of these law suits. In relation to the remainder of the lawsuits, the Group and its legal advisers do not consider it likely that there will be any future cash outflows and, prior to the issue of the next report, therefore, no provision has been recognised in this connection as the Group considers that they are contingent liabilities (Note 26).

20. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

The FCC Group's general policy is to provide all the Group companies with the financing that is best suited to the normal conduct of their business activities.

Should the financial transaction so require, following a hedging policy for accounting purposes, the Group arranges interest rate hedging transactions on the basis of the type and structure of each transaction (Note 23).

In certain types of financing, particularly non-recourse structured financing, the lender requires the arrangement of some kind of interest rate hedge and the Group assesses the best hedging instrument based on the project’s cash flow profile and the debt repayment schedule.

a) Non-current and current debt instruments and other marketable securities

The main characteristics of the non-current and current debt instruments and other marketable securities arranged by the Group are as follows:

- FCC Aqualia S.A., as part of the syndicated refinancing of the FCC Group, successfully completed two simple bond issues on 8 June 2017. One was for EUR 700 million, with annual remuneration of 1.413%, maturing in 2022, and the other was for EUR 650 million, with annual remuneration of 2.629%, maturing in 2027.

  These issues are backed by real guarantees on holdings in dependent companies and credit rights for certain accounts of the FCC Aqualia group, the carrying amount of which as at 30 June 2017 was EUR 123,706 thousand and EUR 78,723 thousand, respectively. The issue and circulation of these two bonds took place on 8 June 2017, and they were admitted for trading on the non-regulated Irish stock market (Global Exchange Market).

  The balance as at 31 December 2017 recorded for this item was EUR 1,365,513 thousand, including EUR 15,513 thousand in outstanding interest accrued.

  As at 31 December 2017 the quoted price of EUR 700 million bond was 102.4% and that for the EUR 650 million bond was 103.4%.

- In July 2005, to repay another issued in 2005, Severomoravské Vodovody a Kanalizace Ostrava, A.S. (SmVak) issued a seven-year local bond at a fixed interest rate for an amount of CZK 5,400,000 thousand, with a coupon of 2.625% and a rating of BBB- from the rating agency Fitch.

  The balance for this item as at 31 December 2017 is EUR 213,064 thousand (31 December 2016: EUR 199,822 thousand), which includes EUR 2,518 thousand in interest accrued and not yet paid (2016: EUR 2,390 thousand). These bonds traded at 101.5% of par at 31 December 2017 according to Bloomberg.

- The issue on 30 October 2009 by Fomento de Construcciones y Contratas S.A. of convertible bonds totalling EUR 450,000 thousand was allocated to international institutional investors. The balance recognised in this connection at 31 December 2017 under "Debt instruments and other marketable securities" in the accompanying consolidated balance sheet amounted to EUR 30,578 thousand (31 December 2016: EUR 32,548 thousand), including EUR 348 thousand of accrued interest payable (31 December 2016: EUR 348 thousand). The main characteristics following the changes are as follows:

  - The final due date is 30 October 2020.

  - The bonds accrue interest at a fixed annual rate of 6.50% payable every six months.

- The price for which the bonds could be exchanged for shares of the Company is established at EUR 21.50 per ordinary share, resulting in each nominal amount of EUR 50 thousand in bonds entitling the owner to receive 2,325.58 ordinary shares.

- The entitlement to convert the bonds may be exercised at the request of each of the holders, at any time until 30 October 2020.

- A new case of optional repayment for the issuer from 30 October 2018 is included.

The changes made to the board of directors of Fomento de Construcciones y Contratas S.A. in 2016 and capital operations carried out led to a change in effective control, with Inversora Carso securing a majority holding of the capital. This situation, under the terms and conditions of the Convertible Bond, triggered a Put Period of 60 working days in which each individual bondholder had the right to ask the Company to return the principal of the bond (EUR 50,000 per bond) plus interest accrued since the payment date of the last coupon (30 April 2016). On the expiry of this period, which ran from 30 June until 29 August, 92.7% of the bondholders exercised this right, with the consequent cancellation of the convertible bond by the same proportion.

With regard to the issue of convertible bonds, we it should also be noted that the Company's purchase option enabling the bonds to be repurchased in certain circumstances (Trigger Call) was valued as at 31 December 2017 at EUR 5 thousand (31 December 2016: EUR 30 thousand).

These bonds traded at 102.4% of par at 31 December 2017 according to Bloomberg.

b) Non-current and current bank borrowings

The detail at 31 December 2017 and 2016 is as follows:

	Non-current		Current		Total	
2017						
Credit facilities and loans		1,785,717		279,061		2,064,778
Borrowings without recourse to the Parent		465,942		33,787		499,729
Limited recourse project financing loans		255,912		336,829		592,741
FCC Environment (UK) Group	87,121		308,249		395,370	
Other	168,791		28,580		197,371	
		2,507,571		**649,677**		**3,157,248**
2016						
Credit facilities and loans		3,085,373		249,041		3,334,414
Borrowings without recourse to the Parent		503,193		25,464		528,657
Limited recourse project financing loans		622,818		50,247		673,065
FCC Environment (UK) Group	439,952		11,447		451,399	
Other	182,866		38,800		221,666	
		4,211,384		**324,752**		**4,536,136**

This chart includes the syndicated loan of FCC S.A., with a principal of EUR 2,004 thousand, resulting from the process to renew much of the Group's financial debt, completed on 8 June 2017.

The refinancing agreement was completed with the advance repayment of EUR 1.069 billion of the existing financing, charged to the funds obtained from the issue by FCC Aqualia S.A. of two corporate bonds on the international market.

There are three separate groups of borrowings in the foregoing table:

1. Credit facilities and loans

Include the financing forming part of the Refinancing Agreement entered into by Fomento de Construcciones y Contratas, S.A. in March 2014, the renewal of which came into effect in June this year.

The detail of the most salient aspects of the aforementioned refinancing is as follows:

Financing Agreement

During the first few months of 2017, in the context of refinancing the corporate debt of FCC, the Parent reached an agreement with all the financial creditors to refinance much of the debt under the previous refinancing contract, in effect since 26 June 2014, the terms and conditions of which are explained in detail in Note 20 of the 2016 financial statements.

On 28 February 2017 the process to sign the contracts for the refinancing of the Group's syndicated debt was completed, with all the affective credit entities being involved. All the suspension conditions to which their effectiveness was subject were met by 8 June.

The refinancing process completed in 2017 involved completely renewing the existing financing by replacing it with a new long-term credit facility for the Parent of the FCC Group together with certain dependent companies, with the group of companies headed by FCC Aqualia ceasing to be a bound party. In accordance with the relevant accounting rules, this renewal has resulted in no substantial changes to the conditions of the loan.

The main characteristics of the refinancing are:

- **Amount:** The total outstanding sum as at 31 December 2017 is EUR 2,004 million. This sum replaces the debt under the previous financing contract, with a repayable sum of EUR 3,237.4 million, following the advance repayment of EUR 1,068.8 million (including full cancellation of the tranche convertible into shares of FCC and the warrants associated with this convertible tranche).

  At the time of closing the refinancing agreement, as established under the financing contract, the funds corresponding to the sales of Xfera and Globalvia — EUR 29.1 million and EUR 106.4 million, respectively — were allocated to the advance repayment of tranche A. Following this operation, the sum of the principal renewed was EUR 2,033.1 million.

  The principal as at 31 December 2017 is EUR 2,004 million, after making the first repayment of EUR 29.1 million under the repayment schedule for the new financing contract.

- **Tranches:** The new debt is split into four tranches, three of which (A, B and C) are commercial loans for initial sums of EUR 288.1 million, EUR 1,455.5 million and EUR 125 million, respectively; plus, a final tranche (D) (tranche D) represented by a revolving loan of EUR 300 million.

- **Maturity**: Tranches A, B and D mature in five years and tranche C in 18 months.

- **Interest rate:** The interest rate fixed for all tranches is Euribor plus a 2.3% differential, which may be reduced to 2% of certain contractual requirements are met.

- **Cases of early maturity**. The Financing Agreement provides for certain cases of early maturity, which include, inter alia (i) non-payment; (ii) non-achievement of covenants; (iii) material adverse effect; (iv) insolvency proceedings involving any party to the Agreement with certain exceptions detailed in the contract; and (v) cross default if other debts are not paid.

- **Cases of mandatory total early repayment**. The Financing Agreement provides for certain cases of mandatory total early repayment which include, inter alia (i) a change of control at the FCC Group and (ii) the sale of all or a substantial portion of the assets or businesses within the refinancing scope.

- **Cases of mandatory partial early repayment**. Among other cases, the Financing Agreement provides for the obligation to repay, early and partially, the outstanding principal using (i) 50% of the cash sum from monetary capital increases with certain exceptions detailed in the contract; (ii) the net funds deposited by FCC as a result of subscribing subordinated debt to restore financial ratios (equity cure); and (iii) proceeds from insurance indemnity payments and the sale of assets, subsidiaries and businesses, except under certain circumstances.

- **Financial ratios and other borrower obligations.** The Financing Agreement is subject to the achievement of certain annual financial ratios relating to FCC S.A. refinancing scope, the non-achievement of which may trigger a case for early repayment. The financial ratios will also be measured on 30 June each year, for information purposes only. As at 31 December 2017 these ratios are met and are also expected to be met as at 31 December 2018.

- **Guarantees.** The refinancing documents include personal guarantees by a substantial number of the companies within the refinanced scope, conserving their real guarantees of a large portion of the Group's credit assets and rights.

Financial Stability Framework Agreement

As a supplement to the main refinancing agreement, a Framework Financial Stability Contract was entered into, renewing the one in effect since 2014 and regulating such matters as the financial operations necessary for day-to-day business, national and international guarantees totalling EUR 1.481 million with a five-year term, and the undertaking to defer the debt of subsidiaries, as these are defined under the refinancing contract.

Syndicated international guarantee facility

In addition, a contract was entered into to renew the 2014 International Syndicated Guarantee Arrangements (EUR 116 million and a five-year term).

Cementos Portland Valderrivas Support Agreement

As part of the CPV refinancing process completed in 2016 (see below), FCC assumed a new contingent undertaking, known as a "Support Agreement", between FCC S.A. and Cementos Portland Valderrivas S.A., linked to how CPV's business progresses, for a variable sum of not greater than EUR 100 million.

2. **Borrowings without recourse to the Parent:** This item includes both the financing of the Cementos Portland Group and, after the new financing was arranged on 8 June 2017, the group of companies headed by FCC Aqualia, except for Aquajerez's debt, which has been classified under “Remaining limited-recourse project financing loan”, as that company is financed under the project-financing modality.

   - Between 29 July and 1 August 2016 the Cementos Portland Valderrivas subgroup complete a financing operation for a total sum of EUR 535.2 million, used to refinance the debt associated with the Spanish business of the Cementos Portland Valderrivas Group, obtained from the syndicated financing contract entered into in 2012, the outstanding principal of which on the refinancing date was EUR 819.2 million. The total cost of the operation breaks down as (i) EUR 350.7 million for the refinanced syndicated financing contract; (ii) EUR 105 million in new bank money; and (iii) EUR 79.5 million from a new subordinated financing contract.

     For the refinancing of this debt, part of the previous debt, EUR 468.5 million, was amortised with funds from Fomento de Construcciones y Contratas S.A. by means of a subordinated loan to Cementos Portland Valderrivas (EUR 271.2 million), new bank money (EUR 105 million), funds from a new subordinated financing contract (EUR 79.5 million) and cash funds from Cementos Portland Valderrivas S.A. (EUR 12,9 million).

     The new financing was instrumentalised via a senior financing contract for approximately EUR 455.7 million (of which EUR 350.7 million came from the refinanced syndicated financing contract) due in five years (July 2021). The interest rate applicable to this loan is Euribor + 2.40%, with a possibility of reduction depending on the levels of the gross financial debt/EBITDA ratio.

     The repayment schedule includes six-monthly repayments from 2017 onwards, with the remainder payable on the final due date. Undertakings have also been made for further repayments in the case of any cash surplus. At year end 2017 a sum of EUR 24 million was classified as “Current bank loans and credit”, being due in 2018.

     In 2017 debt totalling EUR 36 million was repaid, of which EUR 12 million was repaid voluntarily in advance, applying the repayment quota scheduled for 29 June 2018. As at 31 December 2017 the outstanding balance of this loan is EUR 419.7 million.

     This financing requires compliance with a number of financial ratios from 31 December 2017 and annually until the due date. In this regard, on 6 December 2017 the Cementos Portland group was given approval by most of the financing entities not to compute the clause for the advance repayment of the debt if ratios were not met as at 31 December 2017.

     The subordinated financing contract for EUR 79.5 million, due six months after the due date of the senior financing contract, is a loan with subordination of the debt resulting from the senior financing contract, the interest rate applicable to which is Euribor + 2.90% (subordinated to the payment of interest and principal under the senior financing contract).

     On 30 November 2017, an advance repayment of the subordinated financing contract of EUR 9.1 million was made following the sale of the subgroup's former office building that month. As at 31 December 2017 the outstanding balance of this loan is EUR 70.4 million.

Without prejudice to the "without recourse to FCC" nature of the debt of the Cementos Portland Valderrivas subgroup, a support contract was entered into between FCC S.A. and Cementos Portland Valderrivas S.A., mentioned above, under which FCC S.A. undertakes to make a contribution of treasury funds up to a maximum of EUR 100 million if certain eventualities related to the gross financial debt/EBITDA ratio occur.

Moreover, FCC S.A., pursuant to the syndicated financing contract, undertook to capitalise the full sum of the subordinated loans arranged with Cementos Portland Valderrivas within 12 months following the effective date of that contract (1 August 2016), via the corresponding capital increase. The total of these loans as at 31 December 2016 was EUR 423.3 million. On 27 July 2017 a capital increase was carried out whereby FCC S.A. subscribed shares by offsetting credit arranged with Cementos Portland Valderrivas S.A., totalling EUR 423,288 thousand on that date (Note 5).

3. **Limited-recourse project finance loans**: comprising all the financing guaranteed solely by the project itself and by its cash generation capacity, which will support all the debt service payments and which will not be guaranteed by the Parent Fomento de Construcciones y Contratas, S.A. or any other FCC Group company under any circumstances.

- On 22 January 2014, Azincourt Investment, S.L. (a wholly-owned investee of FCC, S.A. that owns all the shares of FCC Environment UK, formerly WRG) refinanced a syndicated loan without recourse to FCC, S.A., which was arranged in 2006 upon the acquisition of WRG and which matured on 31 December 2013. The refinancing was structured as a new syndicated loan of GBP 381 million, without recourse to FCC, S.A., from the same financial institutions, maturing on 31 December 2017, with the possibility of extending the maturity date by one year if certain conditions are met. As these conditions were indeed met, the final due date will be 31 December 2018.

  The aforementioned Financing Agreement entered into with the banks, included the contribution of GBP 80 million by FCC, S.A. to Azincourt Investment, S.L. as a capital increase through a monetary contribution.

  Also, FCC Environment UK arranged a new GBP 30 million working capital facility not made available with most of the banks in the syndicate of Azincourt Investment, S.L.'s debt, and a factoring facility to discount trade receivables for the same amount as the working capital facility, which has been renewed until 31 December 2018.

  On 29 July 2016 the company decided to repay GBP 30 million of the syndicated debt, making the nominal sum of the syndicated debt after this repayment, as at 31 December 2016, GBP 270.2, distributed over the following tranches:

  - Tranche A amounts to GBP 89.18 million. The borrowing cost associated with this tranche is LIBOR + 400 pbs.
  - Tranche B, for GBP 181.07 million, with borrowing cost of LIBOR + 255 bps in 2018.

  At the time of preparing these financial statements, the Group is exploring the best alternatives for refinancing the sums mentioned, which fall due, as mentioned at the end of 2018. This refinancing is expected to be closed successfully.

  In 2017 FCC S.A. took the decision to purchase, at the same time, the syndicated bank loan of Kent Enviropower Ltd., a member company of the FCC Environment (UK) group. The nominal was GBP 57.5 million and the interest rate for the financing consisted of an IRS (interest-rate swap) of 5.32% plus a 2.375% margin, corresponding to a final interest rate of 7.695%.

  Upon the sale of the debt by Kent Enviropower Ltd. and the change to the initial lenders, it was decided to settle the IRS derivative (Note 23).

On 25 July 2017 the transaction was completed to purchase the debt and settle the IRS derivative for GBP 13.1 million. Once the derivative had been settled, funds were release from the reserve account of the project to FCC S.A. As at 31 December 2017 the nominal owed by Kent Enviropower Ltd to FCC S.A. is GBP 41 million. This impact has had no impact on the consolidated financial statements, however, as they operations involved are between group companies and so excluded from the consolidation process.

The remaining limited recourse project finance debt up to the total EUR 395,370 thousand corresponds mainly to the debt of the companies composing the FCC Group in United Kingdom.

- Moreover, “Other debts with limited recourse for financing projects” include the debt of Aquajerez S.L., which stood at EUR 37.9 million as at 31 December 2017. The new financing of Aquajerez S.L. arranged on 21 July 2016 totals EUR 40 million, with a 15-year term and six-monthly repayments commencing in January 2017. This financing is associated with compulsory interest-rate cover for 15 years on 70% of the nominal sum, as mentioned in Note 23 on derivative financial instruments.

As at 31 December 2017 all the financial ratios have been met, nor are they expected not to be met in 2018 for the main financing contracts entered into by the Group.

The detail of the bank borrowings, by currency and amounts drawn down at 31 December 2017 and 2016, is as follows:

	Euros	US dollar	Pound sterling	Czech koruna	Other	Total
2017						
Credit facilities and loans	2,057,791	6,689	—	—	298	2,064,778
Borrowings without recourse to the Parent	499,274	—	—	—	455	499,729
Limited recourse project financing loans	158,412	—	395,370	8,437	30,522	592,741
	2,715,477	**6,689**	**395,370**	**8,437**	**31,275**	**3,157,248**
2016						
Credit facilities and loans	3,326,618	7,603	—	—	193	3,334,414
Borrowings without recourse to the Parent	528,597	—	—	—	60	528,657
Limited recourse project financing loans	184,220	—	451,399	4,414	33,032	673,065
	4,039,435	**7,603**	**451,399**	**4,414**	**33,285**	**4,536,136**

The credit facilities and loans denominated in US dollars are being used mainly to finance companies in Central America in the Construction Area; those arranged in pounds sterling fund assets of the FCC Environment (UK) in the UK; and those arranged in Czech koruna are being used to finance the operations of FCC Environment CEE (formerly ASA) in the Czech Republic.

c) Other non-current financial assets

	2017	2016
Non-current		
Obligations under finance leases	38,995	27,449
Financial borrowings - non-Group third parties	112,657	115,497
Liabilities relating to financial derivatives	17,679	35,206
Guarantees and deposits received	34,978	32,485
Other	7,160	7,635
	211,469	**218,272**

"Liabilities Relating to Financial Derivatives" includes mainly financial derivatives designated as hedging instruments, basically interest rate swaps (Note 23).

d) Other current financial assets

	2017	2016
Current		
Obligations under finance leases	20,853	21,979
Active dividend due	972	1,484
Financial borrowings - non-Group third parties	24,301	116,614
Payable to non-current asset suppliers and notes payable	20,381	23,299
Payable to associates and joint ventures	8,052	8,225
Liabilities relating to financial derivatives	2,637	5,874
Guarantees and deposits received	52,048	51,911
Other	-2	286
	129,242	**229,672**

“Guarantees and deposits received” includes the advance received under the agreement to sell the holding in the company Concesionaria Túnel de Coatzacoalcos S.A. for EUR 48,396 thousand.

As at 31 December 2016 "financial borrowings - non-Group third parties" included EUR 63,933 thousand for the obligation assumed under the CPV tender offer to buy its treasury shares by paying up the sum that would have applied if the offer had been accepted by 100% of the non-controlling interests at which it was targeted (Notes 2, 5 and 18).

e) Repayment schedule

The repayment schedule for the bank borrowings, debt instruments and other marketable securities and other non-current financial liabilities is as follows:

	2019	2020	2021	2022	2023 and subsequent years	Total
2017						
Debt instruments and other marketable securities	—	—	—	910,546	650 thousand	1,560,546
Non-current bank borrowings	276,093	254,019	525,690	1,300,395	151,374	2,507,571
Other financial liabilities	48,240	24,787	12,296	16,040	110,105	211,468
	324,333	**278,806**	**537,986**	**2,226,981**	**911,479**	**4,279,585**

f) Variations in financial liabilities with an impact on financing cash flows

Details of the movements of non-current and current financial liabilities are shown below, distinguishing those that have had an impact on the financing cash flows in the cash-flow statement from other variations:

			No impact on cash flow			
	Balance at 1 January 2017	Cash flows from financing activities	Exchange differences	Changes in fair value	Other changes	Balance at 31 December 2017
Non-current	**4,659,288**	**1,149,541**	**(13,119)**	**67**	**(1,516,192)**	**4,279,585**
Debt instruments and other marketable securities	229,632	1,341,610	10,562	—	(21,258)	1,560,546
Bank borrowings	4,211,384	(198,509)	(17,602)	—	(1,487,702)	2,507,571

Other financial liabilities	218,272	6,440	(6,079)	67	(7,232)	211,468
Current	**557,161**	**(1,577,131)**	**(1,915)**	**(476)**	**1,849,889**	**827,528**
Debt instruments and other marketable securities	2,737	(8,354)	129	—	54,097	48,609
Bank borrowings	324,752	(1,357,552)	(17)	—	1,682,494	649,677
Other financial liabilities	229,672	(211,225)	(2,027)	(476)	113,298	129,242

			No impact on cash flow			
	Balance at 1 January 2016	**Cash flows from financing activities**	**Exchange differences**	**Changes in fair value**	**Other changes**	**Balance at 31 December 2016**
Non-current	**5,678,798**	**131,550**	**(91,817)**	**11,229**	**(1,070,472)**	**4,659,288**
Debt instruments and other marketable securities	1,080,950	405	—	—	(851,723)	229,632
Bank borrowings	4,327,035	171,892	(83,936)	—	(203,607)	4,211,384
Other financial liabilities	270,813	(40,747)	(7,881)	11,229	(15,142)	218,272
Current	**1,529,379**	**(1,918,982)**	**(35,252)**	**(2,091)**	**984,107**	**557,161**
Debt instruments and other marketable securities	7,543	(639,074)	—	—	634,268	2,737
Bank borrowings	1,320,649	(1,440,465)	(33,992)	—	478,560	324,752
Other financial liabilities	201,187	160,557	(1,260)	(2,091)	(128,721)	229,672

21. OTHER NON-CURRENT LIABILITIES

The detail at 31 December 2017 and 2016 is as follows:

	2017	2016
Public Administrations - long-term deferrals	4,628	—
Other non-current liabilities	159,515	174,946
	164,143	**174,946**

“Other non-current liabilities” mostly include the collection of the intangible portion of the Buckinghamshire plant (Note 11), in accordance with the terms and conditions of the contract, i.e., EUR 133,163 thousand as at 31 December 2017 (31 December 2016: EUR 145,964 thousand).

22. TRADE AND OTHER PAYABLES

The detail of "Trade and Other Payables" in the consolidated balance sheets as at 31 December 2017 and 2016 is as follows:

	2017	2016
Payable to suppliers	1,116,440	1,077,171
Current tax liabilities (Note 24)	37,485	37,143
Other accounts payable to Public Authorities (Note 24)	271,578	274,932
Customer advances (Note 16)	624,964	709,704
Remuneration payable	69,354	72,194
Other payables	388,301	355,143

	2,508,122	**2,526,287**

In relation to the Resolution issued by the Spanish Accounting and Audit Institute (ICAC) on 29 January 2016 implementing Additional Provision Two of Law 31/2014, of 3 December, which amends Additional Provision Three of Law 15/2010, of 5 July, on combating late payment in commercial transactions, it should be noted with respect to 2017 that in Spain the Group operates mainly with public-sector customers such as the State, Autonomous Communities, Local Corporations and other public bodies which take longer to settle their payment obligations than the periods established in Public Sector Contract Legislation and in Law 3/2004, of 29 December, on combating late payment in commercial transactions.

It is also important to Note that the provisions of Article 228.5 of the current Consolidated Text of the Public-Sector Contract Law ("TRLCSP") were applied to work and supplies arising from agreements entered into by the Group with the various Public Authorities.

Due to this situation, in order to adapt the Group's financial policy to reasonable levels of efficiency, the usual payment periods to the suppliers in the sectors in which the Group operates were maintained throughout 2017.

The Group's supplier payment policy described in the two preceding paragraphs is thus supported by a) payments to suppliers under agreements entered into by the Group with the Public Authorities in accordance with the requirements of Article 228.5 of the TRLCSP; and b) payments to other suppliers, in Transitional Provision Two of Law 15/2010 and, where applicable, the provisions of Article 9 of Law 3/2004, which does not consider "*payment deferral due to objective reasons*" to be abusive, taking into consideration in both case a) and case b) the usual payment period in the business sectors in which the Group operates.

Furthermore, the Group acknowledges and pays suppliers, always by mutual agreement, the late-payment interest agreed in the agreements and provides them with negotiable payment methods associated with actions for collection of a bill of exchange. Such agreements, which are expressly provided for in the TRLCSP, as described above, are also allowed by Directive 2011/7/EU of 16 February, of the European Parliament and of the Council. Such agreements, which are expressly provided for in the TRLCSP, as described above, are also allowed by Directive 2011/7/EU of 16 February, of the European Parliament and of the Council.

In addition, the Group has entered into reverse factoring and similar agreements with various financial entities in order to facilitate early payment to its suppliers, under which the supplier may exercise its collection right with the Group companies or entities, obtaining the amount billed less the finance costs of discounting and fees applied by the aforementioned entities and, in some cases, amounts retained as security. The facilities arranged total EUR 102,096 thousand, against which EUR 38,985 thousand had been drawn down at 31 December 2017. The aforementioned agreements do not modify the main payment conditions contained therein (interest rate, term or amount) and, therefore, they remain classified as trade payables.

In compliance with the aforementioned Resolution, the following table provides information on the average period of payment to suppliers of the entities located in Spain, for those commercial transactions which have accrued since the date of entry into force of the aforementioned Law 31/2014, i.e. 24 December 2014:

	2017	**2016**
	Days	**Days**
Average period of payment to suppliers	108	116
Ratio of transactions settled	102	111
Ratio of transactions not yet settled	129	133
	Amount	**Amount**
Total payments made	1,360,690	1,316,046
Total payments outstanding	392,918	358,007

23. DERIVATIVE FINANCIAL INSTRUMENTS

In general, the financial derivatives arranged by the FCC Group are treated, for accounting purposes, in accordance with the regulations on hedge accounting described in Note 3-p to these consolidated financial statements, i.e. they are transactions that hedge actual positions.

The main financial risk hedged by the FCC Group using derivative instruments relates to fluctuations in the floating interest rates to which the Group companies' financing is tied.

At 31 December 2017, the FCC Group had arranged, at its fully consolidated companies, hedging transactions with derivative instruments totalling EUR 177,883 thousand (31 December 2016: EUR 530,317 thousand) mainly in the form of IRSs in which the Group companies pay fixed rates and receive floating rates. In 2017 the Azincourt derivative matured and the Kent derivative was cancelled (Note 20), the notional sums of which as at 31 December 2016 were EUR 296,742 thousand and EUR 69,519 thousand, respectively.

The detail of the hedges and their fair value for the fully consolidated companies is as follows:

	Type of derivative	Type of hedge	% hedged	Notional amount at 31.12.17	Notional amount at 31.12.16	Fair value at 31.12.17	Fair value at 31.12.16	Maturity
Fully consolidated companies								
Fomento de Construcciones y Contratas, S.A.								
	IRS	CF	57%	10,931	7,836 3,918	(1,365)	(1,138) (569)	02/04/2024
	IRS	CF		—	2,511	—	(365)	02/04/2024
	IRS	CF		—	2,212	—	(321)	02/04/2024
	IRS	CF	22%	4,156	—	(19)	—	02/04/2024
Azincourt Investments S.L.	Option	CF		—	296,742	—	2	29/12/2017
RE3 Ltd.	IRS	CF	82%	24,523	27,102	(5,375)	(6,258)	30/09/2029
Kent	IRS	CF		—	32,442	—	(6,695)	31/03/2027
	IRS	CF		—	13,904	—	(2,873)	31/03/2027
	IRS	CF		—	23,173	—	(4,776)	31/03/2027
FCC Environment (UK) Ltd.	IRS	CF	95%	20,947	22,829	(6,053)	(6,729)	30/09/2032
FCC Environment (UK) Ltd.	IRS	CF	50%	8,816	9,581	(858)	(928)	30/09/2032
	IRS	CF	50%	8,816	9,581	(875)	(959)	30/09/2032
FCC (E&M) Ltd.	IRS	CF	50%	15,174	89	128	121	06/05/2020
	IRS	CF	50%	15,174	89	125	109	06/05/2020
	IRS	CF	50%	4,068	4,218	(106)	669	06/05/2042
	IRS	CF	50%	4,068	4,218	(417)	98	06/05/2042
FCC (E&M) Ltd.	Currency forward	CF	50%	11,475	14,726	(182)	(1,201)	07/05/2019
	Currency forward	CF	50%	11,475	14,726	(177)	(1,181)	07/05/2019
Concesionaria Atención Primaria, S.A.	IRS	CF	75%	1,875	—	(41)	—	20/12/2018
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	IRS	CF		—	1,792	—	(57)	15/12/2017
Integraciones Ambientales de Cantabria, S.A.	IRS	CF	75%	9,630	10,628	(832)	(1,138)	31/12/2022
Aquajerez	IRS	CF	70%	26,755	28 thousand	438	165	15/07/2031
Total fully consolidated companies				**177,883**	**530,317**	**(15,609)**	**(34,024)**	

The detail, by expiry date, of the notional amount of the hedging transactions arranged at 31 December 2017 and broken down in the above table:

	2018	2019	2020	2021	2022 and subsequent years
Fully consolidated companies	(33,896)	(12,299)	51,804	11,985	160,289

The instruments of FCC (E&M) Ltd. due in 2020 and 2042 are accreting swaps. These are interest-rate instruments intended to cover a loan for which the nominal is made available over the course of the loan, specifically 2018 and 2019.

As the sum due for other derivatives in 2018 and 2019 is less than the increase of the notional sum of the accreting swaps, the summary of the notional sums due is reversed in 2018 and 2019.

At 31 December 2017, the total of the hedges of the companies accounted for using the equity method amounted to EUR 717,660 thousand (31 December 2016: EUR 771,514 thousand) and their fair value amounted to EUR 186,643 thousand (31 December 2016: EUR (219,854) thousand).

The detail of the financial derivatives arranged by the fully consolidated companies for hedging purposes, but which do not qualify for hedge accounting, is as follows:

Fully consolidated companies	Other type of derivative	Type of hedge	Notional amount at 31.12.2017	Notional amount at 31.12.16	Fair value at 31.12.2017	Fair value at 31.12.16	Maturity
.A.S.A. Abfall Service Zistersdorf GmbH	COLLAR	SP	33,333	38,667	(4,270)	(5,862)	28/03/2024
.A.S.A. International	FX SWAP	SP	—	297	—	(1)	15/01/2017
	FX SWAP	SP	—	1,851	—	(11)	15/01/2017
Total fully consolidated companies			**33,333**	**40,815**	**(4,270)**	**(5,874)**	

Following is a detail, by expiry, of the notional amount of the derivatives that do not qualify for hedge accounting:

	Notional expiry				
	2018	2019	2020	2021	2022 and subsequent years
Fully consolidated companies	5,333	5,333	5,333	5,334	12 thousand

24. TAX MATTERS

This Note describes the headings in the accompanying consolidated balance sheet and consolidated income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and the income tax expense.

Under authorisation 18/89, the Parent of the FCC Group files consolidated income tax returns with all the other Group companies that meet the requirements established by tax legislation. The subsidiaries that carry on the Environmental Services activity in the UK also file consolidated tax returns.

Fomento de Construcciones y Contratas, S.A. has all the years not yet statute-barred open for review by the Tax Authorities for the taxes applicable to it. On 8 June 2015, the State Tax Agency's Department of Tax and Customs Control issued a “Communication of the Commencement of Verifications and Investigations" with regard to Corporation Tax for tax group 18/89, headed by FCC S.A. (periods between 01/2010 and 12/2013), and with regard to VAT (periods between 01/2012 and 12/2013) and PAYE withholdings (periods between 04/2011 and 12/13) of certain Group companies. During the final quarter of 2017 the authorities gave notice of a debt in respect of Corporation Tax for the tax group headed by FCC S.A. (for the 2010–2012 periods), as well as in respect of VAT and PAYE withholdings for several Group companies, totalling EUR 37 million. Payment of most of this debt has been deferred by the tax authority for 18 months. It is also likely that during the first quarter of 2018 a Corporation Tax review will take place of the tax group headed by FCC S.A. for which no outgoings are expected, although certain tax credits registered by FCC S.A. will be regularised. Tax regularisation both in 2017 and that forecast for 2018 will have no impact on the Group's results, as adequate provisions have been made for the corresponding sums in the financial statements.With regard to the other years and taxes open for inspection, the criteria that the tax authorities might adopt in the interpretation of tax legislation, the outcome of the tax audits currently under way and any tax audits of the open years that could be conducted by the tax authorities in the future could all give rise to contingent tax liabilities which cannot be objectively quantified at the present time. However, Group management considers that any liabilities that might arise in connection with the years open for review would not significantly affect the Group's equity.

a) Deferred tax assets and liabilities

The deferred tax assets arise mainly as a result of provisions and impairment and other losses recognised on assets classified as held for sale, losses resulting from the deconsolidation of Alpine, non-deductible borrowing costs that will become deductible from the income tax base in future years, tax credit carryforwards and differences between depreciation and amortisation for accounting and tax purposes.

Group management evaluated the recoverability of the deferred tax assets by estimating the future tax bases corresponding to Spanish tax group 18/89 and concluded that there were no doubts as to their recovery through the generation of future taxable profits.

The estimates used to assess the recoverability of deferred-tax assets are based on the estimate of future taxable sums, beginning with the estimated "Consolidated Book Profit (Loss) Before Tax for the Year from Continued Operations" and adjusting the corresponding permanent and temporary differences that are expected to occur in each year. Forecasts show an improvement in profits, as a result of maintaining in place the steps taken to cut costs and strengthening the Group's financial structure by means of the two capital increases effected by the Group's parent, Fomento de Construcciones y Contratas, which have enabled the Group's financial debt to be reduced and its financial liabilities to be restructured, resulting in significant cost reductions.

All of the foregoing will make it possible to improve earnings and to obtain sufficient taxable profits to absorb both the tax losses recognised in the consolidated balance sheet and the deferred tax assets in an estimated period of around fifteen years.

The tax losses of the subsidiaries were largely offset by deducting from the income tax the investment valuation allowances recognised by the Group companies owning the holding, or by deducting these losses from the consolidated tax base in the case of subsidiaries that file consolidated tax returns. However, certain companies and tax group 18/89 recognised deferred tax assets relating to tax losses and deductions pending application amounting to EUR 153,633 thousand (31 December 2016: EUR 146,182 thousand), since they considered that there are no doubts as to their recoverability.

Deferred tax liabilities arose mainly as a result of:

- The differences between the tax base and the carrying amount resulting from the recognition of assets at fair value in connection with the corporate acquisitions in the FCC Group's various business segments, as indicated in Note 3.b. In general, these liabilities do not represent future cash outflows since they reverse at the same rate as that of the depreciation taken on the revalued assets.

- The depreciation for tax purposes of leased assets and of certain items of property, plant and equipment qualifying for accelerated depreciation for tax purposes, and the accelerated depreciation of the investments made, enabling them to be depreciated in full provided that certain requirements are met.

- The profit of joint ventures that will be included in the income tax base for the following year.

- The deductibility for tax purposes of the goodwill arising on the acquisition of non-resident companies prior to 2008.

In 2017 a decrease of EUR 49,338 thousand (31 December 2016: increase of EUR 19,904 thousand) arising mainly from the tax effect of the adjustment of the fair value of financial instruments was recognised in equity under "Valuation Adjustments" and "Non-Controlling Interests" with a balancing entry in the related deferred tax accounts.

The decrease in 2017 includes EUR 46,403 thousand for the reversal of deferred tax assets linked to conversion differences, as the Group does not expect these temporary differences to reverse in the foreseeable future.

The detail of the main deferred tax assets and liabilities is a follows:

ASSETS	2017			2016		
	Tax group Spain	Other	TOTAL	Tax group Spain	Other	TOTAL
Provisions and impairment losses	364,711	22,663	387,374	391,679	24,807	416,486
Tax loss carryforwards	144,588	9,045	153,633	139,259	6,923	146,182
Non-deductible finance costs	142,932	3,093	146,025	150,891	3,992	154,883
Deferred tax assets arising from translation differences	—	—	—	4,695	66,986	71,681
Pension plans	1,238	2,181	3,419	704	89	793
Differences between depreciation and amortisation for accounting and tax purposes	19,965	3,144	23,109	23,117	4,414	27,531
Other	113,622	10,266	123,888	109,638	19,430	129,068
Total	787,056	50,392	837,448	819,983	126,641	946,624

LIABILITIES	2017			2016		
	Tax group Spain	Other	TOTAL	Tax group Spain	Other	TOTAL
Differences arising from recognition of assets at acquisition-date fair value (IFRS 3)	73,788	70,950	144,738	79,636	83,474	163,110
Accelerated depreciation and amortisation	9,297	45,878	55,175	13,077	43,448	56,525
Profit (Loss) of unincorporated temporary joint ventures (UTEs)	25,724	—	25,724	24,019	—	24,019
Non-deductible impairment of goodwill	27,766	—	27,766	30,408	—	30,408
Deferred tax asset arising from translation differences	3,309	—	3,309	4,427	22,285	26,712
Finance leases	5,002	1,713	6,715	6,828	50	6,878
Other	38,680	10,546	49,226	43,568	9,127	52,695
	183,566	129,087	312,653	201,963	158,384	360,347

With regard to the tax reversion of the impairment of securities representing certain holdings in the capital of companies (Royal Legislative Decree 3/2016), the Group has registered at year end 2017 a deferred tax liability of EUR 3,419 thousand for portfolio impairment that was considered to be deductible prior to 2014 and that the legislation cited requires to be returned within five years.

Following is a detail of the expected reversal dates of the deferred tax assets and liabilities:

	2018	2019	2020	2021	2022 and subsequent years	Total
Assets	105,152	49,255	52,648	62,186	568,207	**837,448**
Liabilities	52,094	17,565	16,655	11,245	215,094	**312,653**

The Group has tax loss carryforwards amounting to EUR 119.7 million that were not recognised in the financial statements in accordance with the accounting principle of prudence. The estimated expiry of the unrecognised tax loss carryforwards is as follows:

Expiry schedule	Tax assets (in millions of euros)
2018 to 2022	35.6
2023 to 2027	16.6
2028 and subsequent years	23.4
Unlimited	44.1
	119.7

Furthermore, the Group has unrecognised tax assets relating to reported, unused tax credits, totalling EUR 7.4 million.

The Group also has unrecognised tax assets amounting to EUR 325.0 million relating to the impairment loss recognised by Fomento de Construcciones, S.A. in prior years on its ownership interest in Azincourt, S.L., a holding company which holds the shares of the British company FCC Environment (UK). The amount of the impairment recognised, which was deemed to be non-deductible for income tax purposes, amounts to EUR 1,300.1 million. This amount might be deductible for income tax purposes in the future in the event of the winding-up of the company Azincourt Investment S.L.

b) Current tax receivables and payables

The detail at 31 December 2017 and 2016 of the current tax assets and liabilities is as follows:

Current assets

	2017	2016
VAT refundable (Note 16)	74,046	93,165
Current tax (Note 16)	26,954	6,099
Other taxes (Note 16)	51,264	49,313
	152,264	**148,577**

Current liabilities

	2017	2016
VAT payable (Note 22)	75,263	74,302
Current tax	37,485	37,143
Accrued social security and other taxes payable (Note 22)	156,976	169,797
Deferrals	25,318	6,768
	295,042	**288,010**

c) Income tax expense

The income tax expense accrued in 2017 amounted to EUR 59,576 thousand (2016: EUR 34,981 thousand), as shown in the accompanying consolidated income statement. The reconciliation of the tax benefit to the accrued tax charge is as follows:

	2017			2016		
Consolidated profit (loss) for the year before tax from continuing operations			**183,163**			**(161,211)**
	Increase	**Decrease**		**Increase**	**Decrease**	
Permanent differences	128,771	(80,391)	48,380	492,280	(131,978)	360,302
Adjusted consolidated accounting profit (loss) from continuing operations			**231,543**			**199,091**
Temporary differences						
- Arising in the year	149,727	(99,652)	50,075	201,844	(156,446)	45,438
- Arising in prior years	121,793	(206,323)	(84,530)	142,046	(181,013)	(384,967)
Income and expense recognised directly in equity						—
Consolidated taxable profit (tax loss) from continuing operations			**197,088**			**205,562**

With respect to the table above, in light of the significance of the amounts, it is important to Note that the income tax base is the best estimate available at the date of preparation of these consolidated financial statements. The definitive amount payable will be calculated on settlement of the tax in 2018 and, accordingly, the final settlement may vary on the basis of any adjustments made for temporary differences until that time, as explained in Note 3-q to these consolidated financial statements.

In 2016 the increases under “Permanent differences” mostly include non-deductible losses for impairment of goodwill totalling EUR 317,846 thousand (Notes 7 and 27) and non-activated losses of the Giant subgroup until the loss of control totalling EUR 68,629 thousand. The reductions under this same heading include the profit for recognition at fair value of the share withheld following the capital increase at that subgroup of EUR 54,323 thousand (Notes 5, 12 and 27).

The reconciliation of the income tax expense is as follows:

	2017	2016
Adjusted consolidated accounting profit (loss) from continuing operations	231,543	199,091
Income tax charge	(48,427)	(43,673)
Tax credits and tax relief	1,866	3,336
Adjustments due to change in tax rate	2,791	124
Other adjustments	(15,806)	5,232
Income tax	**(59,576)**	**(34,981)**

In the above chart, the “Other adjustments” line for 2017 includes regularisations of prior years. That corresponding to 2016 includes the impact of the application of the aforementioned Royal Legislative Decree 3/2016, resulting in an expense for Corporation Tax of EUR 14,495 thousand being recorded, as a result of the reversion of deferred taxes related to the non-deductible impairment of holdings and impairment of orders considered to be deductible prior to 2013 but that the legislation cited now requires to be returned within five years.

The main components of income tax, making a distinction between current tax, i.e. the income taxes payable (recoverable) in respect of taxable profit (tax loss) for the year, and deferred tax, which is the impact on profit or loss of the origination or reversal of temporary differences that affect the amount of the deferred tax assets and liabilities recognised in the consolidated balance sheet, is as follows:

	2017	2016
Current tax	(48,909)	(42,012)
Deferred taxes	(13,458)	6,907
Adjustments due to change in tax rate	2,791	124
Income tax	**(59,576)**	**(34,981)**

In 2017 the "Adjustments due to change in tax rate" are a result mainly of the reduction in the UK income tax rate from 20% to 19%, which resulted in the recording of income of EUR 3,284 thousand, a consequence mainly of the reversal of deferred tax liabilities recognised on acquisition of the FCC Environment (UK) subgroup, as its assets were recognised at fair value, as established in IFRS 3 (Note 3.b).

25. PENSION PLANS AND SIMILAR OBLIGATIONS

In general, the Spanish Group companies have not established any pension plans to supplement the social security pension benefits. However, pursuant to the Consolidated Text of the Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the companies externalise their pension commitments and other similar obligations to employees.

In addition, following authorisation by the Executive Committee, in the past the Parent arranged an insurance policy and paid the premium to cover the payment of benefits relating to death, permanent labour disability, retirement bonuses and pensions and other situations for, among other employees, certain Executive Directors and Executives. In particular, the contingencies giving rise to benefits are those which entail the extinguishment of the employment relationship for any of the following reasons:

a) Unilateral decision of the Company.
b) Dissolution or disappearance of the Parent for whatever cause, including merger or spin-off.
c) Death or permanent disability.
d) Other causes of physical or legal incapacity.
e) Substantial change in professional terms and conditions.
f) Resignation of the executive on reaching 60 years of age, at the request of the executive and with the consent of the Company.
g) Resignation of the executive on reaching 65 years of age, by unilateral decision of the executive.

In 2017 no income or expenses were recognised in this connection. At 31 December 2017, the fair value of the contributed premiums covered all of the actuarial obligations assumed.

The liability side of the accompanying consolidated balance sheet for 2017 includes the present value, totalling EUR 2,564 thousand (2016: EUR 2,642 thousand), of the amounts payable in relation to the Spanish Group companies' post-employment benefit obligations to former Executives. Also in 2017, remuneration amounting to EUR 221 thousand was paid with a charge to this provision (2016: EUR 221 thousand).

Also, with regard to the contractual conditions agreed with the previous CEO, the Group set up a savings fund from which to compensate him if his contract was terminated during the first three years of its term on any grounds other than his voluntary resignation, objective dismissal or disciplinary dismissal. The payment will be of a compensatory nature, consisting of the compensation provided for in his contract and replacing any other compensation that might be derived from the termination of the contractual relationship. The fund was supplied with annual contributions made by Fomento de Construcciones y Contratas S.A. The contributions for this item in 2017 totalled EUR 510 thousand (2016: EUR 202 thousand). On 28 September 2017, the Company received the sum of EUR 712 thousand as recovery of the policy taken out.

Under article 38.5 of the articles of association, Fomento de Construcciones y Contratas S.A. takes out civil-liability insurance to cover directors and executives. The policy covers all the Group's directors as a whole. The premium paid in 2017 was EUR 1,333 thousand.

Certain of the Group's foreign subsidiaries have undertaken to supplement the retirement benefits and other similar obligations accruing to their employees. The accrued obligations and, where appropriate, the related plan assets were measured by independent actuarial experts using generally accepted actuarial methods and techniques and the related amounts are recognised under “Non-current provisions – Long-Term Employee Benefit Obligations” in the accompanying consolidated balance sheet, in accordance with IFRSs (Note 19).

The main benefits referred to in the preceding paragraph are as follows:

- The accompanying consolidated balance sheet as at 31 December 2017 includes the employee benefit obligations of the FCC Environment (UK) Group companies resident in the UK. These obligations are represented by certain assets assigned to the plans funding the benefits, the fair value of which amounted to EUR 52,337 thousand (31 December 2016: EUR 52,978 thousand), and the actuarial value of the accrued obligations amounted to EUR 58,261 thousand (31 December 2016: EUR 60,174 thousand). The net difference, representing a liability of EUR 5,924 thousand (31 December 2016: EUR 7,196 thousand), was recognised under “Non-current provisions” in the accompanying consolidated balance sheet. “Staff Costs” in the accompanying consolidated income statement includes a cost of EUR 588 thousand (31 December 2016: EUR 540 thousand) relating to the net difference between the service cost and the return on the plan assets. The average actuarial rate applied was 2.5% (2016: 2.7%).

- The accompanying consolidated balance sheet as at 31 December 2017 includes the employee benefit obligations of Telford & Wrekin Services, Ltd., resident in the UK. These obligations are represented by certain assets assigned to the plans funding the benefits, the fair value of which amounted to EUR 27,971 thousand (31 December 2016: EUR 26,385 thousand), and the actuarial value of the accrued obligations amounted to EUR 32,626 thousand (31 December 2016: EUR 33,532 thousand). The net difference, representing a liability of EUR 4,655 thousand (31 December 2016: EUR 7,147 thousand), was recognised under “Non-current provisions” in the accompanying consolidated balance sheet.

The detail of the changes in 2017 in the obligations and assets associated with the pension plans and similar obligations is as follows:

2017

Actual evolution of the present value of the obligation

	FCC Environment (UK) Group	Telford & Wrekin Services
Balance of obligations at beginning of year	**60,174**	**33,532**
Current service cost	214	433
Interest cost	1,522	864
Contributions by participants	16	83
Actuarial gains/losses	(341)	—
Changes due to exchange rate	(2,137)	(1,191)
Benefits paid in 2017	(1,292)	(740)
Cost of past services	105	—
Settlements	—	(355)
Balance of obligations at end of year	**58,261**	**32,626**

Actual evolution of the fair value of the plan assets

	FCC Environment (UK) Group	Telford & Wrekin Services
Balance of plan assets at beginning of year	**52,978**	**26,385**
Expected return on assets	1,343	681
Actuarial gains/losses	(369)	2,231
Changes due to exchange rate	(1,881)	(937)
Contributions by the employer	1,632	275
Contributions by participants	16	83
Benefits paid	(1,382)	(747)
Balance of plan assets at end of year	**52,337**	**27,971**

Reconciliation of the actual evolution of the obligation less the plan assets to the balance effectively recognised in the balance sheet

	FCC Environment (UK) Group	Telford & Wrekin Services
Net balance of obligations less plan assets at end of year	**5,924**	**4,655**

2016

Actual evolution of the present value of the obligation

	FCC Environment (UK) Group	Telford & Wrekin Services
Balance of obligations at beginning of year	**58,067**	**31,407**
Current service cost	197	348
Interest cost	1,866	1,011
Contributions by participants	18	92
Actuarial gains/losses	11,518	5,915
Changes due to exchange rate	(8,289)	(4,483)
Benefits paid in 2016	(3,321)	—
Cost of past services	118	—
Settlements	—	(758)
Balance of obligations at end of year	**60,174**	**33,532**

Actual evolution of the fair value of the plan assets

	FCC Environment (UK) Group	Telford & Wrekin Services
Balance of plan assets at beginning of year	**54,338**	**28,078**
Expected return on assets	1,758	912
Actuarial gains/losses	6,698	1,514
Changes due to exchange rate	(7,757)	(4,008)
Contributions by the employer	1,383	562
Contributions by participants	18	92
Benefits paid	(3,460)	(765)
Balance of plan assets at end of year	**52,978**	**26,385**

Reconciliation of the actual evolution of the obligation less the plan assets to the balance effectively recognised in the balance sheet

	FCC Environment (UK) Group	Telford & Wrekin Services
Net balance of obligations less plan assets at end of year	**7,196**	**7,147**

26. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2017, the Group had incurred contingent liabilities of EUR 3,998,868 thousand (31 December 2016: EUR 4,332,937 thousand) representing mainly guarantees to third parties, consisting mostly of completion bonds provided to Government Agencies and private-sector customers as security for the performance of construction projects and urban cleaning contracts.

In addition, the Group has issued letters of indemnity for certain executives with management and administration duties at dependent companies. At the time of preparing these financial statements risk to be provided for have been identified as a result. Such letters of indemnity are a common practice by multinationals that assign employees to work abroad in a dual role as company employees and executives of a subsidiary, in case the respective insurance policies for executives do not cover the contingency in full. With regard to the Group's Alpine business, letters of indemnity were issued for five executives.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are acting as defendants in certain lawsuits in relation to the liability inherent to the various business activities carried on by the Group in the performance of the contracts awarded, for which the related provisions have been recognised (Note 19). The lawsuits, although numerous, represent scantly material amounts when considered individually. Accordingly, on the basis of past experience and the existing provisions, the resulting liabilities would not have a significant effect on the Group's equity.

With respect to the main contingent liabilities arising from the insolvency proceedings of the Alpine subgroup, it should be noted that the potential financial effects would be the outflow of cash of the amount indicated in the related claims detailed in Note 19 to these financial statements. In relation to the complaints filed on the one hand, by a bondholder against certain directors of Alpine Holding, GmbH, auditors of Alpine and their partners and, on the other, a former director of Banco Hypo Alpe Adria, both are cases of complaints filed in the criminal jurisdiction, which are still being investigated and, therefore, the criminal liability (and civil liability that might arise and which is the sole quantifiable liability) prevent the determination of an amount and timing of the potential outflow of benefits until the amount that might arise in connection with the liability can be determined. In turn, the court proceedings brought by the insolvency managers of Alpine Holding GmbH for EUR 186 million, although it is now at the “heard pending judgment" stage, since they constitute a new procedure, the legal arguments put forward by the parties, and the lack of any clear case law doctrine, it is to be supposed that the such proceedings may reach the Supreme Court, a situation which would give rise to a significant delay in the timing of the court proceedings, which, based on the preliminary estimates of the Group, could go on until 2020. In all cases, the possibility of indemnity payments, except for costs and court costs if our case prospers in court, is remote or practically non-existent.

In addition to the lawsuits related to Alpine, it should be noted that on 15 January 2015 the Competition Section of the Spanish National Markets and Competition Commission issued a resolution in relation to case file S/0429/12 for an alleged infringement of Article 1 of Spanish Competition Law 15/2007. The aforementioned resolution affects various companies and associations in the waste management industry, including FCC and other companies in the FCC Group. The Group filed a contentious-administrative appeal before the National Court of Justice. In late January 2018 we received notice of the decisions issued by the National Court of Justice finding in favour of the contentious-administrative appeals filed by Gestión y Valorización Integral del Centro S.L. and BETEARTE, both subsidiaries of FCC, against the CNMC decision imposing various sanctions for alleged collusion practices. Both these judgments accept the companies' representations that no single, continued infringement took place. The FCC Group does not expect any outgoings as a result of this legal action, although after the judgment was announced, the CNMC has told the media that it intends to appeal the judgments before a higher court.

On 15 August 2014, the customer responded to the action by rejecting the amounts claimed and filing a counter-claim for CAD 37.7 million (EUR 25.0 million at the exchange rate prevailing at 31 December 2017). On 7 November 2014, the consortium submitted their objections to the aforementioned counter-claim. On 19 January 2015, the customer filed a motion to delay the trial arguing that the claim was premature, since the agreement prohibits the initiation of legal actions prior the final handover of the works. The hearing for the motion took place on 21 April 2015 and the court accepted the client's motion and the proceedings were suspended, not to be resumed until the final handover of the works. On 18 August 2017 the works were provisionally handed over, and they were commissioned on 17 December. The final handover is scheduled for the second quarter of 2018. A negotiation process has recently been launched with the client with a view to amicably settling the existing disputes and so avoiding costly and potentially lengthy legal proceedings. The Group did not recognise any provisions or impairment losses in this connection, as the amounts claimed were not recognised in its consolidated financial statements.

At 2017 year-end Group management had not approved any restructuring plans.

The Group has other lawsuits and court proceedings underway in addition to those detailed above from which no significant outflows or cash are expected to arise.

In relation to the Group companies' interests in joint operations managed jointly through unincorporated joint ventures, joint property entities, silent participation agreements and other entities of a similar nature, the venturers share joint and several liability with respect to the activity carried on (Note 13).

It should be noted in relation to the guarantees enforced or provided that the FCC Group has not obtained significant assets as a result of guarantees enforced in its favour.

27. INCOME AND EXPENSES

a) Operating income

The Group classifies operating income under "Revenue", including the interest income earned on the collection rights arising under the financial asset concession model pursuant to IFRIC 12 amounting to 9.822 thousand at 31 December 2017 (31 December 2016: EUR 9,600 thousand), with the exception of the in-house work on non-current assets and other income, such as grants related to income, emission allowances, etc.

Note 28, "Segment Reporting" shows the contribution of the business lines to consolidated revenue.

The detail of "Other Operating Income" in 2017 and 2016 is as follows:

	2017	2016
Income from sundry services	61,327	81,060
CO_2 emission allowances (Note 29)	3,185	—
Compensation received from insurance	6,474	5,924
Grants related to income	15,278	11,089
Other income	67,624	77,367
	153,888	**175,440**

b) Procurements

The detail of “Procurements” at 31 December 2017 and 2016 is as follows:

	2017	2016
Work performed by subcontractors and other companies	1,260,418	1,229,291
Purchases and procurements	918,281	916,890
	2,178,699	**2,146,181**

c) Staff cost

The detail of “Staff Costs” in 2017 and 2016 is as follows:

	2017	2016
Wages and salaries	1,364,354	1,389,944
Social security costs	389,115	393,331
Other staff costs	26,981	38,951
	1,780,450	**1,822,226**

The average number of employees at the Group, by professional category, in 2017 and 2016 was as follows:

	2017	2016
Managers and university graduates	1,599	1,787
Professionals with qualifications	5,214	4,657
Clerical and similar staff	2,802	3,385
Other salaried employees	46,757	45,775
	56,372	**55,604**

The average number of employees at the Group, by gender, in 2017 and 2016 was as follows:

	2017	2016
Men	43,981	43,535
Women	12,391	12,069
	56,372	**55,604**

d) Impairment and gains or losses on disposals of non-current assets

The detail of "Impairment and Gains or Losses on Disposals of Non-Current Assets" in 2017 and 2016 is as follows:

	2017	2016
Gains or losses on disposals of other items of property plant and equipment and intangible assets	6,656	(2,159)
Impairment of other items of property, plant and equipment and intangible assets (recognition)/reversal (Notes 7 and 8)	(19,766)	(331,578)
Other	369	52,058
	(12,741)	**(281,679)**

In 2017 there were no movements of any note under these headings.

In 2016, this heading included the impairment of goodwill at Cementos Portland Valderrivas totalling EUR

299,955 thousand (Note 7).

Moreover, in 2016 the heading "Other items" included the profit of EUR 54,323 thousand largely resulting from the recording at fair value of the share maintained at Giant after control was lost (Note 5).

The sum under "Profit/(loss) from other tangible and intangible fixed assets" and "Other items" impacts on the enclosed consolidated cash-flow statement under the heading "Other profit and loss adjustments (net)".

e) Other income and expenses

There were no significant variations in 2017.

In 2016, this heading included restructuring costs registered for the sum of EUR 53,000,000 and a liabilities provision of EUR 10,256,000 for the fine imposed on Cementos Portland Valderrivas by the National Competition Commission.

f) Finance income and costs

The detail of the finance income in 2017 and 2016, based on the assets giving rise to it, is as follows:

	2017	2016
Finance income arising from debt reduction (Note 20)	-	58,082
Held-for-trading financial assets	811	431
Available-for-sale financial assets	2,522	526
Held-to-maturity investments	1,266	2,173
Non-current and current credits	13,815	16,191
"Lump-sum payment" construction projects	2,326	1,009
Cash and cash equivalents and other	22,728	11,763
	43,468	**90,175**

The above chart shows the sum of EUR 22,728 thousand in 2017 (2016: 11,763 thousand) under "Cash and cash equivalents and other", which includes the financial compensation received for the deferred payment for the Panama Metro works (EUR 18,844 thousand).

The detail of the finance costs in 2017 and 2016 is as follows:

	2017	2016
Credit facilities and loans	203,652	288,795
Limited recourse project financing loans	24,752	26,941
Obligations under finance leases	1,705	2,466
Other third-party debts	17,610	34,702
Assignment of accounts receivable and "lump-sum payment" construction projects	26,624	8,049
Other finance costs	26,846	18,286
	301,189	**379,239**

The above chart includes the sum of EUR 22,728 thousand in 2017 (2016: EUR 8,049 thousand) under "Assignment of accounts receivable and 'lump-sum payment' construction projects", with an increase owing to a financial cost of EUR 19,293 thousand in relation to the Panama Metro works, the collection of which has been deferred, as mentioned above.

Also in 2017, the heading "Other third-party debts" includes costs associated with the cancellation of a financial derivative as a result of the acquisition by Fomento de Construcciones y Contratas S.A. of the bank debt of the UK subsidiary Kent Enviropower Limited (Allington), totalling EUR 8,313 thousand. In 2016 this heading included financial costs associated with the advance repayment of debts with third parties of Giant Cement Holding Inc. totalling EUR 20,014 thousand.

Also, the item “Credits and loans” has undergone a notable reduction this year, mostly as a result, on the one hand, of the switch from November 2016 to consolidating the cement-division subsidiary Giant Cement Holding Inc. by the participation method, owing to the loss of control (Notes 5 and 12), accounting for EUR 50,194 thousand for this item in 2016; and, on the other, of lower interest rates on third-party debts in the Cement and Corporate divisions. In the cement division, the reduction of EUR 14,957 thousand was caused by the renegotiation of the financing contract in 2016, under which the applicable interest rate was reduced (Note 20) and, at Corporate, the reduction of this item by EUR 11,504 thousand as a result of the refinancing of FCC's corporate debt, which came into effect on 8 June 2017 and caused the previous debt to be repaid in part by EUR 1,068.8 million, with a reduction in the interest rate applicable (Note 20).

The total sum of financial income and expenditure impacts on the enclosed consolidated cash-flow statement under the heading “Other profit and loss adjustments (net)” and “Interest received” and “Interest paid” when collected or paid.

g) Other net finance costs

The detail of the other net finance costs in 2017 and 2016 is as follows:

	2017	2016
Changes in fair value of current financial instruments	18,582	(22,192)
Exchange rates differences	(47,286)	5,932
Impairment and gains or losses on disposals of financial instruments	(179)	(5,942)
	(28,883)	**(22,202)**

In 2017 losses for exchange-rate differences totalled EUR 47,286 thousand (2016: a profit of EUR 5,932 thousand), almost all of which occurred in the Construction area (EUR 42,263 thousand), because of depreciation of the U.S. dollar (11.7%), the Saudi riyal (12.1%) and the Mexican peso (7.2%). The sum of exchange differences has an impact on the enclosed consolidated cash-flow statement under the heading “Other profit and loss adjustments (net)”.

Also, in 2017 the heading “Changes in fair value of current financial instruments” includes a profit of EUR 16,000 thousand for the receipt of an arbitration award with Veolia in respect of the sale of the Proactiva group in 2013 (Note 5). In 2016 this item showed losses of EUR 20,820 thousand owing to the decrease in the value of the receivable from Globalvia Infraestructuras S.A.(Notes 4 and 5), as forecast when the sale was completed. Both these sums have had an impact on the enclosed consolidated cash-flow statement, under “Other proceeds/(payments) relating to investing activities” (Note 5).

h) Result of companies accounted for using the equity method

The detail of “Result of companies accounted for using the equity method" is as follows:

	2017		2016	
Profit (Loss) for the year (Note 12)		34,285		55,502
Joint ventures	12,311		2,657	
Associates	21,974		52,845	
Gains or losses on disposals and other		(401)		942
		33,884		**56,444**

The decrease in "Profit (Loss) for the year" shown on the enclosed chart is mostly due to the fact that in 2016 the profit registered for the holding in the Realia Business group was EUR 31,568 thousand, mostly due to the haircuts granted in the process to refinance its financial debt and the provision of impairment of property inventories compared with the EUR 3,807 thousand contributed by the Realia Business group in 2017 (Note 12).

28. SEGMENT REPORTING

a) Business segments

The business segments presented coincide with the business areas, as described in Note 1. The segment information shown in the following tables was prepared in accordance with the management criteria established internally by Group management, which coincide with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

The "Corporate" column includes the financial activity relating to the Group's centralised cash management and the operation of the companies that do not belong to any of the Group's business areas mentioned above.

"Eliminations" includes the elimination of inter-segment transactions.

Income statement by segment

In particular, the information shown in the following tables includes the following items as the segment result for 2017 and 2016:

- All operating income and expenses of the subsidiaries and jointly managed contracts relating to the business carried on by the segment.

- Interest income and expenses arising from segment assets and liabilities, dividends and gains and losses on sales of the financial investments of the segment.

- Share of the result of companies accounted for using the equity method.

- The income tax expense relating to the transactions performed by each segment.

- The results of discontinued operations.

- The contribution of each area to the equity attributable to the shareholders of Fomento de Construcciones y Contratas, S.A. is shown under "Contribution to FCC Group Profit (Loss)".

	Total Group	Environmental Services	End-to-End Water Management	Construction	Cement	Corporate	Eliminations
2017							
Revenue	5,802,032	2,735,994	1,025,943	1,681,524	340,350	57,307	(39,086)
Non-group customers	*5,802,032*	*2,728,781*	*1,016,831*	*1,663,871*	*335,514*	*57,230*	*(195)*
Transactions with other segments	—	*7,213*	*9,112*	*17,653*	*4,836*	*77*	*(38,891)*
Other income	188,559	47,343	45,525	60,784	14,741	58,324	(38,158)
Non-group customers	*188,559*	*46,608*	*45,385*	*64,878*	*14,550*	*15,903*	*1,235*
Transactions with other segments	—	*735*	*140*	*(4,094)*	*191*	*42,421*	*(39,393)*
Operating expenses	(5,175,226)	(2,357,490)	(829,997)	(1,672,007)	(297,273)	(95,690)	77,231
Depreciation and amortisation charge and allocation to the consolidated income statement of grants related to non-financial non-current assets and other grants	(364,123)	(197,181)	(87,836)	(25,720)	(38,006)	(16,006)	626
Other income and expenses	(15,359)	(25,233)	(421)	40,208	6,298	3,785	(39,996)
Profit (Loss) from operations	**435,883**	**203,433**	**153,214**	**84,789**	**26,110**	**7,720**	**(39,383)**
Percentage of revenue	*7.51%*	*7.44%*	*14.93%*	*5.04%*	*7.67%*	*13.47%*	*100.76%*
Finance income	43,468	5,278	20,080	24,987	412	546,309	(553,598)
Finance costs	(301,189)	(110,867)	(44,131)	(24,702)	(15,778)	(167,329)	61,618
Other net finance income and costs	(28,883)	19,893	(1,671)	(42,563)	(4,634)	(162,985)	163,077
Result of companies accounted for using the equity method	33,884	14,906	8,704	(7,308)	(7,334)	24,833	83
Profit (Loss) before tax from continuing operations	**183,163**	**132,643**	**136,196**	**35,203**	**(1,224)**	**248,548**	**(368,203)**
Income tax	(59,576)	(22,446)	(38,697)	(14,576)	1,168	15,132	(157)
Profit (Loss) for the year from continuing operations	**123,587**	**110,197**	**97,499**	**20,627**	**(56)**	**263,680**	**(368,360)**
Profit (Loss) for the year from discontinued operations, net of tax	—	—	—	—	—	—	—
Consolidated profit (loss) for the year	**123,587**	**110,197**	**97,499**	**20,627**	**(56)**	**263,680**	**(368,360)**
Non-controlling interests	5,546	2,199	8,354	(6,196)	520	1,015	(346)
Profit (Loss) attributable to the Parent	**118,041**	**107,998**	**89,145**	**26,823**	**(576)**	**262,665**	**(368,014)**
Contribution to FCC Group profit (loss)	**118,041**	**107,998**	**89,145**	**26,823**	**(230)**	**262,665**	**(368,360)**

	Total Group	Environmental Services	End-to-End Water Management	Construction	Cement	Corporate	Eliminations
2016							
Revenue	5,951,591	2,728,066	1,009,815	1,652,596	536,211	61,878	(36,975)
Non-group customers	*5,951,591*	*2,720,929*	*998,967*	*1,638,360*	*531,457*	*61,878*	—
Transactions with other segments	—	*7,137*	*10,848*	*14,236*	*4,754*	—	*(36,975)*
Other income	228,370	69,303	43,956	90,268	14,952	45,682	(35,791)
Non-group customers	*228,368*	*68,561*	*44,195*	*97,335*	*14,892*	*3,385*	—
Transactions with other segments	*2*	*742*	*(239)*	*(7,067)*	*60*	*42,297*	*(35,791)*
Operating expenses	(5,346,255)	(2,358,692)	(822,339)	(1,687,838)	(461,939)	(88,157)	72,710
Depreciation and amortisation charge and allocation to the consolidated income statement of grants related to non-financial non-current assets and other grants	(399,312)	(191,354)	(88,005)	(39,895)	(61,211)	(19,473)	626
Other income and expenses	(340,782)	(25,548)	675	(62,501)	(148,415)	(104,993)	—
Profit (Loss) from operations	**93,611**	**221,775**	**144,102**	**(47,370)**	**(120,402)**	**(105,063)**	**569**
Percentage of revenue	*1.57%*	*8.13%*	*14.27%*	*2.87%*	*22.45%*	*169.79%*	*1.54%*
Finance income	90,175	2,421	8,178	11,974	1,895	214,113	(148,406)
Finance costs	(379,239)	(108,485)	(43,331)	(21,353)	(106,807)	(189,606)	90,343
Other net finance income and costs	(22,202)	643	(8,452)	(4,381)	4,480	(14,207)	(285)
Result of companies accounted for using the equity method	56,444	7,908	10,062	(24,762)	(5,579)	68,800	15
Profit (Loss) before tax from continuing operations	**(161,211)**	**124,262**	**110,559**	**(85,892)**	**(226,413)**	**(25,963)**	**(57,764)**
Income tax	(34,981)	(32,358)	(27,595)	13,359	2,502	(18,654)	27,765
Profit (Loss) for the year from continuing operations	**(196,192)**	**91,904**	**82,964**	**(72,533)**	**(223,911)**	**(44,617)**	**(29,999)**
Profit (Loss) for the year from discontinued operations, net of tax	(7,294)	—	—	—	—	(7,294)	—
Consolidated profit (loss) for the year	**(203,486)**	**91,904**	**82,964**	**(72,533)**	**(223,911)**	**(51,911)**	**(29,999)**
Non-controlling interests	(41,912)	3,593	6,783	(6,291)	991	—	(46,988)
Profit (Loss) attributable to the Parent	**(161,575)**	**88,311**	**76,181**	**(66,242)**	**(224,902)**	**(51,911)**	**16,988**
Contribution to FCC Group profit (loss)	**(161,575)**	**88,311**	**76,181**	**(66,242)**	**(177,963)**	**(51,911)**	**(29,950)**

The contribution of the “Corporate” segment to the FCC Group's result includes mainly the impairment of the ownerships interests of the heads of the rest of the segments, as well as the dividends paid by the Group companies, and the finance income billed to other Group companies as a result of the intra-group loans granted by the Parent to other investees. All of these items are eliminated, as shown in the “Eliminations” column, as they are transactions with Group companies. Also, the “Corporate” segment includes borrowing costs relating to bank borrowings, mainly in connection with the syndicated debt of Fomento de Construcciones y Contratas, S.A.

As at 31 December 2016 the “Corporate” segment also includes impairment of the UGE goodwill corresponding to the entire Cementos Portland subgroup, totalling EUR 112,764 thousand (Notes 7 and 27).

Balance sheet by segment

	Total Group	Environmental Services	End-to-End Water Management	Construction	Cement	Corporate	Eliminations
2017							
ASSETS							
Non-current assets	**6,760,761**	**2,468,036**	**2,339,447**	**673,804**	**1,243,268**	**3,594,863**	**(3,558,657)**
Intangible assets	2,485,248	783,349	848,196	78,285	519,458	313,377	(57,417)
Additions	63,415	32,146	24,975	135	—	6,159	—
Property, plant and equipment	2,455,863	1,402,051	335,212	125,812	589,226	20,979	(17,417)
Additions	219,690	162,528	27,618	21,324	6,251	1,969	—
Investment property	3,188	198	—	2,990	—	—	—
Additions							
Investments accounted for using the equity method	650,640	83,986	125,026	59,711	56,358	325,319	240
Non-current financial assets	328,374	159,927	992,719	8,671	8,278	2,642,843	(3,484,064)
Deferred tax assets	837,448	38,525	38,294	398,335	69,948	292,345	1
Current assets	**3,806,160**	**993,408**	**560,984**	**1,710,902**	**185,361**	**677,150**	**(321,645)**
Non-current assets classified as held for sale	41,365	—	—	—	—	41,365	—
Inventories	569,627	20,553	30,124	158,745	69,222	291,618	(635)
Trade and other receivables	1,722,114	711,547	235,780	664,815	74,940	71,200	(36,168)
Other current financial assets	158,569	84,091	46,837	241,678	23,262	47,543	(284,842)
Other current assets	76,230	35,943	1,190	37,170	1,930	(3)	—
Cash and cash equivalents	1,238,255	141,274	247,053	608,494	16,007	225,427	—
Total Assets	**10,566,921**	**3,461,444**	**2,900,431**	**2,384,706**	**1,428,629**	**4,272,013**	**(3,880,302)**
EQUITY AND LIABILITIES							
Equity	**938,519**	**474,579**	**474,752**	**730,234**	**747,232**	**973,751**	**(2,462,029)**
Non-current liabilities	**6,112,718**	**1,147,332**	**1,887,331**	**331,808**	**582,206**	**3,215,844**	**(1,051,803)**
Grants	215,372	6,305	45 thousand	—	699	163,368	—
Non-current provisions	1,140,965	445,893	116,400	249,212	34,541	294,919	—
Non-current financial liabilities	4,279,585	442,826	1,669,671	27,411	466,903	2,719,954	(1,047,180)
Deferred tax liabilities	312,653	97,117	51,937	55,184	80,063	32,975	(4,623)
Other non-current liabilities	164,143	155,191	4,323	1	—	4,628	—
Current liabilities	**3,515,684**	**1,839,533**	**538,348**	**1,322,664**	**99,191**	**82,418**	**(366,470)**
Liabilities associated with non-current assets classified as held for sale	14,241	—	—	—	—	14,241	—
Current provisions	165,793	7,546	13,407	128,784	7,761	8,296	(1)
Current financial liabilities	827,528	407,455	47,147	26,188	27,427	649,183	(329,872)
Trade and other payables	2,508,122	580,669	471,443	1,353,373	64,003	75,353	(36,719)
Intra-Group transactions	—	843,863	6,351	(185,681)	—	(664,655)	122
Total Equity and Liabilities	**10,566,921**	**3,461,444**	**2,900,431**	**2,384,706**	**1,428,629**	**4,272,013**	**(3,880,302)**

	Total Group	Environmental Services	End-to-End Water Management	Construction	Cement	Corporate	Eliminations
2016							
ASSETS							
Non-current assets	**7,008,694**	**2,535,968**	**1,489,830**	**715,109**	**1,297,045**	**4,213,612**	**(3,242,870)**
Intangible assets	2,536,258	772,968	882,243	79,091	522,929	338,209	(59,182)
Additions	*82,693*	*38,219*	*19,945*	*188*	*12*	*24,329*	—
Property, plant and equipment	2,520,255	1,437,379	320,261	140,032	618,795	21,386	(17,598)
Additions	*209,874*	*148,148*	*26,477*	*26,157*	*7,719*	*1,373*	—
Investment property	14,303	161	—	3,176	—	10,966	—
Additions	—	—	—	—	—	—	—
Investments accounted for using the equity method	669,002	81,116	129,552	59,611	71,565	326,648	510
Non-current financial assets	322,252	141,699	111,222	17,552	8,030	3,210,350	(3,166,601)
Deferred tax assets	946,624	102,645	46,552	415,647	75,726	306,053	1
Current assets	**3,761,087**	**932,166**	**833,402**	**1,700,896**	**188,929**	**830,970**	**(725,276)**
Non-current assets classified as held for sale	14,907	—	—	—	—	14,907	—
Inventories	581,627	22,548	27,167	166,433	69,362	297,417	(1,300)
Trade and other receivables	1,690,807	635,810	281,409	700,537	76,536	76,072	(79,557)
Other current financial assets	263,726	66,091	425,093	167,485	15,713	233,762	(644,418)
Other current assets	63,935	27,521	1,014	33,033	2,149	219	(1)
Cash and cash equivalents	1,146,085	180,196	98,719	633,408	25,169	208,593	—
Total Assets	**10,769,781**	**3,468,134**	**2,323,232**	**2,416,005**	**1,485,974**	**5,044,582**	**(3,968,146)**
EQUITY AND LIABILITIES							
Equity	**872,879**	**487,588**	**853,209**	**697,768**	**343,796**	**494,408**	**(2,003,890)**
Non-current liabilities	**6,595,636**	**1,524,162**	**906,061**	**571,308**	**1,034,026**	**3,797,428**	**(1,237,349)**
Grants	225,460	7,475	43,140	—	1,570	173,275	—
Non-current provisions	1,175,595	404,589	115,570	256,374	19,889	379,172	1
Non-current financial liabilities	4,659,288	819,031	692,229	249,983	934,065	3,196,550	(1,232,570)
Deferred tax liabilities	360,347	122,739	50,612	64,951	78,502	48,322	(4,779)
Other non-current liabilities	174,946	170,328	4,510	—	—	109	(1)
Current liabilities	**3,301,266**	**1,456,384**	**563,962**	**1,146,929**	**108,152**	**752,746**	**(726,907)**
Liabilities associated with non-current assets classified as held for sale	14,907	—	—	—	—	14,907	—
Current provisions	202,911	6,794	17,335	156,506	12,572	9,705	(1)
Current financial liabilities	557,161	126,217	48,109	47,158	28,859	951,620	(644,802)
Trade and other payables	2,526,287	547,370	494,438	1,419,558	66,721	80,304	(82,104)
Intra-Group transactions	—	776,003	4,080	(476,293)	—	(303,790)	—
Total Equity and Liabilities	**10,769,781**	**3,468,134**	**2,323,232**	**2,416,005**	**1,485,974**	**5,044,582**	**(3,968,146)**

(*) The comparative figures from 2016 have been re-expressed to record the impact of the takeover bid for Cementos Portland Valderrivas S.A. made in 2017 (Notes 2, 5, 18 and 20).

Cash flows by segment

	Total Group	Environmental Services	End-to-End Water Management	Construction	Cement	Corporate	Eliminations
2017							
From operating activities	768,864	407,543	231,236	12,027	62,151	558,201	(502,294)
From investing activities	(150,914)	(209,011)	(552,631)	261,883	(7,153)	519,736	(163,738)
From financing activities	(473,709)	(235,661)	470,733	(252,272)	(61,216)	(1,061,327)	666,034
Other cash flows	(52,071)	(1,794)	(1,004)	(46,552)	(2,944)	225	(2)
Cash flows for the year	**92,170**	**(38,923)**	**148,334**	**(24,914)**	**(9,162)**	**16,835**	—
2016							
From operating activities	1,024,902	715,677	218,096	(3,985)	74,764	93,228	(72,878)
From investing activities	(94,686)	(143,327)	(113,899)	(79,961)	(1,620)	(100,264)	344,385
From financing activities	(1,091,314)	(645,908)	(96,234)	58,786	(76,716)	(59,734)	(271,508)
Other cash flows	(38,332)	(30,469)	(6,563)	3,473	(2,075)	(2,699)	1
Cash flows for the year	**(199,430)**	**(104,027)**	**1,400**	**(21,687)**	**(5,647)**	**(69,469)**	—

b) Activities and investments by geographical market

Approximately 45% of the Group's business is conducted abroad (2016: 48%).

The breakdown, by market, of the revenue earned abroad by the Group companies in 2017 and 2016 is as follows:

	Total	Environmental Services	End-to-End Water Management	Construction	Cement	Corporate	Eliminations
2017							
United Kingdom	755,116	698,283	—	23,850	32,949	—	—
Middle East and Africa	653,911	10,193	61,514	507,245	81,788	—	(6,829)
Rest of Europe and other	463,139	263,325	66,936	115,504	17,882	—	(507)
Latin America	414,538	—	14,579	384,831	2,921	17,183	(4,976)
Czech Republic	264,416	172,017	92,051	348	—	—	—
US and Canada	65,743	23,719	—	40,085	1,939	—	—
	2,616,863	**1,167,571**	**235,080**	**1,071,863**	**137,479**	**17,183**	**(12,312)**
2016							
United Kingdom	889,243	775,954	—	80,797	32,494	—	(2)
Middle East and Africa	716,180	16,053	65,260	534,062	110,095	—	(9,290)
Rest of Europe and other	428,446	244,030	58,505	113,712	13,038	—	(839)
Latin America	355,966	—	31,842	295,523	8,962	26,118	(6,479)
Czech Republic	241,557	151,836	89,453	268	—	—	—
US and Canada	247,697	14,227	—	47,391	186,080	—	(1)
	2,879,089	**1,202,100**	**245,060**	**1,071,753**	**350,669**	**26,118**	**(16,611)**

The following information, by geographical area, included in the accompanying consolidated financial statements is shown below:

	Total Group	Spain	United Kingdom	Czech Republic	Rest of Europe and other	US and Canada	Latin America	Middle East and Africa
2017								
ASSETS								
Intangible assets	2,485,248	1,547,316	488,049	1,504	239,350	—	209,022	7
Property, plant and equipment	2,455,863	1,194,200	641,108	286,992	270,113	15,557	27,572	20,321
Investment property	3,188	198	—	—	2,990	—	—	—
Deferred tax assets	837,448	795,351	17,503	3,403	9,360	1,585	8,359	1,887
2016								
ASSETS								
Intangible assets	2,536,258	1,585,815	486,062	1,046	239,876	—	223,195	264
Property, plant and equipment	2,520,255	1,208,496	686,443	275,238	259,372	18,616	32,416	39,674
Investment property	14,303	535	—	—	13,768	—	—	—
Deferred tax assets	946,624	837,315	78,545	2,970	10,884	1,894	8,123	6,893

c) Headcount

The average number of employees in 2017 and 2016, by business area, was as follows:

	2017	2016
Environmental Services	40,532	39,723
End-to-End Water Management	7,934	7,905
Construction	6,529	6,133
Cement	1,075	1,562
Corporate	301	281
	56,371	**55,604**

29. INFORMATION ON THE ENVIRONMENT

At a meeting held on 3 June 2009, the Board of Directors of FCC approved the FCC Group's environmental policy which responded to the initial objectives of the Corporate Responsibility Master Plan, thereby reinforcing the Group's social responsibility commitment as part of its strategy and reflecting its considerable involvement in environmental services.

The FCC Group carries on its activities based on commitment and corporate responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its desire to generate wealth and social well-being.

Aware of the importance for the FCC Group of the preservation of the environment and the responsible use of available resources and in line with its vocation for service represented by activities with a clear environmental focus, the FCC Group fosters and encourages the following principles throughout the organisation, which form the basis of its contribution to sustainable development:

Continuous improvement

To promote environmental excellence through the setting of targets to achieve continuous improvement in the performance of activities, while minimising the negative impacts of the FCC Group's processes, products and services and strengthening the positive impacts.

Control and monitoring

To establish environmental indicator management systems for the operational control of processes, which provide the necessary information for monitoring, assessing, taking decisions on and communicating the FCC Group's environmental efforts, and ensure compliance with the commitments acquired.

Climate change and prevention of pollution

To lead the battle against climate change by implementing processes involving reduced emission of greenhouse gases and by promoting energy efficiency and the use of renewable energies.

To prevent pollution and protect the natural environment through responsible management and consumption of natural resources and by minimising the impact of the emissions, discharges and waste generated and managed as a result of the FCC Group's activities.

Observation of the environment and innovation

To identify the risks and opportunities of the activities with respect to the changing natural environment in order to promote innovation and the use of new technologies, and to generate synergies between the FCC Group's various activities.

Life cycle of the products and services:

To intensify environmental considerations in the planning of activities, purchase of materials and equipment and in relationships with suppliers and contractors.

The participation of all is a must

To promote awareness and application of the environmental principles among employees and other stakeholders.

To share experience of best practices with the various stakeholders to promote alternative solutions to those already established to help achieve a sustainable environment.

This environmental policy is implemented using quality and environmental management systems and follow-up audits which evidence the measures taken by the FCC Group in this area. With regard to environmental risk management, the Group has implemented environmental management systems certified under ISO 14001 standards in the various business areas, which focus on:

a) Compliance with the applicable regulations and achievement of environmental objectives that go beyond external requirements.

b) Reduction of environmental impact through adequate planning.

c) Ongoing analysis of risks and possible improvements.

The basic risk prevention tool is the environmental plan which must be prepared by each operating unit and which consists of:

a) Identification of environmental issues and of applicable legislation.
b) Impact evaluation criteria.
c) Measures to be adopted.
d) A system for measuring the objectives achieved.

By their very nature, the activities of the Environmental Services Area are geared towards environmental protection and conservation, not only through the production activity itself (waste collection, street cleaning, operation and control of landfills, sewer cleaning, treatment and elimination of industrial waste, etc.), but also as a result of performing these activities using production techniques and systems designed to reduce environmental impact, on occasions surpassing the requirements stipulated in the regulations governing this area.

The performance of production activities in the Environmental Services Area requires the use of specialised structures, plant and machinery that are efficient in terms of environmental protection and conservation. At 31 December 2017, the acquisition cost of the non-current assets assigned to production in the Environmental Services Area, net of depreciation and amortisation, totalled EUR 2,185,400 thousand (31 December 2016: EUR 2,210,347 thousand). The environmental provisions, mainly for landfill sealing and shutdown expenses, totalled EUR 356,620 thousand (31 December 2016: EUR 319,229 thousand).

The activity in which Aqualia engages is directly linked to environmental protection since the driving force behind its work is, in collaboration with the various Public Authorities, efficient end-to-end water management and ensuring the availability of water so as to allow sustainable growth of the areas where it provides its services. One of the main objectives of FCC Aqualia is continuous improvement through an End-to-End Management System, which includes both the management of the quality of the processes, products and services and environmental management. The main activities performed are: water quality control at both the collection and distribution stages, a 24-hour, 365 days per year monitoring service enabling incidents affecting its distribution networks to be resolved as quickly as possible, with the resulting water saving, the optimisation of electricity consumption, the elimination of environmental impact caused by the discharge of waste water and energy-efficiency management with a view to reducing the carbon footprint.

The Group's cement companies have non-current assets designed to filter atmospheric gas emissions, honour their commitments relating to the environmental restoration of depleted quarries and apply technologies that contribute to environmentally-efficient process management.

At 31 December 2016, the Cementos Portland Valderrivas Group had made environmental investments amounting to EUR 134,182 thousand (2016: EUR 134,093 thousand), which were recognised under “Intangible Assets” and “Property, Plant and Equipment”. The related accumulated depreciation and amortisation charge amounted to EUR 83,097 thousand (2016: EUR 78,319 thousand). Also in 2017 expenses were incurred to assure environmental protection and improvement totalling EUR 1,726 thousand (2016: EUR 3,625 thousand), registered under “Other operating expenses” in the enclosed consolidated income statement.

Due to its cement activities, the Group receives CO_2 emission allowances for no consideration under the corresponding national allocation plans. In this connection, it should be noted that in 2017 emission allowances equivalent to 3,471 thousand tonnes per annum were received (2016: 4,032 thousand tonnes) corresponding to Cementos Portland Valderrivas, S.A. and Cementos Alfa, S.A.

"Operating Income" in the accompanying consolidated income statement includes the income obtained from operations to sell greenhouse-gas rights in 2017, totalling EUR 3,185 thousand. In 2016 no greenhouse-gas rights were sold.

The Construction Area adopts environmental practices which make it possible to respect the environment in the performance of construction projects, and minimises its environmental impact through the following measures: reduction of atmospheric dust emissions; noise and vibration control; control of water discharges, with special emphasis on the treatment of effluents generated by construction projects; maximum reduction of waste generation; safeguarding of the biological diversity of animals and plants; protection of urban surroundings due to the occupation, pollution or loss of land; and the development of specific training programs for line personnel involved in the environmental decision-making process. It has also implemented an "Environmental behaviour code" which establishes the environmental conservation and protection requirements for subcontractors and suppliers.

Also, it is considered that there were no significant contingencies in relation to the protection and improvement of the environment at 31 December 2017 that might have a material impact on the accompanying consolidated financial statements.

For further information on the matters discussed in this Note, please refer to Note 9 of the Directors' Report and to the Group's "Corporate Social Responsibility" report, which is published annually on FCC's website (www.fcc.es) and via other channels.

30. FINANCIAL RISK MANAGEMENT POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the FCC Group as a result of political, market and other factors and the repercussion thereof on the consolidated financial statements. The FCC Group's risk management philosophy is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations, and the risk policy has been integrated into the Group's organisation in the appropriate manner.

In view of the Group's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

a) Capital risk

For capital management purposes, the fundamental aim of the FCC Group is to reinforce the financial and equity structure to improve the Debt/Equity Ratio, in an attempt, on the one hand, to reduce the cost of capital and in turn maintain capital adequacy, in order to continue managing its activities and, on the other, to maximise value for shareholders, not just at Group level, but also at Parent level, i.e. at Fomento de Construcciones y Contratas, S.A. level.

The fundamental basis that the Group considers as capital is reflected under "Equity" in the consolidated balance sheet, which for management and monitoring purposes excludes both "Changes in Fair Value of Financial Instruments" and "Translation Differences".

"Changes in Fair Value of Financial Instruments" is excluded for management purposes as it is considered within the management of interest rate risk since it is the result of the measurement of instruments that convert floating-rate debt into fixed-rate debt. Translation differences are managed as part of the foreign currency risk management activities.

In addition to the contents of the preceding paragraph, it should also be noted that the Company's financial liabilities include a component which may be considered capital for management purposes: the convertible bonds. This item is not included, due to the unsubordinated nature of such bonds once the refinancing has been arranged.

In light of the industry in which the Group operates, it is not subject to external capital requirements, although this does not prevent regular monitoring of the equity ratio in order to guarantee a financial structure that is based on compliance with the legislation in force in the countries in which the Group operates. The capital structure of each of the subsidiaries is also analysed in order to strike a suitable balance between debt and equity.

Proof of the foregoing are the capital increases of EUR 1,000,000 thousand performed at the end of 2014 and completed in March 2016 of EUR 709,519 thousand, both of which are earmarked to strengthen the Company's capital structure.

Also, as explained in Note 20 on non-current and current financial liabilities, on 8 June the renewal of the syndicated loan of Fomento de Construcciones y Contratas S.A. and certain dependent companies came into effect.

Also, as explained in Note 20 on non-current and current financial liabilities, in September 2016 much of the convertible bond issue of Fomento de Construcciones y Contratas S.A. was repaid. This, together with other smaller request in subsequent months, represented repayment of the issue at 2017 year-end of EUR 420 million, i.e., nearly 93% of the total. This cancellation has made it possible to substantially reduce the annual finance cost of 6.5% associated with this issue. In July 2016 a new financing structure came into effect at the head of the cement division, Cementos Portland Valderrivas S.A., following the amortisation of more than EUR 270 million with funds obtained from the capital increase in March 2016, including a new due date of five years and a substantial reduction of the financial cost, enabling the financing structure to match the forecast generation of cash.

With these operations the FCC Group has made significant progress in the process that is under way, consolidating and optimising the capital structure to provide a solid finance platform, while strengthening operational capacity and flexibility.

The finance department, which is responsible for managing financial risks, regularly reviews the financial debt ratio and compliance with finance covenants, as well as the capital structure of the subsidiaries.

b) The FCC Group is exposed to foreign currency risk

A noteworthy consequence of the FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be made in the same currency.

Although the FCC Group's reference currency and that with which it mainly operates is the euro, the FCC Group also has certain financial assets and liabilities denominated in currencies other than the euro. The foreign currency risk arises mainly on debt denominated in foreign currencies, on investments to be made in international markets and on amounts received in a currency other than the euro.

As shown in the following table, this risk is mitigated since at 31 December 2017 99% of the Group's net debt was denominated in euros, followed in second place by US dollar:

	CONSOLIDATED (in thousands of euros)							
	Euro	US dollar	Pound sterling	Czech koruna	Non-eurozone European currencies	Latin America	Other	TOTAL
Total consolidated net debt	3,472,793	(316,897)	294,723	176,266	(833)	13,892	(60,453)	3,579,491
Net debt as a percentage of total debt	97.0%	8.9%	8.2%	4.9%	0.0%	0.4%	1.7%	100.0%

The breakdown, by currency, of cash and cash equivalents is detailed in Note 17 to these consolidated financial statements, which indicates that 56.5% was denominated in euros at 31 December 2017 (31 December 2016: 43.4%).

The FCC Group's general policy is to mitigate, as far as possible, the adverse effect on its financial statements of exposure to fluctuations in foreign currencies, with regard to both transactional and purely equity-related changes. The FCC Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

The following table summarises the sensitivity to changes in the exchange rates of the two main currencies in which the Group operates, the US dollar and the pound sterling:

	+ 10% pound sterling and US dollar	
	Profit or loss	**Equity**
Pound sterling	54	23,594
US dollar	(1,289)	(257)
Total	**(1,235)**	**23,337**

	- 10% pound sterling and US dollar	
	Profit or loss	**Equity**
Pound sterling	(54)	(23,594)
US dollar	1,289	257
Total	**1,235**	**(23,337)**

The impact on the pound sterling is due mainly to the conversion of the new assets relating to the investment held in the FCC Environment (UK) subgroup.

c) The FCC Group is exposed to interest rate risk

The FCC Group is exposed to risks arising from interest rate fluctuations, since the Group's financial policies aim to guarantee that its current financial assets and its debt are partially tied to floating interest rates. The reference interest rate for the bank borrowings of the FCC Group arranged in euros is mainly Euribor.

Any interest rate increase could increase the borrowing costs on the FCC Group's debt tied to floating rates and could increase, in turn, the refinancing costs of the FCC Group's debt and the costs involved in issuing new debt.

In order to ensure a position that is in the FCC Group’s best interest, an interest rate risk management policy is actively implemented based on the ongoing monitoring of markets and on assuming different positions based primarily on the asset being financed.

Furthermore, as part of the FCC Group's interest rate risk management policy, interest rate hedging transactions and fixed-rate financing were arranged in 2017, accounting for 40% of the total gross debt of the Group at the end of the year, including Project Structured Financing hedges.

The following table presents a breakdown of the FCC Group's gross debt and of its debt that has been hedged, either because it bears interest at a fixed rate or because it is hedged by derivatives:

	Construction	Environmental Services	Cement	End-to-End Water Management	Corporate	Consolidated
Total gross borrowings	50,052	580,069	492,417	1,671,713	2,182,016	4,976,267
Hedges and fixed rate financing at 31.12.17	(20,056)	(207,854)	(6,998)	(1,614,867)	(126,375)	(1,976,150)
Total floating-rate debt	**29,996**	**372,215**	**485,419**	**56,846**	**2,055,641**	**3 thousand,117**
Ratio: Floating-rate debt / Gross borrowings at 31.12.17	**59.9%**	**64.2%**	**98.6%**	**3.4%**	**94.2%**	**60.3%**

The following table summarises the effect that the increases in the interest rate yield curve on gross debt, after excluding any hedged debt, would have on the FCC Group's consolidated income statement:

	Gross borrowings		
	+25 pb	+50 pb	+100 pb
Impact on the income statement	8,242	16,484	32,967

d) Solvency risk

The most representative ratio for measuring solvency and capability of repaying the debt is: Net Debt/Ebitda.

At 31 December 2017, the FCC Group's net financial debt presented in the accompanying consolidated balance sheet amounted to EUR 3,579,491 thousand, as shown in the following table:

	2017	2016
Bank borrowings	3,157,248	4,536,136
Debt instruments and other marketable securities	1,609,155	232,369
Other interest-bearing financial debt	209,912	232,562
Current financial assets	(158,569)	(264,052)
Cash and cash equivalents	(1,238,255)	(1,146,085)
Net financial debt	**3,579,491**	**3,590,930**
Net limited recourse debt	**(2,296,392)**	**(1,261,817)**
Net recourse borrowings	**1,283,099**	**2,329,113**

The reduction in net debt with recourse has been caused by the exclusion of the debt of the group of companies headed by FCC Aqualia, and as a result of the issue of the bonds mentioned under the risk-capital section of this note and in note 20 on current and non-current financial liabilities.

e) The FCC Group is exposed to liquidity risk

The FCC Group performs its transactions in industries which require a high level of financing, and to date it has obtained sufficient adequate financing to be able to carry on its operations. However, the FCC Group cannot guarantee that these circumstances relating to the obtainment of financing will continue in the future.

The capacity of the FCC Group to obtain financing depends on many factors, many of which are outside its control, such as general economic conditions, the availability of bank funds and the monetary policies of the markets in which the FCC Group operates. Unfavourable conditions in the debt and capital markets can obstruct or impede the obtainment of adequate financing for the performance of the business activities of the FCC Group.

Historically, the FCC Group has always been able to renew its loan agreements and expects to continue to do so over the next twelve months. However, the ability to renew the loan agreements depends on various factors, many of which are outside the control of the FCC Group, such as the general conditions of the economy, the availability of funds for loans from private investors and banks and the monetary policies of the markets in which the FCC Group operates. Unfavourable conditions in the debt markets can obstruct or impede the FCC Group's capacity to renew its financing. Therefore, the FCC Group cannot guarantee its capacity to renew the loan agreements on economically attractive terms. The inability to renew these loans or ensure adequate financing on acceptable terms could have an adverse impact on the liquidity of the FCC Group and on its ability to cover working capital requirements.

In order to adequately manage this risk, the Group closely monitors the maturities of all the credit lines and financing of each of the Group companies so that they can be renewed in sufficient time and on the best terms offered by the market, analyses the suitability of the financing on a case-by-case basis and studies any alternatives with more favourable terms. In addition, the FCC Group is present in various markets in order to facilitate the obtainment of financing and mitigate liquidity risk.

At 31 December 2017, the Group had the following repayment schedule for its gross borrowings, which for 2018 amount to EUR 751,699 thousand (31 December 2016: EUR 3,506,172 thousand).

2018 Total Jan-Dec	2019 Total Jan-Dec	2020 Total Jan-Dec	2021 and subsequent years	TOTAL
751,699	328,372	269,411	3,626,785	4,976,267

A significant portion of the gross financial debt, EUR 2,779,753 thousand, has no recourse to the controlling company, including the financial debt in the End-to-end Water Management division, totalling EUR 1,671,713 thousand as at 31 December 2017.

As at 31 December 2017 the Group presents positive goodwill of EUR 290,476 thousand (31 December 2016: EUR 459,821 thousand).

In addition, in 2016 the sale of the Globalvia subgroup was completed for EUR 95,161 thousand, in February 2017 the sum of EUR 106,444 thousand was collected as the final deferred price. In 2016 the participating interest in the company Metro de Málaga S.A. was sold for EUR 27,446 thousand (Note 5).

In order to manage liquidity risk, at 31 December 2017 the Group had cash amounting to EUR 1,082,236 thousand, as well as the following current financial assets and cash equivalents, which mature as follows:

Thousands of euros	Amount	1-3 months	3-6 months	6-9 months	9-12 months
Other current financial assets	158,569	24,108	15,844	14,567	104,050

Thousands of euros	Amount	1 month	1-2 months	2-3 months
Cash equivalents	156,019	148,841	-	7,178

f) Concentration risk

This risk arises from the concentration of financing transactions with common features which are distributed as follows:

- Sources of financing: in order to diversify this risk, the FCC Group works with numerous Spanish and international financial institutions in order to obtain financing.

- Markets/geographical area (Spanish, foreign): the FCC Group operates in a wide variety of Spanish and international markets. The Group's debt is concentrated mainly in euros and the remainder in various currencies in several international markets.

- Products: the FCC Group arranges various financial products, including loans, credit facilities, bonds, syndicated transactions, factoring, discounting, etc.

- Currency: the FCC Group finances its operations in a wide variety of currencies, corresponding to the country of origin.

The FCC Group's strategic planning process identifies the objectives to achieve in each of the areas of business activity, based on the improvements to be implemented, market opportunities and the level of risk considered acceptable. This process serves as a basis for the preparation of the operating plans which specify the goals to be reached each year.

In order to mitigate the market risks inherent to each business line, the Group maintains a diversified position between businesses related to infrastructure construction and management, provision of environmental services and others. In terms of geographical diversification, in 2017 business abroad accounted for 45% of total sales, with particular relative importance in the Group's most significant areas: infrastructure construction and environmental services.

g) Credit risk

The provision of services or the acceptance of orders from customers, whose financial solvency cannot be guaranteed at the time of acceptance, is not known or cannot be assessed by the Group, together with situations that may arise during the provision of a service or execution of an order that could affect the customer's financial position, could result in the risk of non-payment of the amounts owed.

The Group requests commercial reports and assesses the financial solvency of its customers before entering into agreements with them and also engages in ongoing monitoring of customers and has a procedure in place to be followed in the event of insolvency. In the case of public customers, the Group follows the policy of not accepting projects without an allocated budget and financial approval. Offers exceeding a certain collection period must be authorised by Financial Management. Furthermore, late payment is monitored on an ongoing basis by the various management committees.

The maximum level of exposure to credit risk was calculated, the detail of which at 31 December 2017 is as follows:

Financial loans granted	625,378
Trade and other receivables	1,722,114
Assets relating to financial derivatives	443
Cash and cash equivalents	1,238,255
Guarantees provided	3,998,868
TOTAL	**7,585,058**

In general, the Group does not have collateral, guarantees or enhancements to improve the credit risk for the financial loans or the trade receivables. However, it should be noted that in the case of certain agreements relating to the Water Area, mostly service concession arrangements subject to IFRIC 12, guarantees are requested from the customers, and there are compensation mechanisms in certain arrangements, mostly service concession arrangements subject to IFRIC 12 in the Water and Environmental Services Areas, which guarantee recovery of the loans granted to finance the initial fixed charges paid in advance or investment plans.

With respect to the creditworthiness, the Group applies its best criterion to recognise impairment on those financial assets for which uncertainty exists as to their recoverability. Therefore, since most of the unprovisioned financial assets relate to public sector customers in the Construction and Environment Areas, it should be considered that there is no risk of non-payment since the creditworthiness of those customers is high.

h) Financial derivatives designated as hedging instruments

In general, the financial derivatives arranged by the FCC Group are treated, for accounting purposes, in accordance with the regulations on hedge accounting described in the notes to the consolidated financial statements. The main financial risk hedged by the FCC Group using derivative instruments relates to fluctuations in the floating interest rates to which the FCC Group companies' financing is tied. Financial derivatives are measured by experts on the subject that are independent from the Group and the entities financing it, using generally accepted methods and techniques.

Sensitivity analyses are carried out periodically in order to observe the effect of a possible change in interest rates on the Group's accounts.

Accordingly, a simulation was performed using three rising basic yield curve scenarios for the euro with an average of around 0.63% in the medium and long term at 31 December 2017, assuming increases in the curve of 25 bp, 50 bp and 100 bp.

The amounts obtained in relation to the derivatives in force at year-end with an impact on equity are shown below (in thousands of euros), after the application, where applicable, of the percentage of ownership.

	Hedging derivatives		
	+25 pb	+50 pb	+100 pb
Impact on equity:			
Full consolidation	3,875	7,588	14,709
Equity method	12,590	25,285	49,770

31. INFORMATION ON RELATED PARTY TRANSACTIONS

a) Transactions with Directors of the Parent and Senior Executives of the Group

The detail of the fixed and variable remuneration earned by the Directors of Fomento de Construcciones y Contratas, S.A. in 2017 and 2016 and payable to them by the Company or by any of the Group companies, joint ventures or associates is as follows:

	2017	2016
Fixed remuneration	1,066	1,230
Other remuneration (*)	2,141	1,738
	3,207	**2,968**

(*) Includes in 2017 a severance payment of EUR 708 thousand, including a no-competition agreement, made to the previous CEO. Also included is Alejandro Aboumrad's contract to provide services (EUR 338 thousand).

The Senior Executives listed below, who are not members of the Board of Directors, earned total remuneration of EUR 3,168 thousand in 2017 (2016: EUR 3,507 thousand).

2017	
Marcos Bada Gutierrez	General Internal Audit Manager
Agustín García Gila	Chairman of Environmental Services
Felipe B. García Pérez	General Secretary
Miguel A. Martínez Parra	General Manager of Administration and Finance
Félix Parra Mediavilla	General Manager of FCC Aqualia

The total remuneration figure includes sums paid to Pablo Colio over the period between 16 January 2017 (when he was appointed as Managing Director of FCC Construcción) and 12 September 2017 (when he was appointed as CEO). Also included are sums corresponding to a severance payment for a senior manager in 2017.

2016	
Marcos Bada Gutierrez	General Internal Audit Manager
Agustín García Gila	Chairman of Environmental Services
Felipe B. García Pérez	General Secretary
Miguel Jurado Fernández	Manager of FCC Construcción
Félix Parra Mediavilla	General Manager of FCC Aqualia

Note 25 on “Pension plans and similar obligations" describes the insurance taken out for certain directors and senior executives, and the economic fund set up to compensate the Senior Executive/CEO of the company Fomento de Construcciones y Contratas S.A. or its Group.

The detail of the Directors who hold positions at companies in which Fomento de Construcciones y Contratas S.A. holds a direct or indirect ownership interest is as follows:

Name or company name of Director	Group company name	Position
CARLOS MANUEL JARQUE URIBE	CEMENTOS PORTLAND VALDERRIVAS S.A. REALIA BUSINESS S.A.	DIRECTOR DIRECTOR
GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS S.A. REALIA BUSINESS S.A.	CEO CEO
JUAN RODRÍGUEZ TORRES	CEMENTOS PORTLAND VALDERRIVAS S.A. REALIA BUSINESS S.A.	DIRECTOR NON-EXECUTIVE CHAIRMAN
ALVARO VÁZQUEZ DE LAPUERTA	CEMENTOS PORTLAND VALDERRIVAS S.A.	DIRECTOR
INMOBILIARIA AEG S.A. DE C.V.	CEMENTOS PORTLAND VALDERRIVAS S.A.	DIRECTOR
EAC INVERSIONES CORPORATIVAS S.L.	CEMENTOS PORTLAND VALDERRIVAS S.A. REALIA BUSINESS S.A.	CHAIRMAN'S OFFICE DIRECTOR
PABLO COLIO ABRIL	FCC INDUSTRIAL PERÚ, S.A. GUZMAN ENERGY O&M, S.L.	BOARD MEMBER CHAIRMAN

These Directors hold positions or discharge functions and/or hold ownership interests of less than 0.01% in all cases in other FCC Group companies in which Fomento de Construcciones y Contratas S.A. directly or indirectly holds a majority of the voting power.

In 2017 no significant transactions giving rise to a transfer of resources or obligations between Group companies and their Executives or Directors were carried out.

b) Situations of conflict of interest

No situations of direct or indirect conflict of interest with the interests of Fomento de Construcciones y Contratas S.A. have come to light, in accordance with the applicable law (s. 229 Capital Companies Act), without prejudice to the Company's operations with related parties contained in this report or any agreements on remuneration issues or the appointment of officers. In this regard, whenever ad hoc conflicts of interest have come to light affecting certain directors, they have been resolved according to the procedure provided under the Board Rules, with the persons involved standing aside from the relevant discussions and votes.

c) Transactions between Group companies or entities

Numerous transactions take place between the Group companies as part of the Group's normal business activities which, in any event, are eliminated in the preparation of the consolidated financial statements.

The revenue recognised in the accompanying consolidated income statement includes EUR 141,708 thousand (2016: EUR 105,971 thousand) relating to Group company billings to associates and joint ventures.

The Group's consolidated financial statements also include purchases from associates and joint ventures amounting to EUR 13,063 thousand (2016: EUR 14,939 thousand).

d) Operations with associated parties

During the year various operations took place with companies with which shareholders of Fomento de Construcciones y Contratas S.A. are associated. The most significant of these were as follows:

- Contracts for technical support and consulting between Inmobiliaria and Realia, regarding the development of 33 houses at A.R. Nuevo Tres Cantos and the associated marketing contract.

- Contracts for technical support and consulting between Inmobiliaria and Realia for a development for 86 homes, garage spaces, storage rooms and common areas on plot 1-6.A at A.R. Nuevo Tres Cantos, plus the corresponding marketing contract.

- Factoring line for EUR 130 million with assignment of credits without financing recourse granted by the Inbursa finance group to Fomento de Construcciones y Contratas.

- Financing by the Inbursa finance group to FCC Construcción S.A. for Panama Metro line 2, by means of the acquisition of works certificates totalling USD 415 million.

- Marketing contracts between F C y C S.L.U. (principal) and Realia Business S.A. (agent) and contract for technical assistance and consulting provided by Realia Business S.A. to F C y C S.L. related to the new Buenavista residential estate in Tres Cantos, phase II.

- In the framework of the refinancing of the debt associated with the Spanish business of the Cementos Portland Valderrivas group in 2016, a subordinated financing contract was entered into, with a book value as at 31 December 2017 of EUR 70,405 thousand, with Banco Inbursa S.A., Institución de Banca Múltiple. The finance costs accrued during the year totalled EUR 2,316 thousand.

Additionally, other operations are carried out under market conditions, mostly telephone and ISP services, with associated parties related to the majority shareholder. The sums involved are not significant.

e) Mechanisms established to detect, determine and resolve possible conflicts of interests between the Parent and/or its Group and its Directors, Executives or significant shareholders.

The FCC Group has established precise mechanisms to detect, determine and resolve possible conflicts of interests between the Group companies and their Directors, Executives and significant shareholders, as indicated in Article 20 et seq. of the Board's Regulations.

32. FEES PAID TO AUDITORS

The fees paid correspond to the 2017 and 2016 fiscal years for auditing and other professional and verification services provided for the various Group and jointly managed companies within the FCC Group, by the main auditor and other participants in the audits of the various Group companies and associate entities, both in Spain and abroad, are shown on the chart below:

	2017			2016		
	Principal auditor	Other auditors	Total	Principal auditor	Other auditors	Total
Audit services	3,115	482	3,597	2,917	413	3,330
Other attest services	475	414	889	201	21	22
Total audit and related services	**3,590**	**896**	**4,486**	**3,118**	**434**	**3,552**
Tax counselling services	69	1,310	1,379	210	1,425	1,635
Other services	374	1,845	2,219	581	4,543	5,124
Total professional services	**443**	**3,155**	**3,598**	**791**	**5,968**	**6,759**
	4,033	**4,051**	**8,084**	**3,909**	**6,402**	**10,311**

33. EVENTS AFTER THE REPORTING PERIOD

On 17 November 2017 the companies FCC Aqualia and MIT Infrastructure Europe Ltd publicly certified an agreement entered into on that date under which the former acquired from the second 49% of the share capital held in the companies Aqualia Czech S.L. and Aqualia Infraestructuras Inzenyring s.r.o. for a price of €83,435 thousand and €9,065 thousand, respectively.

On 9 January 2018, both these sums were paid up following receipt of the Protection of Competition authorities' authorisation for the share transfer to proceed.

On 20 February 2018 the Group reported that following the receipt of a bid by the investment fund IFM Global Infrastructure Fund ("IFM") to purchase a minority stake in the company FCC Aqualia S.A., exclusive negotiations between FCC and IFM are at advanced stages regarding the acquisition by IFM of a 49% stake in FCC Aqualia S.A.

APPENDIX I

SUBSIDIARIES (FULLY CONSOLIDATED)

Company	Registered office	Effective percentage of ownership	Auditor
ENVIRONMENTAL SERVICES			
Alfonso Benítez, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Aparcamientos Concertados, S.A.	Arquitecto Gaudí, 4 – Madrid	100.00	
Armigesa, S.A.	Plaza de la Constitución s/n – Armilla (Granada)	51.00	
Beootpad d.o.o. Beograd	Serbia	100.00	
Castellana de Servicios, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Compañía Catalana de Servicios, S.A.	Balmes, 36 – Barcelona	100.00	
Compañía Control de Residuos, S.L.	Peña Redonda, 27 P.I. Silvota – Llanera (Asturias)	100.00	
Corporación Inmobiliaria Ibérica, S.A.	Federico Salmón, 13 – Madrid	100.00	
Dédalo Patrimonial, S.L. Sole-Shareholder Company	Federico Salmón, 13 – Madrid	100.00	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza Km. 25 Zaragoza	60.00	
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	53.62	Deloitte
Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services	Greece	51.00	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Egypt Environmental Services, S.A.E.	Egypt	100.00	Deloitte
Ekostone Áridos Siderúrgicos, S.L.	Las Mercedes, 25 – Las Arenas (Biscay)	51.00	
Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L.	Plaça del Centre, 3 – El Vendrell (Tarragona)	66.60	Capital Auditors
Enviropower Investments Limited	United Kingdom	100.00	
Europea de Tratamiento de Residuos Industriales, S.A.	Federico Salmón, 13 – Madrid	100.00	
FCC (E&M) Holdings Ltd.	United Kingdom	100.00	Deloitte
FCC (E&M) Ltd.	United Kingdom	100.00	Deloitte
FCC Ámbito, S.A. Sole-Shareholder Company	Federico Salmón, 13 – Madrid	100.00	Deloitte
FCC Environment Portugal, S.A.	Portugal	100.00	Deloitte
FCC Environment Services (UK) Limited	United Kingdom	100.00	Deloitte
FCC Environmental Services (USA) Llc.	USA	100.00	

APPENDIX I/2

Company	Registered office	Effective percentage of ownership	Auditor
FCC Equal CEE, S.L.	Federico Salmón, 13 – Madrid	100.00	
FCC Equal CEE Andalucía, S.L.	Av. Molière, 36 – Málaga	100.00	
FCC Equal CEE Murcia, S.L.	Luis Pasteur, 8 – Cartagena (Murcia)	100.00	
FCC Equal CEE C. Valenciana, S.L.	Riu Magre, 6 P.I. Patada del Cid – Quart de Poblet (Valencia)	100.00	
FCC Medio Ambiente, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frontera, s/n – Los Barrios (Cádiz)	85.00	
Gandia Serveis Urbans, S.A.	Llanterners, 6 – Gandia (Valencia)	95.00	Centium
Gestió i Recuperació de Terrenys, S.A. Sole-Shareholder Company	Rambla de Catalunya, 2-4 – Barcelona	80.00	Capital Auditors
Golrib, Soluções de Valorização de Residuos Lda.	Portugal	55.00	
FCC Group CEE (1)	Austria		
A.S.A. Hódmezövásárhely Köztisztasági Kft	Hungary	61.83	Deloitte
ASMJ s.r.o.	Czech Republic	51.00	Deloitte
FCC Abfall Service Betriebs GmbH (2)	Austria	100.00	
FCC Austria Abfall Service AG (3)	Austria	100.00	Deloitte
FCC BEC s.r.o.	Czech Republic	100.00	Deloitte
FCC Bratislava s.r.o.	Slovakia	100.00	Deloitte
FCC Bulgaria E.O.O.D. (4)	Bulgaria	100.00	Deloitte
FCC Ceska Republika s.r.o.	Czech Republic	100.00	Deloitte
FCC Ceské Budêjovice s.r.o.	Czech Republic	75.00	Deloitte
FCC Dacice s.r.o.	Czech Republic	60.00	Deloitte
FCC EKO d.o.o.	Serbia	100.00	Deloitte
FCC EKO Polska sp. z.o.o. (5)	Poland	100.00	Deloitte
FCC EKO-Radomsko sp. z.o.o. (6)	Poland	100.00	Deloitte
FCC Entsorga Entsorgungs GmbH & Co. Nfg KG (7)	Austria	100.00	Deloitte
FCC Environment CEE GmbH (8)	Austria	100.00	Deloitte
FCC Environment Romania S.R.L. (9)	Rumania	100.00	Deloitte
FCC Freistadt Abfall Service GmbH (10)	Austria	100.00	

1) Change of name. Formerly: Grupo A.S.A.
2) Change of name. Formerly: .A.S.A. Abfall Service Betriebs GmbH
3) Change of name. Formerly: A.S.A. Abfall Service AG
4) Change of name. Formerly: .A.S.A. Bulgaria E.O.O.D.
5) Change of name. Formerly: .A.S.A. EKO Polska sp. z.o.o.
6) Change of name. Formerly: EKO Radomsko sp. z.o.o.
7) Change of name. Formerly: Entsorga Entsorgungs GmbH Nfg KG
8) Change of name. Formerly: .A.S.A. International Environmental Services GmbH
9) Change of name. Formerly: .A.S.A. Servicii Ecologice S.R.L.
10) Change of name. Formerly: .A.S.A. Abfall Service Freistadt GmbH

APPENDIX I/3

Company	Registered office	Effective percentage of ownership	Auditor
FCC Halbenrain Abfall Service GmbH & Co. Nfg KG (11)	Austria	100.00	Deloitte
FCC HP s.r.o.	Czech Republic	100.00	Deloitte
FCC Industrieviertel Abfall Service GmbH & Co. Nfg KG (12)	Austria	100.00	
FCC Inerta Engineering & Consulting GmbH (13)	Austria	100.00	
FCC Kikinda d.o.o. (14)	Serbia	80.00	Deloitte
FCC Liberec s.r.o.	Czech Republic	55.00	Deloitte
FCC Litovel s.r.o.	Czech Republic	49.00	
FCC Lublienec sp. z.o.o. (15)	Poland	61.97	
FCC Magyarország Kft	Hungary	100.00	Deloitte
FCC Mostviertel Abfall Service GmbH (16)	Austria	100.00	Deloitte
FCC Neratovice s.r.o.	Czech Republic	100.00	Deloitte
FCC Neunkirchen Abfall Service GmbH (17)	Austria	100.00	Deloitte
FCC Prostejov s.r.o. (18)	Czech Republic	75.00	Deloitte
FCC Regios AS	Czech Republic	99.99	Deloitte
FCC Slovensko s.r.o.	Slovakia	100.00	Deloitte
FCC Tarnobrzeg.sp. z.o.o. (19)	Poland	59.72	Deloitte
FCC Textil2Use GmbH (20)	Austria	100.00	
FCC TRNAVA s.r.o.	Slovakia	50.00	Deloitte
FCC Uhy s.r.o.	Czech Republic	100.00	Deloitte
FCC Únanov s.r.o.	Czech Republic	66.00	Deloitte
FCC Vrbak d.o.o. (21)	Serbia	51.00	
FCC Wiener Neustadt Abfall Service Gmbh (22)	Austria	100.00	
FCC Zabcice s.r.o.	Czech Republic	80.00	Deloitte
FCC Zabovresky s.r.o.	Czech Republic	89.00	Deloitte
FCC Zisterdorf Abfall Service GmbH (23)	Austria	100.00	Deloitte
FCC Znojmo s.r.o.	Czech Republic	49.72	Deloitte
FCC Zohor.s.r.o.	Slovakia	85.00	Deloitte

11) Change of name. Formerly: .A.S.A. Abfallservice Halbenrain GmbH & Co. Nfg KG
12) Change of name. Formerly: .A.S.A. Abfallservice Industrieviertel GmbH
13) Change of name. Formerly: Inerta Abfallbehandlungs GmbH
14) Change of name. Formerly: A.S.A. Kikinda d.o.o.
15) Change of name. Formerly: .A.S.A. Lublienec sp. z.o.o.
16) Change of name. Formerly: .A.S.A. Abfall Service Mostviertel GmbH
17) Change of name. Formerly: .A.S.A. Abfall Service Neunkirchen GmbH
18) Change of name. Formerly: .A.S.A. Prostejov s.r.o.
19) Change of name. Formerly: .A.S.A. Tarnobrzeg.sp. z.o.o.
20) Change of name. Formerly: Textil Verwertung GmbH
21) Change of name. Formerly: .A.S.A. Vrbak d.o.o.
22) Change of name. Formerly:.A.S.A. Abfallservice Wiener Neustadt GmbH
23) Change of name. Formerly: .A.S.A. Abfall Service Zisterdorf Gmbh

APPENDIX I/4

Company	Registered office	Effective percentage of ownership	Auditor
Miejskie Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	80.00	Deloitte
Obsed A.S.	Czech Republic	100.00	Deloitte
Quail spol. s.r.o.	Czech Republic	100.00	Deloitte
RSUO Dobritch	Bulgaria	62.00	
Siewierskie Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	60.00	
FCC Environment Group	United Kingdom		
3C Holding Limited	United Kingdom	100.00	Deloitte
3C Waste Limited	United Kingdom	100.00	Deloitte
Allington O & M Services Limited	United Kingdom	100.00	Deloitte
Allington Waste Company Limited	United Kingdom	100.00	Deloitte
Anti-Waste (Restoration) Limited	United Kingdom	100.00	Deloitte
Anti-Waste Limited	United Kingdom	100.00	Deloitte
Arnold Waste Disposal Limited	United Kingdom	100.00	Deloitte
Azincourt Investment, S.L.	Federico Salmón, 13 – Madrid	100.00	Deloitte
BDR Property Limited	United Kingdom	80.02	Deloitte
BDR Waste Disposal Limited	United Kingdom	100.00	Deloitte
Darrington Quarries Limited	United Kingdom	100.00	Deloitte
Derbyshire Waste Limited	United Kingdom	100.00	Deloitte
East Waste Limited	United Kingdom	100.00	Deloitte
FCC Buckinghamshire Holdings Limited	United Kingdom	100.00	Deloitte
FCC Buckinghamshire Limited	United Kingdom	100.00	Deloitte
FCC Buckinghamshire (Support Services) Limited	United Kingdom	100.00	Deloitte
FCC Environment (Berkshire) Ltd.	United Kingdom	100.00	Deloitte
FCC Environment (Lincolnshire) Ltd.	United Kingdom	100.00	Deloitte
FCC Environment (UK) Limited	United Kingdom	100.00	Deloitte
FCC Environment Developments Ltd.	United Kingdom	100.00	Deloitte
FCC Environment Limited	United Kingdom	100.00	Deloitte
FCC Environmental Services UK Limited	United Kingdom	100.00	
FCC PFI Holdings Limited	United Kingdom	100.00	Deloitte

APPENDIX I/5

Company	Registered office	Effective percentage of ownership	Auditor
FCC Recycling (UK) Limited	United Kingdom	100.00	Deloitte
FCC Waste Services (UK) Limited	United Kingdom	100.00	Deloitte
FCC Wrexham PFI (Phase II) Ltd.	United Kingdom	100.00	Deloitte
FCC Wrexham PFI (Phase II Holding) Ltd.	United Kingdom	100.00	Deloitte
FCC Wrexham PFI Holdings Limited	United Kingdom	100.00	Deloitte
FCC Wrexham PFI Limited	United Kingdom	100.00	Deloitte
Finstop Limited	United Kingdom	100.00	Deloitte
Focsa Services (UK) Limited	United Kingdom	100.00	
Hykeham O&M Services Limited	United Kingdom	100.00	Deloitte
Integrated Waste Management Limited	United Kingdom	100.00	Deloitte
Kent Conservation & Management Limited	United Kingdom	100.00	
Kent Energy Limited	United Kingdom	100.00	Deloitte
Kent Enviropower Limited	United Kingdom	100.00	Deloitte
Landfill Management Limited	United Kingdom	100.00	Deloitte
Lincwaste Limited	United Kingdom	100.00	Deloitte
Norfolk Waste Limited	United Kingdom	100.00	Deloitte
Pennine Waste Management Limited	United Kingdom	100.00	Deloitte
RE3 Holding Limited	United Kingdom	100.00	Deloitte
RE3 Limited	United Kingdom	100.00	Deloitte
Telford & Wrekin Services Limited	United Kingdom	100.00	Deloitte
T Shooter Limited	United Kingdom	100.00	Deloitte
Waste Recovery Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Central) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Scotland) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (UK) Limited	United Kingdom	100.00	Deloitte
Waste Recycling Group (Yorkshire) Limited	United Kingdom	100.00	Deloitte
Wastenotts (Reclamation) Limited	United Kingdom	100.00	Deloitte
Wastenotts O & M Services Limited	United Kingdom	100.00	Deloitte
Welbeck Waste Management Limited	United Kingdom	100.00	Deloitte
WRG (Midlands) Limited	United Kingdom	100.00	Deloitte
WRG (Northern) Limited	United Kingdom	100.00	Deloitte
WRG Acquisitions 2 Limited	United Kingdom	100.00	Deloitte
WRG Environmental Limited	United Kingdom	100.00	
WRG Waste Services Limited	United Kingdom	100.00	

APPENDIX I/6

Company	Registered office	Effective percentage of ownership	Auditor
Integraciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 Pk 3,280 – Castañeda (Cantabria)	90.00	Deloitte
International Services Inc., S.A. Sole-Shareholder Company	Av. Camino de Santiago, 40 – Madrid	100.00	
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D 49 – Barcelona	100.00	
Jaume Oro, S.L.	Av. del Bosc, s/n P.I. Hostal Nou – Bellpuig (Lleida)	100.00	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 6 – Cartagena (Murcia)	90.00	Deloitte
Limpiezas Urbanas de Mallorca, S.A.	Ctra. Santa Margalida-Can Picafort – Santa Margalida (Balearic Islands)	100.00	Deloitte
Manipulación y Recuperación MAREPA, S.A.	Av. San Martín de Valdeiglesias, 22 – Alcorcón (Madrid)	100.00	Deloitte
Recuperació de Pedreres, S.L.	Rambla de Catalunya, 2 – Barcelona	80.00	
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A.	Doctor Jiménez Rueda, 10 – Atarfe (Granada)	60.00	Capital Auditors
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Vi, 1 - Girona	75.00	Cataudit Auditors Associats
Servicios de Levante, S.A.	Camino Pla Museros, s/n – Almazora (Castellón)	100.00	Deloitte
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Sistemas y Vehículos de Alta Tecnología, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Societat Municipal Medioambiental d'Igualada, S.L.	Pl. de l'Ajuntament, 1 – Igualada (Barcelona)	65.91	Centium
Tratamientos y Recuperaciones Industriales, S.A.	Rambla de Catalunya, 2-4, P.5 – Barcelona	75.00	
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 – P.I. Patada del Cid – Quart de Poblet (Valencia)	80.00	Capital Auditors
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A – Bilbao (Biscay)	100.00	

APPENDIX I/7

Company	Registered office	Effective percentage of ownership	Auditor
AQUALIA			
Abrantaqua – Serviço de Aguas Residuais Urbanas do Municipio de Abrantes, S.A.	Portugal	60.00	Oliveira, Reis & Asociados
Acque di Caltanissetta, S.p.A.	Italy	98.48	Deloitte
Aguas de Alcázar Empresa Mixta, S.A.	Rondilla Cruz Verde, 1 – Alcázar de San Juan (Ciudad Real)	52.38	Centium Auditores
Aguas de las Galeras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
Aigües de Vallirana, S.A. Sole-Shareholder Company	Conca de Tremp, 14 – Vallirana (Barcelona)	100.00	
Aqua Campiña, S.A.	Av Blas Infante, 6 – Écija (Seville)	90.00	Audinfor
Aquacartaya, S.L.	Av. San Francisco Javier, 15 – Seville	100.00	
Aquaelvas – Aguas de Elvas, S.A.	Portugal	100.00	Deloitte
Aquafundalia – Agua Do Fundão, S.A.	Portugal	100.00	Deloitte
Aquajerez, S.L.	Cristalería, 24. Pol. Ind. Ronda Oeste – Jerez de la Frontera (Cádiz)	51.00	Ernst & Young
Aqualia Czech, S.L.	Av. Camino de Santiago, 40 – Madrid	51.00	Deloitte
Aqualia Infraestructuras d.o.o. Beograd-Vracar	Serbia	100.00	
Aqualia Infraestructuras d.o.o. Mostar	Bosnia-Herzegovina	100.00	
Aqualia Infraestructuras Inzenyring, s.r.o.	Czech Republic	51.00	ABC Audit s.r.o.
Aqualia Infraestructuras Montenegro (AIM) d.o.o. Niksic	Montenegro	100.00	
Aqualia Infraestructuras Pristina Llc.	Kosovo	100.00	
Aqualia Intech, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	Deloitte
Aqualia Mace Contracting, Operation & General Maintenance Llc.	United Arab Emirates (UAE)	51.00	Deloitte
Aqualia México, S.A. de C.V.	Mexico	100.00	Deloitte
Aqualia New Europe B.V.	The Netherlands	51.00	Deloitte
Aquamaior – Aguas de Campo Maior, S.A.	Portugal	100.00	Deloitte
Cartagua, Aguas do Cartaxo, S.A.	Portugal	60.00	Oliveira, Reis & Asociados

APPENDIX I/8

Company	Registered office	Effective percentage of ownership	Auditor
Compañía Onubense de Aguas, S.A.	Av. Martín Alonso Pinzón, 8 – Huelva	60.00	
Conservación y Sistemas, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Depurplan 11, S.A.	San Miguel, 4 3º B – Zaragoza	100.00	Audinfor
Empresa Gestora de Aguas Linenses, S.A.	Federico Salmón, 13 – Madrid	100.00	
Empresa Mixta de Conservación de La Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3 – Madrid	70.00	
Entenmanser, S.A.	Castillo, 13 – Adeje (Santa Cruz de Tenerife)	97.00	Deloitte
FCC Aqualia, S.A.	Federico Salmón, 13– Madrid	100.00	Deloitte
FCC Aqualia América, S.A.U.	Av. Camino de Santiago, 40 – Madrid	100.00	
FCC Aqualia U.S.A. Corp	USA	100.00	Berkowitz Pollack Brant
Hidrotec Tecnología del Agua, S.L. Sole-Shareholder Company	Av. Kansas City, 9 – Seville	100.00	Deloitte
Infraestructuras y Distribución General de Aguas, S.L.U.	La Presa, 14 – Adeje (Santa Cruz de Tenerife)	100.00	
Inversora Riutort, S.L.	Balmes, 36 – Barcelona	100.00	
Severomoravské Vodovody a Kanalizace Ostrava A.S.	Czech Republic	50.32	Deloitte
Sociedad Española de Aguas Filtradas, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	Deloitte
Sociedad Ibérica del Agua, S.A. Sole-Shareholder Company	Av. Camino de Santiago, 40 – Madrid	100.00	
Tratamiento Industrial de Aguas Sucursales, S.A.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Vodotech, spol. s.r.o.	Czech Republic	100.00	CMC Audit s.r.o.
CONSTRUCTION			
ACE Scutmadeira Sistemas de Gestao e Controlo de Tràfego	Portugal	100.00	
Agregados y Materiales de Panamá, S.A.	Panama	100.00	Deloitte
Alpine – Energie Holding AG	Germany	100.00	
Áridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n – Barajas de Melo (Cuenca)	100.00	
Binatec al Maghreb, S.A.	Morocco	100.00	
Colombiana de Infraestructuras, S.A.S.	Colombia	100.00	T&T Grupo Consultorías y Auditorías Empresariales
Concesiones Viales S. de R.L. de C.V.	Mexico	99.97	Deloitte
Concretos Estructurales, S.A.	Nicaragua	100.00	
Conservial Infraestructuras, S.L.	Federico Salmón, 13 – Madrid	100.00	

Company	Registered office	Effective percentage of ownership	Auditor
Consorcio FCC Iquique Ltda.	Chile	100.00	
Construcción Infraestructuras y Filiales de México, S.A. de C.V.	Mexico	52.00	
Construcciones Hospitalarias, S.A.	Panama	100.00	Deloitte
Constructora Meco-Caabsa, S.A. de C.V.	El Salvador	60.00	
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	55.60	Deloitte
Contratas y Ventas, S.A.	Av. de Santander, 3 1º – Oviedo (Asturias)	100.00	Deloitte
Corporación M&S de Nicaragua, S.A.	Nicaragua	100.00	
Desarrollo y Construcción Deyco CRCA, S.A.	Costa Rica	100.00	
Edificadora MSG, S.A. (Panamá)	Panama	100.00	
Edificadora MSG, S.A. de C.V. (El Salvador)	El Salvador	100.00	
Edificadora MSG, S.A. de C.V. (Nicaragua)	Nicaragua	100.00	
FCC Colombia, S.A.S.	Colombia	100.00	T&T Grupo Consultorías y Auditorías Empresariales
FCC Construcción, S.A.	Balmes, 36 – Barcelona	100.00	Deloitte
FCC Construcción América, S.A.	Costa Rica	100.00	Deloitte
FCC Construcción Chile, SPA	Chile	100.00	
FCC Construcción Costa Rica, S.A.	Costa Rica	100.00	Deloitte
FCC Construcción de México, S.A. de C.V.	Mexico	100.00	Deloitte
FCC Construcción Perú, S.A.C.	Peru	100.00	
FCC Construçoes do Brasil Ltda.	Brazil	100.00	
FCC Constructii Romania, S.A.	Rumania	100.00	
FCC Construction Hungary Kft	Hungary	100.00	
FCC Construction Inc.	USA	100.00	Berkowitz Pollack Brant
FCC Construction International B.V.	The Netherlands	100.00	
FCC Construction Northern Ireland Limited	United Kingdom	100.00	Deloitte
FCC Edificadora CR, S.A.	Costa Rica	100.00	
FCC Electromechanical Llc.	Saudi Arabia	100.00	Ernst & Young

APPENDIX I/10

Company	Registered office	Effective percentage of ownership	Auditor
FCC Elliott Construction Limited	Ireland	100.00	Deloitte
FCC Industrial de Panamá, S.A.	Panama	100.00	Deloitte
FCC Industrial e Infraestructuras Energéticas, S.A. Sole-Shareholder Company	Federico Salmón, 13 – Madrid	100.00	Deloitte
FCC Industrial Perú, S.A.	Peru	100.00	
FCC Industrial UK Limited	United Kingdom	100.00	
FCC Servicios Industriales y Energéticos México, S.A. de C.V.	Mexico	100.00	Deloitte
FCC Soluciones de Seguridad y Control, S.L.	Federico Salmón, 13 – Madrid	100.00	
Fomento de Construcciones y Contratas Canadá Ltd.	Canada	100.00	
Fomento de Construcciones y Contratas Construction Ireland Limited	Ireland	100.00	Deloitte
Guinea Ecuatorial Fomento de Construcciones y Contratas Construcción, S.A.	Guinea Ecuatorial	65.00	
Guzmán Energy O&M, S.L.	Federico Salmón, 13 – Madrid	70.00	
Impulsora de Proyectos Proserme, S.A. de C.V.	Mexico	100.00	
Mantenimiento de Infraestructuras, S.A.	Federico Salmón, 13 2a planta – Madrid	100.00	Deloitte
Meco Santa Fe Limited	Belice	100.00	
Megaplás, S.A. Sole-Shareholder Company	Hilanderas, 4-14 – La Poveda – Arganda del Rey (Madrid)	100.00	Deloitte
Megaplás Italia, S.p.A.	Italy	100.00	Collegio Sindicale
Participaciones Teide, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Prefabricados Delta, S.A. Sole-Shareholder Company	Federico Salmón, 13 – Madrid	100.00	Deloitte
Proyectos y Servicios, S.A. Sole-Shareholder Company	Av. Camino de Santiago, 40 – Madrid	100.00	

APPENDIX I/11

Company	Registered office	Effective percentage of ownership	Auditor
Ramalho Rosa Cobetar Sociedade de Construçoes, S.A.	Portugal	100.00	Deloitte
Servicios Dos Reis, S.A. de C.V.	Mexico	100.00	Deloitte
Tema Concesionaria, S.A.	Porto Pi, 8– Palma de Mallorca (Balearic Islands)	100.00	
CEMENT			
Canteras de Alaiz, S.A.	Dormilatería, 72 – Pamplona (Navarre)	69.35	Deloitte
Carbocem, S.A.	Paseo de la Castellana, 45 – Madrid	69.03	
Cementos Alfa, S.A.	Josefina de la Maza, 4 P.E. Piasca – Santander (Cantabria)	87.21	Deloitte
Cementos Portland Valderrivas, S.A.	Dormilatería, 72 – Pamplona (Navarre)	99.04	Deloitte
Dragon Alfa Cement Limited	United Kingdom	87.21	Deloitte
Dragon Portland Limited	United Kingdom	99.04	Deloitte
Hormigones de la Jacetania, S.A.	Llano de la Victoria – Jaca (Huesca)	61.90	KPMG
Prebesec Mallorca, S.A.	Santa Margarida i els Monjos (Barcelona)	67.80	
Select Beton, S.A.	Tunis	86.99	Deloitte
Société des Ciments d'Enfidha	Tunis	87.01	Deloitte - Guellaty
Uniland Acquisition Corporation	USA	99.04	
Uniland International B.V.	The Netherlands	99.04	
Uniland Trading B.V.	The Netherlands	99.04	

Company	Registered office	Effective percentage of ownership	Auditor
OTHER ACTIVITIES			
Alpetrol, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 – Madrid	100.00	
Autovía Conquense, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	Deloitte
Bvefdomintaena Beteiligungsverwaltung GmbH	Austria	100.00	
Cemusa Portugal Companhia de Mobiliario Urbano e Publicidade, S.A.	Portugal	100.00	PricewaterhouseCoopers
Compañía General de Servicios Empresariales, S.A. Sole-Shareholder Company	Federico Salmón, 13 – Madrid	100.00	
Concesionaria Atención Primaria, S.A.	Crta. De Valldemossa, 79 – Palma de Mallorca (Balearic Islands)	82.50	Deloitte
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85.59	Deloitte
Corporación Española de Servicios, S.A.	Federico Salmón, 13 – Madrid	100.00	
Costa Verde Habitat, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
Europea de Gestión, S.A. Sole-Shareholder Company	Federico Salmón, 13 – Madrid	100.00	
F-C y C, S.L. Sole-Shareholder Company	Federico Salmón, 13 – Madrid	100.00	Deloitte
FCC Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
FCC Energía Aragón I, S.L. Sole-Shareholder Company	Manuel Lasala, 36 – Zaragoza	100.00	
FCC Energía Aragón II, S.L. Sole-Shareholder Company	Manuel Lasala, 36 – Zaragoza	100.00	
FCC Versia, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Fedemes, S.L.	Federico Salmón, 13 – Madrid	100.00	Deloitte
Geneus Canarias, S.L. Sole-Shareholder Company	Electricista, 2. U.I. de Salinetas – Telde (Canary Islands)	100.00	
Geral I.S.V. Brasil Ltda.	Brazil	100.00	
Per Gestora Inmobiliaria, S.L.	Federico Salmón, 13 – Madrid	100.00	
PPP Infraestructure Investments B.V.	The Netherlands	100.00	
Vela Boravica d.o.o.	Croatia	100.00	
Vialia, Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
Zona Verde – Promoçao e Marketing Limitada	Portugal	100.00	PricewaterhouseCoopers

APPENDIX II

COMPANIES CONTROLLED JOINTLY WITH NON-GROUP THIRD PARTIES (ACCOUNTED FOR USING THE EQUITY METHOD)

Company	Registered office	Carrying amount of the investment 2017	Carrying amount of the investment 2016	Effective percentage of ownership	Auditor
ENVIRONMENTAL SERVICES					
Atlas Gestión Medioambiental, S.A.	Viriato, 47 – Barcelona	12,149	12,557	50.00	Deloitte
Beacon Waste Limited	United Kingdom	1,329	1,415	50.00	Deloitte
Ecoparc del Besós, S.A.	Rambla Cataluña, 91-93 – Barcelona	6,336	6,033	49.00	Castellà Auditors Consultors S.L.P.
Ecoserveis Urbans de Figueres, S.L.	Av. de les Alegries, s/n – Lloret de Mar (Girona)	182	179	50.00	
Electrorecycling, S.A.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	1,356	1,386	33.33	
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1 – Torrox (Malaga)	733	690	50.00	Audinfor
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Av. Zorreras, 8 – Rincón de la Victoria (Malaga)	308	271	50.00	Audinfor
Fisersa Ecoserveis, S.A.	Alemanya, 5 – Figueres (Girona)	173	218	36.36	Auditoria i Control Auditors S.L.P.
Gestión y Valorización Integral del Centro, S.L.	De la Tecnología, 2. P.I. Los Olivos – Getafe (Madrid)	308	222	50.00	Deloitte
Hades Soluciones Medioambientales, S.L.	Mayor, 3 – Cartagena (Murcia)	(19)	(19)	50.00	
Ingenieria Urbana, S.A.	Calle l esquina calle 3, P.I. Pla de la Vallonga – Alicante	4,250	4,287	35.00	Deloitte
Mediaciones Comerciales Ambientales, S.L.	Av. Roma, 25 – Barcelona	246	194	50.00	
Mercia Waste Management Ltd.	United Kingdom	17,553	14,855	50.00	Deloitte
Palacio de Exposiciones y Congresos de Granada, S.A.	Paseo del Violón, s/n – Granada	(1,540)	(1,062)	50.00	Hispanobelga Econo-mistas Auditores, S.L.P.
Pilagest, S.L.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	233	281	50.00	
Reciclado de Componentes Electrónicos, S.A.	E Pol. Actividades Medioambientales – Aznalcóllar (Seville)	2,266	2,332	37.50	KPMG
Servicios de Limpieza Integral de Málaga III, S.A.	Camino Térmica, 83 – Málaga	1,558	1,563	26.01	PricewaterhouseCoopers
Servicios Urbanos de Málaga, S.A.	Ulises, 18 – Madrid	349	363	51.00	
Severn Waste Services Limited	United Kingdom	174	178	50.00	Deloitte
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91 – Barcelona	762	585	33.33	Castellà Auditors Consultors, S.L.P.
Zabalgarbi, S.A.	Camino de Artigas, 10 – Bilbao (Biscay)	14,777	13,390	30.00	KPMG

APPENDIX II/2

Company	Registered office	Carrying amount of the investment 2017	Carrying amount of the investment 2016	Effective percentage of ownership	Auditor
AQUALIA					
Aguas de Langreo, S.L.	Alonso del Riesgo, 3 – Sama de Langreo (Asturias)	946	874	49.00	Capital Auditors and Consultors, S.L.
Aguas de Narixa, S.A.	Málaga, 11 – Nerja (Malaga)	268	274	50.00	Audinfor
Aigües de Girona, Salt i Sarrià del Ter, S.A.	Ciutadans, 11 – Girona	167	255	26.89	Auditoria i Control Auditors, S.L.P.
Compañía de Servicios Medioambientales do Atlántico, S.A.	Ctra. de Cedeira Km. 1 – Narón (Corunna)	312	343	49.00	Audinfor
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	(2,720)	(2,995)	24.50	Deloitte
Empresa Municipal de Aguas de Benalmádena EMABESA, S.A.	Exp. Ap. Tivoli, s/n – Arroyo de la Miel (Malaga)	1,648	1,583	50.00	Audinfor
Girona, S.A.	Travesía del Carril, 2 – Girona	1,771	1,831	33.61	Cataudit Auditors Associats, S.L.
HA Proyectos Especiales Hidráulicos S. de R.L. de C.V.	Mexico	560	1,111	49.50	Grant Thornton SC
Orasqualia Construction, S.A.E.	Egypt	110	135	50.00	KPMG
Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.	Egypt	8,669	8,942	27.95	Deloitte
Orasqualia Operation and Maintenance S.A.E.	Egypt	467	547	50.00	Deloitte
CONSTRUCTION					
Administración y Servicios Grupo Zapotillo, S.A. de C.V.	Mexico	78	81	50.00	
Construcciones Olabarri, S.L.	Ripa, 1 – Bilbao (Biscay)	5,440	5,146	49.00	Charman Auditores
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	—	—	24.50	Deloitte
Constructora Durango Mazatlán, S.A. de C.V.	Mexico	1,458	940	51.00	
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	Mexico	(30,973)	(33,387)	40.00	Deloitte
Constructores del Zapotillo, S.A. de C.V.	Mexico	1,315	1,417	50.00	Salles Sainz Grant Thornton
Dragados FCC Canada Inc.	Canada	(862)	(528)	50.00	
Elaboración de Cajones Pretensados, S.L.	Av. General Perón, 36 – Madrid	2	2	50.00	
Integral Management Future Renewables, S.L.	A Condomiña, s/n – Ortoño (Corunna)	2,836	2,405	50.00	Deloitte
Marina de Laredo, S.A.	Pasaje de Puntida, 1 – Santander (Cantabria)	—	(1)	50.00	
North Tunnels Canada Inc.	Canada	(8,498)	(9,013)	50.00	
OHL Co Canada & FCC Canada Ltd. Partnership	Canada	(67,578)	(70,531)	50.00	
Peri 3 Gestión, S.L.	General Álava, 26 – Vitoria-Gasteiz (Álava)	—	2	50.00	
Servicios Empresariales Durango-Mazatlán, S.A. de C.V.	Mexico	123	134	51.00	

APPENDIX II/3

Company	Registered office	Carrying amount of the investment 2017	2016	Effective percentage of ownership	Auditor
CEMENT					
Carbocem, S.A.	Paseo de la Castellana, 45 – Madrid	—	73	69.03	
Pedrera de l'Ordal, S.L.	Ctra, N 340 km, 1229,5 La Creu del L'Ordal – Subirats (Barcelona)	2,210	2,470	49.52	Deloitte
OTHER ACTIVITIES					
Ibisan Sociedad Concesionaria, S.A.	Porto Pi, 8 – Palma de Mallorca (Balearic Islands)	6,654	6,165	50.00	Deloitte
MDM-Teide, S.A.	Panama	196	351	50.00	
Proyecto Front Marítim, S.L.	Paseo de Gracia, 120 – Barcelona	(13,503)	(8,150)	50.00	
Sociedad Concesionaria Tranvía de Murcia, S.A.	Olof Palmer, s/n – Murcia	19,709	18,477	50.00	Deloitte
Subgrupo FM Green Power Investments		7,228	7,228		
Enestar Villena, S.A.	Maestro Chanzá, 3 – Villena (Alicante)	—	—	28.32	Ernst & Young
Ethern Electric Power, S.A.	Paseo de la Castellana, 91 planta 11 – Madrid	—	—	49.00	Ernst & Young
Estructuras Energéticas Generales, S.A. Sole-Shareholder Company	Paseo de la Castellana, 91 planta 11 – Madrid	—	—	49.00	
Evacuación Villanueva del Rey, S.L.	Av, de la Buhaira, 2 – Sevilla	—	—	6.28	
FM Green Power Investments, S.L.	Paseo de la Castellana, 91 planta 11 – Madrid	—	—	49.00	Ernst & Young
Guzmán Energía, S.A.	c/Portada, 11 – Palma del Río (Córdoba)	—	—	34.30	Ernst & Young
Helios Patrimonial 1, S.L. Sole-Shareholder Company	Paseo de la Castellana, 91 planta 11 – Madrid	—	—	49.00	Ernst & Young
Helios Patrimonial 2, S.L. Sole-Shareholder Company	Paseo de la Castellana, 91 planta 11 – Madrid	—	—	49.00	Ernst & Young
Olivento, S.L. Sole-Shareholder Company	Paseo de la Castellana, 91 planta 11 – Madrid	—	—	49.00	Ernst & Young
Teide-MDM Quadrat, S.A.	Panama	289	327	50.00	
TOTAL VALUE OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD (JOINT VENTURES)		**1,805**	**(3,574)**		

APPENDIX III

ASSOCIATES (ACCOUNTED FOR USING THE EQUITY METHOD)

Company	Registered office	Carrying amount of the investment 2017	Carrying amount of the investment 2016	Effective percentage of ownership	Auditor
ENVIRONMENTAL SERVICES					
Aprochim Getesarp Rymoil, S.A.	P.I. Logrenzana La Granda – Carreño (Asturias)	876	841	23.49	
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36 – Zaragoza	1	10	12.00	CGM Auditores, S.L.y Vilalba, Envid y Cia. Auditores, S.L.P.
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón Km. 58 – Zaragoza	615	610	33.00	
Betearte, S.A.U.	Cr. BI – 3342 pk 38 Alto de Areitio – Mallabia (Biscay)	55	191	33.33	PKF Attest
Gestión Integral de Residuos Sólidos, S.A.	Profesor Beltrán Báquena, 4 – Valencia	5,134	5,182	49.00	Fides Auditores, S.L.
FCC Groupe CEE (1)		6,410	5,859		
A.R.K. Technicke Sluzby s.r.o.	Slovakia	—	—	50.00	Deloitte
A.K.S.D. Városgazdálkodási Korlátolt FT	Hungary	—	—	25.50	Interauditor
ASTV s.r.o.	Czech Republic	—	—	49.00	
FCC + NHSZ Környezetvédelmi HKft	Hungary	—	—	50.00	Interauditor
FCC Hlohovec s.r.o.	Slovakia	—	—	50.00	
Huber Abfallservice Verwaltungs GmbH	Austria	—	—	49.00	
Huber Entsorgungs GmbH Nfg KG	Austria	—	—	49.00	
Killer GmbH	Austria	—	—	50.00	
Killer GmbH & Co KG	Austria	—	—	50.00	Rittmann
Recopap s.r.o.	Slovakia	—	—	50.00	Deloitte
Tirme Groupe		5,224	4,456		
Balear de Trituracions, S.L.	Cr. de Sóller Km. 8,2 – Palma de Mallorca (Baleares)		—	10.40	
MAC Insular, S.L.	Camí Son Reus. Ctra. De Soller Km. 8,2 – Bunyola (Balearic Islands)	—	—	14.00	Deloitte
MAC Insular Segunda, S.L.	Cr. de Sóller Km. 8,2 – Palma de Mallorca (Balearic Islands)	—	—	15.00	
Tirme, S.A.	Ctra. Soller Km. 8,2 Camino de Son Reus – Palma de Mallorca (Baleares)	—	—	20.00	Deloitte
Sogecar, S.A.	Polígono Torrelarragoiti – Zamudio (Biscay)	264	280	30.00	

APPENDIX III/2

Company	Registered office	Carrying amount of the investment 2017	Carrying amount of the investment 2016	Effective percentage of ownership	Auditor
AQUALIA					
Aguas de Archidona, S.L.	Pz. Ochavada, 1 – Archidona (Málaga)	71	75	48.00	Centium Auditores
Aguas de Denia, S.A.	C/ Abú Zeyan, 11– Denia (Alicante)	400	400	33.00	Audinfor
Aguas de Priego, S.L.	Pz. de la Constitución, 3 – Priego de Córdoba (Córdoba)	(17)	(104)	49.00	Audinfor
Aguas de Ubrique, S.A.	Av. España, 9 – Ubrique (Cádiz)	(59)	—	49.00	
Aguas del Puerto Empresa Municipal, S.A.	Aurora, 1 – El Puerto de Santa María (Cádiz)	3,927	3,860	48.98	Deloitte
Aigües de Blanes, S.A.	Canigó, 5 – Blanes (Girona)	64	50	16.47	CD Auditors
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	—	—	1.00	Deloitte
Aigües del Tomoví, S.A.	Pz. Vella, 1 – El Vendrell (Tarragona)	531	508	49.00	GM Auditors
Aquos El Realito, S.A. de C.V.	Mexico	5,778	5,884	49.00	Deloitte México
Concesionaria de Desalación de Ibiza, S.A.	Rotonda de Santa Eulalia, s/n – Ibiza (Balearic Islands)	1,260	1,226	50.00	BDO Auditores
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(5,005)	(5,395)	24.50	
EMANAGUA Empresa Mixta Municipal de Aguas de Nijar, S.A.	Pz. de la Goleta, 1 – Nijar (Almería)	464	277	49.00	Deloitte
Empresa Mixta de Aguas de Ubrique, S.A.	Juzgado s/n (Ed. Serv. Múltiples PL4) – Ubrique (Cádiz)	81	76	49.00	Deloitte
Empresa Municipal de Aguas de Algeciras, S.A.	Av. Virgen del Carmen – Algeciras (Cádiz)	208	201	49.00	Next Auditores y Consultores, S.L.
Empresa Mixta de Aguas de Jodar, S.A.	Pz. España, 1 – Jodar (Jaén)	10	16	49.00	Centium Auditores
Empresa Municipal de Aguas de Linares, S.A.	Cid Campeador, 7 – Linares (Jaén)	223	186	49.00	Centium Auditores
Empresa Municipal de Aguas de Toxiria, S.A.	C/ Cristobal Colón, 104 – Torredonjimeno (Jaén)	80	78	49.00	Centium Auditores
Nueva Sociedad de Aguas de Ibiza, S.A.	Av. Bartolomé Roselló, 18 – Ibiza (Balearic Islands)	101	82	40.00	
Operadora El Realito, S.A. de C.V.	Mexico	164	47	15.00	Ernst & Young
Prestadora de Servicios Acueducto El Realito, S.A.de C.V.	Mexico	1	1	24.50	
Proveïments d'Aigua, S.A.	Astúries, 9 – Girona	504	433	15.12	Antoni Riera Economistes Auditors
Sera Q A Duitama E.S.P., S.A.	Colombia	15	21	30.60	
Shariket Miyeh Ras Djinet, S.P.A.	Algeria	11,393	12,178	25.50	Mustapha Heddad
Shariket Tahlya Miyah Mostaganem, S.P.A.	Algeria	31,248	32,464	25.50	Mustapha Heddad
Suministro de Aguas de Querétaro, S.A. de C.V.	Mexico	8,483	9,417	25.00	Deloitte Mexico

APPENDIX III/3

Company	Registered office	Carrying amount of the investment 2017	Carrying amount of the investment 2016	Effective percentage of ownership	Auditor
CONSTRUCTION					
Agrenic Complejo Industrial Nindiri, S.A.	Nicaragua	2,605	3,153	50.00	Deloitte
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	6,075	6,388	24.68	Deloitte
Baross Ter Ingatlanprojekt-Fejleszto Kft	Hungary	—	409	20.00	
Cafig Constructores, S.A. de C.V.	Mexico	3,312	226	45.00	Deloitte
Cleon, S.A.	Av. General Perón, 36 – Madrid	24,877	24,937	25.00	KPMG
Construcciones y Pavimentos, S.A.	Panama	4	5	50.00	
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	—	(1)	24.50	Deloitte
Constructora San José – Caldera CSJC, S.A.	Costa Rica	(1,647)	1,636	50.00	Deloitte
Constructora San José – San Ramón SJSR, S.A.	Costa Rica	51	872	50.00	
Constructora Terminal Valle de México, S.A. de C.V.	Mexico	119	—	14.28	Deloitte
Desarrollo Cuajimalpa, S.A. de C.V.	Mexico	6	6	25.00	
Design Build and Operation, S.L.	Av. Eduardo Dato, 69 – Sevilla	8	8	40.00	
EFI Túneles Necaxa, S.A. de C.V.	Mexico	368	552	45.00	
FCC Américas, S.A. de C.V.	Mexico	24	1	50.00	Deloitte
M50 (D&C) Limited	Ireland	(3,273)	(3,273)	42.50	Deloitte
N6 (Construction) Limited	Ireland	(38,412)	(38,412)	42.50	Deloitte
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	1	1	24.50	
Promvias XXI, S.A.	Vía Augusta, 255 Local 4 – Barcelona	1	1	25.00	
CEMENT					
Aplicaciones Minerales, S.A.	Camino Fuente Herrero – Cueva Cardiel (Burgos)	503	400	34.23	
Canteras y Hormigones VRE, S.A.	Arieta, 13 – Estella (Navarre)	(696)	(690)	49.52	
Giant Groupe		33,771	48,866		
Coastal Cement Corporation	USA	—	—	44.57	
Dragon Energy Llc.	USA	—	—	44.57	
Dragon Products Company Inc.	USA	—	—	44.57	
Giant Cement Company	USA	—	—	44.57	Deloitte
Giant Cement Holding Inc.	USA	—	—	44.57	
Giant Cement NC Inc.	USA	—	—	44.57	
Giant Cement Virginia Inc.	USA	—	—	44.57	
Giant Resource Recovery Inc.	USA	—	—	44.57	

APPENDIX III/4

Company	Registered office	Carrying amount of the investment 2017	2016	Effective percentage of ownership	Auditor
Giant Resource Recovery – Arvonia Inc.	USA	—	—	44.57	
Giant Resource Recovery – Attalla Inc.	USA	—	—	44.57	
Giant Resource Recovery – Harleyville, Inc.	USA	—	—	44.57	
Giant Resource Recovery – Sumter Inc.	USA	—	—	44.57	
Keystone Cement Company	USA	—	—	44.57	
Sechem Inc.	USA	—	—	44.57	
Hormigones Castro, S.A.	Ctra. Irún-La Coruña Km. 153 – Islares (Cantabria)	326	328	34.88	
Hormigones del Baztán, S.L.	Estella, 6 – Pamplona (Navarre)	494	519	49.52	
Hormigones Delfín, S.A.	Venta Blanca – Peralta (Navarre)	391	388	49.52	
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita Km. 0 – Valtierra (Navarre)	1,492	1,601	49.52	
Hormigones Galizano, S.A.	Ctra. Irún – La Coruña Km. 184 – Gama (Cantabria)	153	156	43.60	
Hormigones Reinares, S.A.	Praje Murillo de Calahorra, s/n – Calahorra (La Rioja)	579	524	49.52	
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Biescas – Sabiñánigo (Huesca)	6,064	5,975	49.52	KPMG
Lázaro Echevarría, S.A.	Isidoro Melero – Alsasua (Navarre)	8,637	8,806	27.74	KPMG
Navarra de Transportes, S.A.	Ctra. Pamplona-Vitoria Km. 52 – Olazagutia (Navarre)	594	624	33.01	KPMG
Novhorvi, S.A.	Portal de Gamarra, 25 – Vitoria – Gasteiz (Alava)	104	117	24.76	
Portcemen, S.A.	Muelle Contradique Sur-Puerto Barcelona – Barcelona	1,280	1,316	33.01	
Terminal Cimentier de Gabes-Gie	Tunis	42	51	29.00	Ernst & Young
Vescem-LID, S.L.	Valencia, 245 – Barcelona	36	41	24.76	

APPENDIX III/5

Company	Registered office	Carrying amount of the investment 2017	Carrying amount of the investment 2016	Effective percentage of ownership	Auditor
OTHER ACTIVITIES					
Concesionaria Atención Primaria, S.A.	Crta. De Valldemossa, 79 – Palma de Mallorca (Balearic Islands)	—	2,438	82.50	
Concessió Estacions Aeroport L9, S.A.	Av. Carrilet, 3 Edificio D – L'Hospitalet de Llobregat (Barcelona)	690	(9,908)	49.00	Deloitte
Cedinsa Concesionaria Group		—	12,853	34.00	
Cedinsa Concesionaria, S.A.	Tarragona, 141 – Barcelona	—	—	34.00	Deloitte
Cedinsa Conservació, S.L. Sole-Shareholder Company	Tarragona, 141 – Barcelona	—	—	34.00	Deloitte
Cedinsa d'Aro Concessionària de la Generalitat de Catalunya, S.A. Sole-Shareholder Company	Tarragona, 141 – Barcelona	—	—	34.00	Deloitte
Cedinsa Eix del Llobregat Concessionària de la Generalitat de Catalunya, S.A. Sole-Shareholder Company, S.A.	Tarragona, 141 – Barcelona	—	—	34.00	Deloitte
Cedinsa Eix Transversal Concessionària de la Generalitat de Catalunya, S.A. Sole-Shareholder Company, S.A.	Tarragona, 141 – Barcelona	—	—	34.00	Deloitte
Cedinsa Ter Concessionària de la Generalitat de Catalunya, S.A. Sole-Shareholder Company, S.A.	Tarragona, 141 – Barcelona	—	—	34.00	Deloitte
Realia Business Group	Paseo de la Castellana, 216 – Madrid	209,407	206,032		
As Cancelas Siglo XXI, S.L.	Paseo de la Castellana, 216 – Madrid	—	—	18.48	Ernst & Young
Boane 2003, S.A. Sole-Shareholder Company	Paseo de la Castellana, 41 – Madrid	—	—	18.03	Ernst & Young
Desarrollo Urbanístico Sevilla Este, S.L.	Pz. De las Naciones Edif. Alfar – Mairena de Aljarafe (Seville)	—	—	11.28	Ernst & Young
Guillena Golf, S.L. Sole-Shareholder Company	Paseo de la Castellana, 216 – Madrid	—	—	36.96	Ernst & Young
Hermanos Revilla, S.A.	Paseo de la Castellana, 41 – Madrid	—	—	18.03	Ernst & Young
Inversiones Inmobilairias Rústicas y Urbanas 2000, S.L.	Paseo de la Castellana, 93 – Madrid	—	—	12.33	Ernst & Young
Planigesa, S.A.	Paseo de la Castellana, 216 – Madrid	—	—	28.09	Ernst & Young
Realia Business Portugal – Unipessoal Lda.	Portugal	—	—	36.96	Ernst & Young
Realia Business, S.A.	Paseo de la Castellana, 216 – Madrid	—	—	36.96	Ernst & Young
Realia Contesti, S.R.L.	Rumanía	—	—	36.96	Ernst & Young
Realia Patrimonio S.L.U.	Paseo de la Castellana, 216 – Madrid	—	—	36.96	Ernst & Young
Realia Polska Investycje Spolka z.o.o.	Poland	—	—	36.96	Ernst & Young
Retingle, S.L.	Paseo de la Castellana, 216 – Madrid	—	—	18.52	Ernst & Young
Ronda Norte Denia, S.L.	Av. Aragón, 30 – Valencia	—	—	12.06	Ernst & Young
Servicios Índice, S.A.	Paseo de la Castellana, 216 – Madrid	—	—	18.66	Ernst & Young
Valaise, S.L. Sole-Shareholder Company	Paseo de la Castellana, 216 – Madrid	—	—	36.96	Ernst & Young
Las Palmeras de Garrucha, S.L. in liquidation	Mayor, 19 – Garrucha (Almería)	979	994	20.00	
Metro de Lima Línea 2, S.A.	Peru	21,298	23,124	18.25	Ernst & Young
Sigenera, S.L.	Av. De Linares Rivas, 1 – Corunna	375	377	50.00	
TOTAL VALUE OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD (ASSOCIATES)		**359,142**	**380,851**		

APPENDIX IV

CHANGES IN THE SCOPE OF CONSOLIDATION

INCLUSIONS	Registered office
FULLY CONSOLIDATED COMPANIES	
FCC EQUAL CEE MURCIA, S.L.	Luis Pasteur, 8 – Cartagena (Murcia)
FCC SOLUCIONES DE SEGURIDAD Y CONTROL, S.L.	Federico Salmón, 13 – Madrid
ASSOCIATES	
CONSTRUCTORA TERMINAL VALLE DE MÉXICO, S.A. DE C.V.	Mexico
FCC AMÉRICAS COLOMBIA, S.A.	Colombia
FCC AMÉRICAS PANAMÁ, S.A.	Panamá
SERVICIOS CTVM, S.A. DE C.V.	Mexico
SERVICIOS TERMINAL VALLE DE MÉXICO, S.A. DE C.V.	Mexico

APPENDIX IV/2

EXCLUSIONS	Registered office
FULLY CONSOLIDATED COMPANIES	
.A.S.A. ABFALL SERVICE HALBENRAIN GMBH (1)	Austria
.A.S.A. ABFALL SERVICE INDUSTRIEVIERTEL BETRIEBS GMBH (1)	Austria
.A.S.A. FINANZDIENSTLEISTUNGEN GMBH (1)	Austria
AQUA MANAGEMENT SOLUTIONS, B.V. (2)	The Netherlands
BBR PRETENSADOS Y TECNICAS ESPECIALES, S.L. (3)	Av. Camino de Santiago, 40 – Madrid
COLABORACIÓN, GESTIÓN Y ASISTENCIA, S.A. (2)	Federico Salmón, 13 – Madrid
DEPURTEBO, S.A. (2)	San Pedro, 57 – Zuera (Zaragoza)
ECOSERVICE LOVETECH (2)	Bulgaria
EÓLICA CATVENT, S.L. (4)	Balmes, 36 – Barcelona
F.S. COLABORACIÓN Y ASITENCIA. S.A. (2)	Av. Camino de Santiago, 40 – Madrid
FCC ELLIOTT UK LIMITED (4)	United Kingdom
FCC POWER GENERATION, S.L. (5)	Federico Salmón, 13 – Madrid
GAVISA PORTUGAL MONTAGENS ELÉCTRICAS LDA. (4)	Portugal
IBERVIA CONSTRUCCIONES Y CONTRATAS, S.L. (3)	Av. Camino de Santiago, 40 – Madrid
MOTRE, S.L. (3)	Balmes, 36 – Barcelona
MOVITERRA, S.A. (3)	Balmes, 36 – Barcelona
NATURALEZA, URBANISMO Y MEDIO AMBIENTE, S.A. (4)	Av. Camino de Santiago, 40 – Madrid
PEDRERA LES GAVARRES, S.L. (3)	Balmes, 36 – Barcelona
SERVIÁ CANTÓ, S.A. (3)	Balmes, 36 – Barcelona

Companies accounted for using the equity method

JOINT VENTURES	
PERI 3 GESTIÓN, S.L. (4)	General Álava, 26 – Vitoria Gasteiz (Álava)
ASSOCIATES	
BAROSS TER INGATLANPROJEKT-FEJLESZTO KFT (4)	Hungary
GRUPO FOMENT DE CONSTRUCCIONS I CONSULTING (4)	Andorra
TECHNICKÉ A STAVEBNI SLUZBY AS (2)	Czech Republic

1. Exclusion due to merger with FCC Abfall Service Betriebs GmbH
2. Exclusion due to liquidation
3. Exclusion due to merger with FCC Co.
4. Exclusion due to dissolution
5. Exclusion due to merger with FCC Industrial

APPENDIX IV/3

CHANGES IN THE SCOPE OF CONSOLIDATION

COMPANY	Changes in the scope of consolidation
CONCESIONARIA ATENCION PRIMARIA, S.A.	Previously consolidated using the equity method (joint venture). Currently fully consolidated.

APPENDIX V

UNINCORPORATED TEMPORARY JOINT VENTURES (UTE), ECONOMIC INTEREST GROUPINGS (AIE) AND OTHER CONTRACTS MANAGED JOINTLY WITH NON-GROUP THIRD PARTIES

	Percentage of ownership at 31 December 2017
ENVIRONMENTAL SERVICES	
PUERTO UTE	50.00
UTE ABSA – PERICA	60.00
UTE ABSA – PERICA I	60.00
UTE ABSA – PERICA II	60.00
UTE AEROPUERTO VI	50.00
UTE AGARBI	60.00
UTE AGARBI BI	60.00
UTE AGARBI INTERIORES	60.00
UTE AIZMENDI	60.00
UTE AKEI	60.00
UTE ALCANTARILLADO MELILLA	50.00
UTE ALELLA	50.00
UTE ARAZURI 2016	50.00
UTE ARCOS	51.00
UTE ARUCAS II	70.00
UTE BAILIN ETAPA 2	60.00
UTE BERANGO	60.00
UTE BILBOKO LORATEGIAK	60.00
UTE BILBOKO SANEAMENDU	50.00
UTE BILBOKO SANEAMENDU BI	50.00
UTE BILKETA 2017	60.00
UTE BIOCOMPOST DE ÁLAVA	50.00
UTE BIZKAIAKO HONDARTZAK	50.00
UTE BOADILLA	50.00
UTE CABRERA DE MAR	50.00
UTE CANA PUTXA	20.00
UTE CARMA	50.00
UTE CASTELLANA – PO	50.00
UTE CHIPIONA	50.00
UTE CGR GUIPUZCOA	35.14
UTE CLAUSURA SAN MARCOS	60.00
UTE CONTENEDORES LAS PALMAS	30.00
UTE CONTENEDORES MADRID	38.25
UTE CONTENEDORES MADRID 2	36.50
UTE CTR. DE L'ALT EMPORDÀ	45.00
UTE CTR – VALLÈS	20.00
UTE CUA	50.00
UTE DONOSTIAKO GARBIKETA	70.00
UTE DOS AGUAS	35.00
UTE ECOPARQUE CÁCERES	50.00
UTE ECOURENSE	50.00
UTE EFIC. ENERG. PUERTO DEL ROSARIO	60.00
UTE ENERGÍA SOLAR ONDA	25.00
UTE ENLLUMENAT SABADELL	50.00
UTE ENVASES LIGEROS MÁLAGA	50.00
UTE EPELEKO PLANTA	35.00
UTE EPREMASA PROVINCIAL	55.00
UTE ERETZA	70.00
UTE ES VEDRA	25.00
UTE ETXEBARRI	60.00
UTE F.L.F. LA PLANA	47.00
UTE F.S.S.	99.00
UTE FCC – ERS LOS PALACIOS	50.00
UTE FCC – HIJOS DE MORENO, S.A.	50.00
UTE FCC – PERICA	60.00
UTE FCC – SUFI MAJADAHONDA	50.00
UTE GESTIÓ INTEGRAL DE RUNES DEL PAPIOL	40.00

APPENDIX V/2

	Percentage of ownership at 31 December 2017
UTE GESTIÓN INSTALACIÓN III	34.99
UTE GIREF	20.00
UTE GOIERRI GARBIA	60.00
UTE ICAT LOTE 7	50.00
UTE ICAT LOTE 11	50.00
UTE ICAT LOTE 15	50.00
UTE ICAT LOTE 20 Y 22	70.00
UTE INTERIORES BILBAO	80.00
UTE INTERIORES BILBAO II	60.00
UTE JARD. UNIVERSITAT JAUME I	50.00
UTE JARDINES MOGÁN	51.00
UTE JARDINES PTO DEL ROSARIO	78.00
UTE JUNDIZ II	51.00
UTE LA LLOMA DEL BIRLET	80.00
UTE LAGUNAS DE ARGANDA	50.00
UTE LAS CALDAS GOLF	50.00
UTE LEGIO VII	50.00
UTE LEKEITIOKO MANTENIMENDUA	60.00
UTE LIMPIEZA SANTA COLOMA	50.00
UTE LIMPIEZA Y RSU LEZO	55.00
UTE LODOS ARAZURI	50.00
UTE LOGROÑO LIMPIO	50.00
UTE LUZE VIGO	40.00
UTE LV ARRASATE	60.00
UTE LV RSU VITORIA-GASTEIZ	60.00
UTE LV Y RSU ARUCAS	70.00
UTE LV ZUMAIA	60.00
UTE LV ZUMARRAGA	60.00
UTE MANTENIMENT REG CORNELLÀ	60.00
UTE MANTENIMIENTO BREÑA ALTA	50.00
UTE MANTENIMIENTO COLEGIOS III	60.00
UTE MAREPA – CARPA PAMPLONA	50.00
UTE MELILLA	50.00
UTE MNTO. EDIFICI MOSSOS ESQUADRA	70.00
UTE MNTO. MEDITERRANEA FCC	50.00
UTE MUÉRDAGO	60.00
UTE MUSKIZ	32.00
UTE NERBIOI IBAIZABAL 5º CONTENEDOR	60.00
UTE ONDA EXPLOTACIÓN	33.33
UTE PÁJARA	70.00
UTE PAMPLONA	80.00
UTE PARQUES INFANTILES LP	50.00
UTE PASAIA	70.00
UTE PASAIAKO PORTUA BI	55.00
UTE PISCINA CUBIERTA BENICARLÓ	65.00
UTE PISCINA CUBIERTA PAIPORTA	90.00
UTE PLAN RESIDUOS	47.50
UTE PLANTA RSI TUDELA	60.00
UTE PLANTA TR. FUERTEVENTURA	70.00
UTE PLANTA TRATAMIENTO VALLADOLID	90.00
UTE PLATGES VINARÓS	50.00
UTE PLAYAS GIPUZKOA	55.00
UTE PLAYAS GIPUZKOA II	55.00
UTE PLAYAS GIPUZKOA III	60.00
UTE PONIENTE ALMERIENSE	50.00
UTE PORTMANY	50.00
UTE PUERTO II	70.00
UTE PUERTO DE PASAIA	55.00
UTE PUERTO DE PTO DEL ROSARIO	70.00
UTE R.S. PONIENTE ALMERIENSE	50.00
UTE RBU ELS PORTS	50.00
UTE RBU VILLA-REAL	47.00
UTE RESIDENCIA	50.00
UTE RESIDUOS 3 ZONAS NAVARRA	60.00
UTE RSU BILBAO II	60.00
UTE RSU CHIPIONA	50.00
UTE RSU INCA	80.00
UTE RSU LV S. BME. TIRAJANA	50.00
UTE RSU SESTAO	60.00
UTE RSU TOLOSALDEA	60.00
UTE S.U. ALICANTE	33.50

	Percentage of ownership at 31 December 2017
UTE S.U. BENICASSIM	35.00
UTE S.U. BILBAO	60.00
UTE S.U. OROPESA DEL MAR	35.00
UTE SANEAMIENTO URBANO CASTELLÓN	65.00
UTE SANEAMIENTO VITORIA-GASTEIZ	60.00
UTE SANEJAMENT CELLERA DE TER	50.00
UTE SANEJAMENT MANRESA	80.00
UTE SASIETA	75.00
UTE SAV – FCC TRATAMIENTOS	35.00
UTE SEGURETAT URBICSA	60.00
UTE SELECTIVA LAS PALMAS	55.00
UTE SELECTIVA SANLUCAR	50.00
UTE SELECTIVA SAN MARCOS	60.00
UTE SELECTIVA SAN MARCOS II	63.00
UTE SELECTIVA UROLA KOSTA	60.00
UTE SELECTIVA UROLA KOSTA II 2017	60.00
UTE SELLADO VERTEDERO LOGROÑO	50.00
UTE SOLARES CEUTA	50.00
UTE SON ESPASES	50.00
UTE TOLOSAKO GARBIKETA	40.00
UTE TRANSPORTE RSU	33.33
UTE TRANSP. Y ELIM. RSU	33.33
UTE TRANSPORTE SAN MARCOS	80.00
UTE TXINGUDIKO GARBIKETA	73.00
UTE UROLA ERDIA	60.00
UTE URRETXU Y ZUMARRAGA	65.00
UTE URTETA	50.00
UTE VERTEDERO GARDELEGUI III	70.00
UTE VERTRESA	10.00
UTE VIDRIO MELILLA	50.00
UTE VIGO RECICLA	70.00
UTE VILOMARA II	33.33
UTE VINAROZ	50.00
UTE ZAMORA LIMPIA	30.00
UTE ZARAGOZA DELICIAS	51.00
UTE ZARAUZKO GARBIETA	60.00
UTE ZUMAIA	60.00
UTE ZURITA II	50.00
AQUALIA	
A.I.E. COSTA BRAVA ABASTAMENT AQUALIA-SOREA	50.00
A.I.E. ITAM DELTA DE LA TORDERA	50.10
A.I.E. SOREA AQUALIA	37.50
ABASTAMENT EN ALTA COSTA BRAVA EMPRESA MIXTA, S.A.	26.00
AGUAS Y SERVICIOS DE LA COSTA TROPICAL DE GRANADA, A.I.E.	51.00
ASOCIEREA FCC-AQUALIA-SUEZ EDAR GLINA	54.00
EDIFICIO ARGANZUELA UTE	99.99
EMPRESA MIXTA D'AIGÜES DE LA COSTA BRAVA, S.A.	25.00
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	41.25
GESTIÓN DE SERVICIOS HIDRÁULICOS DE CIUDAD REAL, A.I.E.	75.00
UTE ABU RAWASH CONSTRUCCIÓN	50.00
UTE AGUA SANTO DOMINGO	70.00
UTE AGUAS ALCALÁ	50.00
UTE AGUAS DEL DORAMÁS	50.00
UTE AIGÜES ELS POBLETS	95.00
UTE ALKHORAYEF-FCC AQUALIA	51.00
UTE AMPLIACIÓN IDAM DELTA DE LA TORDERA	66.66
UTE CAP DJINET	50.00
UTE COSTA TROPICAL	51.00
UTE COSTA TROPICAL II	51.00

APPENDIX V/4

	Percentage of ownership at 31 December 2017
UTE COSTA TROPICAL III	51.00
UTE DEPURACIÓN PONIENTE ALMERIENSE	75.00
UTE EDAR A GUARDA 2013	50.00
UTE EDAR BAEZA	50.00
UTE EDAR GIJÓN	60.00
UTE ETAPS ESTE	65.00
UTE EXPLOTACIÓN ITAM TORDERA	50.00
UTE FCC ACISA AUDING	45.00
UTE GESTIÓN CANGAS	70.00
UTE GROUPEMENT SOLIDAIRE JERBA	50.00
UTE HIDC – HIDR. – INV DO CENTR. ACE	50.00
UTE IBIZA	50.00
UTE IDAM SAN ANTONI	50.00
UTE IDAM SANT ANTONI II	50.00
UTE IDAM SANTA EULALIA	50.00
UTE IDGA SANECA	70.00
UTE INFILCO	50.00
UTE LOURO	65.00
UTE MOSTAGANEM	50.00
UTE OYM CAP DJINET	50.00
UTE OYM MOSTAGANEM	50.00
UTE REDES CABB	65.00
UTE SCC SICE	50.00
UTE SEAFSA LANZAROTE	60.00
UTE SENTINAS	50.00
UTE S.G.V.V.	50.00
UTE SOLLONAKO URA	50.00
UTE USSA A	65.00
UTE USSA A17	65.00
UTE VIGO PISCINAS	50.00
CONSTRUCCIÓN	
ACE CAET XXI CONSTRUÇOES	50.00
ACE RIBEIRADIO-ERMIDA	55.00
ACP DU PORT DE LA CONDAMINE	45.00
ASOC. ASTALDI-FCC-SALCEF-THALES, LOT 2 A	49.50
ASOC. ASTALDI-FCC-SALCEF-THALES, LOT 2 B	49.50
ASOC. FCC AZVI STRACO S. ATEL-MICASASA	55.00
ASOCIEREA FCC-ASTALDI-CONVENSA, TRONSON 3	50.50
ASOCIEREA FCC AZVI S. SIGHISOARA - ATEL	55.00
ASTALDI – FCC J.V.	50.00
BSV MERSEY JOINT VENTURE UNINC	50.00
CJV-UJV	35.92
CONSORCIO ANTIOQUÍA AL MAR	40.00
CONSORCIO CENTENARIO DE PANAMÁ SOCIEDAD ACCIDENTAL	50.00
CONSORCIO CHICAGO II	60.00
CONSORCIO CJV CONSTRUCTOR METRO LIMA	25.50
CONSORCIO EPC METRO LIMA	18.25
CONSORCIO FCC CONSTRUCCIÓN-FERROVIAL AGROMAN LTD.A.	50.00
CONSORCIO FCC-FI	50.00
CONSORCIO FCC-JJC (PUERTO CALLAO)	50.00
CONSORCIO FCC METRO SANTA FE DE COSTA RICA	50.00
CONSORCIO ICA – FCC – MECO PAC-4	43.00
CONSORCIO LÍNEA 2	40.00
CONSORCIO LÍNEA UNO	45.00
CONSORCIO M&S SANTA FE MCA	50.00
CONSORCIO NUEVA ESPERANZA	63.00
CONSORCIO REMOS FASE I	60.00

APPENDIX V/5

	Percentage of ownership at 31 December 2017
FAST 5 – U.J.V.	28.16
FAST CONSORTIUM LIMITED LLC	35.92
FCC - YUKSEL – ARCHIDORON – PETROSERV J.V.	50.00
GROUPEMENT FCC - INGENIUM	93.00
J.V. ASOCIEREA ARAD-TIMISOARA FCC-ASTALDI	50.00
J.V. ASTALDI-FCC-UTI-ACTIV. MAGISTRALA	37.00
J.V. BYPASS CONSTATA	50.00
J.V. CENTURE OTOPENI OVERPASS	40.00
J.V ESTENSION OF LINE 2 TO ANTOHOUPOLI	50.01
J.V. FCC, HOCHTIEF UN ACB – AEROPUERTO RIGA	36.00
J.V. SFI LEASING COMPANY	30.00
MERSEYLINK CIVIL CONTRACTORS J.V.	33.33
METRO BUCAREST J.V.	47.50
SHIMMICK CO. INC. FCC CO. IMPREGILO SPA JV	30.00
THV CAFASSO CONSTRUCTION	60.00
TJV-UJV	16.16
UTE 2ª FASE DIQUE DE LA ESFINGE	35.00
UTE ACCESO FERROVIARIO APB	45.00
UTE ACCESO NORTE A VIGO NUEVA ESTACIÓN	50.00
UTE ACCESO PUERTO SECO MONFORTE	50.00
UTE ACCESOS A LA ESTACIÓN DE LA SAGRERA	37.50
UTE ACON. Y PEATON. SAN BARTOLOMÉ TIRAJANA	70.00
UTE ADAMUZ	33.33
UTE AEROPUERTO DE CASTELLÓN	50.00
UTE AL – DEL OLMEDO	50.00
UTE ALAMEDA DE CERVANTES EN LORCA	60.00
UTE ALMENDRALEJO II	50.00
UTE AMP. PLAT. COSTERA REC. GUINIGUADA	50.00
UTE AMPLIACIÓN PUERTO PLAYA BLANCA	92.50
UTE ANAGA	33.33
UTE APARATOS ATOCHA	39.97
UTE ARROYO DEL FRESNO	50.00
UTE AUCOSTA CONSERVACIÓN	50.00
UTE AUDITORIO DE BURGOS	65.00
UTE AUDITORIO DE LUGO	50.00
UTE AUTOPISTA CARTAGENA – VERA	50.00
UTE AUTOVÍA A-33 JUMILLA	65.00
UTE AUTOVÍA COSTA BRAVA	65.00
UTE AUTOVÍA DE LA SAGRA	50.00
UTE AUTOVÍA EL BATÁN – CORIA	50.00
UTE AVE ALCÁNTARA-GARROVILLAS	85.00
UTE AVE GIRONA	40.00
UTE AVE MASIDE	67.00
UTE AVE TÚNEL DE SERRANO	42.00
UTE BALLONTI ARDANZA	9.80
UTE BARBADOS	50.00
UTE BELLTALL	40.00
UTE BERGARA ANTZUOLA	50.00
UTE BILBAO MANTENDU	24.50
UTE BIMENES III	70.00
UTE BOETTICHER	50.00
UTE BOETTICHER CLIMA	50.00
UTE BOETTICHER ELECTRICIDAD	50.00

APPENDIX V/6

	Percentage of ownership at 31 December 2017
UTE BOQUILLA SUR TÚNEL VIGO – DAS MACEIRA	50.00
UTE BUSINESS	25.00
UTE C&F JAMAICA	50.00
UTE C.A.R.E. CÓRDOBA	75.00
UTE CÁCERES NORTE	50.00
UTE CÁCERES PLASENCIA	50.00
UTE CAMPO GIBRALTAR	80.00
UTE CAMPUS CLIMA	50.00
UTE CANAL PRINCIPAL DE ORBIGO	50.00
UTE CÁRCEL MARCOS PAZ	35.00
UTE CARCHUNA – CASTELL	75.00
UTE CARRETERA IBIZA – SAN ANTONIO	50.00
UTE CASTRUM ALBUM ELECTRIFICACION	60.00
UTE CATLÁNTICO	25.00
UTE CECOEX	20.00
UTE CEIP OROSO	60.00
UTE CENTRO COMERCIAL LA GRELA	50.00
UTE CENTRO COMERCIAL MESOIRO	50.00
UTE CENTRO SALUD TUI	50.00
UTE CHUAC	50.00
UTE CIRCUITO	70.00
UTE CIUTAT DE LA JUSTÍCIA	30.00
UTE CONEXIÓN CORREDOR MEDITERRÁNEO	40.00
UTE CONEXIÓN MOLINAR	70.00
UTE CONS. GESTOR PTAR SALITRE	30.00
UTE CONSERVACIÓN ANTEQUERA	50.00
UTE CONSERVACIÓN BADAJOZ	50.00
UTE CONSERVACION EXA1	50.00
UTE CONSERVACIÓN MALPARTIDA	50.00
UTE CONSTR. PTAR AMBATO	60.00
UTE CONSTRUCCIÓN TRANVÍA ZARAGOZA	50.00
UTE CONTROL MOGÁN	33.33
UTE COPERO	70.00
UTE CREAA	50.00
UTE CYS – IKUSI – GMV	43.50
UTE DÁRSENA CORUÑA	50.00
UTE DE SUMINISTROS PUENTE RÍO OZAMA	50.00
UTE DESALADORA BAJO ALMANZORA	60.00
UTE DESARROLLO PUERTO DE AVILÉS FASE I	80.00
UTE DESDOBLAMIENTO C.V. – 309 EN SAGUNTO	50.00
UTE DIQUE ESTE	35.00
UTE DIQUE TORRES	27.00
UTE DOCENCIA HOSPITAL SON ESPASES	33.00
UTE DONOSTIALDEA 2014	60.00
UTE DOZÓN	29.60
UTE DRENAJES ADAMUZ	33.33
UTE EDIFICIO C. CULT. POLIV., F. II-V. D’UIXÓ	60.00
UTE EDIFICIO TERMINAL	40.00
UTE ELECTRICIDAD BY PASS SUR CALLE 30	33.33
UTE ELECTRIFICACIÓN GRANOLLERS	20.00
UTE ENCAUZAMIENTO BARRANCO DE FRAGA	60.00
UTE EQUIPAMIENTO AUDITORIO BURGOS	65.00
UTE ESCLUSA SEVILLA	70.00
UTE ESTACIÓN GIRONA	40.00
UTE ESTACIONS AEROPORT L9	49.00
UTE ESTACIONS LÍNEA 9	33.00
UTE ESTACIONS TERRASSA	36.00
UTE EZKIO ITSASO	40.00

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	Percentage of ownership at 31 December 2017
UTE F.I.F. GNL FB 301/2	35.96
UTE FASE II C.I.C.C.M.	60.00
UTE FASE II PABELLÓN REYNO DE NAVARRA	50.00
UTE FCC INDUSTRIAL - ATON	90.00
UTE FGV LINEA 9 CALP-TEULADA	62.50
UTE FGV VARIANTE TRAMO FINCA ADOC	55.00
UTE FUENTE DE CANTOS	50.00
UTE GANGUREN	11.03
UTE GASODUCTOS ENAGAS GD	50.00
UTE GC – 1 PUERTO DE RICO – MOGÁN	40.00
UTE GEDERIAGA	24.50
UTE GIRONA NORTE	70.00
UTE GIRONA NORTE II	70.00
UTE GIRONA NORTE 2014	70.00
UTE GOIÁN	70.00
UTE GOIERRIALDEA 2010	55.00
UTE GRANADA	70.00
UTE GRANADILLA II	50.00
UTE GUADARRAMA 3	33.33
UTE GUADARRAMA 4	33.33
UTE HORKASITAS	24.50
UTE HOSPITAL ALCÁZAR	60.00
UTE HOSPITAL CAMPUS DE LA SALUD	80.00
UTE HOSPITAL DE CARTAGENA	70.00
UTE HOSPITAL DE MIRANDA	65.00
UTE HOSPITAL DEL SUR	80.00
UTE HOSPITAL DEL SUR, SEGUNDA FASE	40.00
UTE HOSPITAL FCC – VVO	80.00
UTE HOSPITAL NORTE TENERIFE	80.00
UTE HOSPITAL SON DURETA	33.00
UTE HOSPITAL UNIVERSITARIO DE MURCIA	50.00
UTE HUELVA SUDESTE	40.00
UTE IBAI EDER	24.50
UTE IBARRETA	24.50
UTE IECISA-FCC/CPD DE CONSELL MALLORCA	50.00
UTE IECISA-FCC/INTERFONIA EN ESTACIONES	50.00
UTE IMPERMEABILIZACIÓN TÚNEL PAJARES NORTE	50.00
UTE INSTALACIONES EDIFICIO C	25.00
UTE INSTALACIONES ELÉCTRICAS MOGÁN	50.00
UTE INSTALACIONES FGC	36.00
UTE INSTALACIONES MADRID ESTE	46.25
UTE INSTALACIONES METRO MÁLAGA	54.00
UTE INTERFAZ	50.00
UTE INTERFÍCIES AEROPORT L9	49.00
UTE INTERMODAL PRAT	35.00
UTE JAÉN – MANCHA REAL	80.00
UTE JUAN GRANDE	50.00
UTE LA ALDEA	35.00
UTE LAKUA 796	24.50
UTE LA ROBLA	30.00
UTE LAUDIO	24.50
UTE LÍNEA 1 TRANVÍA DE MURCIA	50.00
UTE LÍNEA 2	50.00
UTE LÍNEA 9	33.00
UTE LLOVIO 2012	70.00

APPENDIX V/8

	Percentage of ownership at 31 December 2017
UTE LOT 2 PMI BCN	80.00
UTE LOT 3 PMI BCN	80.00
UTE M-407	50.00
UTE MALLABIA	14.70
UTE MAN. AEROPORT L9	49.00
UTE MANTENIMENT RONDES 2012	70.00
UTE MANTENIMIENTO ARANJUEZ II	76.00
UTE MANTENIMIENTO ARANJUEZ III	76.00
UTE MANTENIMIENTO CÓRDOBA	49.00
UTE MANTENIMIENTO CÓRDOBA II	49.00
UTE MANTENIMIENTO ENERGÍA METRO MÁLAGA	50.00
UTE MANTENIMIENTO HUSE	50.00
UTE MANTENIMIENTO TDM	50.00
UTE MANTENIMIENTO TRANVÍA ZARAGOZA	50.00
UTE MANTENIMIENTO SISTEMAS METRO MÁLAGA	35.00
UTE MANTENIMIENTO VÍA ARANJUEZ	50.00
UTE MAQUINARIA PESADA 2015	50.00
UTE MAQUINARIA VERÍN	50.00
UTE MÁRGENES NORTE	50.00
UTE MÁRGENES NORTE 2016	50.00
UTE MATADERO	57.50
UTE MEDINACELI	22.40
UTE MEJORA ESTRUCTURAS MORA	39.97
UTE METRO MÁLAGA	36.00
UTE MIV CENTRO	19.00
UTE MIV SUR	27.00
UTE MONFORTE	24.00
UTE MONTAJE VÍA MOLLET – GIRONA	50.00
UTE MORA - CALATRAVA	39.97
UTE MORALEDA	66.00
UTE MTM. ARQUITECTURA, INFRAESTR. Y VÍA	28.00
UTE MTMTO. ENERGÍA Y ELECTROMEC. METRO MÁLAGA	50.00
UTE MTMTO. REDES Y SISTEMAS METRO MÁLAGA	40.00
UTE MUELLE DE LA QUÍMICA	70.00
UTE MUELLE PONIENTE NORTE DE PTO PALMA	75.00
UTE MUELLES COMERCIALES	60.00
UTE MUNGUIA	13.72
UTE MURCIA	40.00
UTE MURSIYA MANTENIMIENTO	85.00
UTE MUSEO NACIONAL DE LA ENERGÍA	50.00
UTE NACIMIENTO	54.00
UTE NTC CÁDIZ	50.00
UTE NUDO DE MOLLET	50.00
UTE NUEVO ESTADIO VCF	49.00
UTE NUEVO HOSPITAL DE CÁCERES	33.33
UTE NUEVO PUERTO DE IGOUMENITZA	50.00
UTE OPERADORA TERMOSOLAR GUZMÁN	67.50
UTE OPERADORA VILLENA	88.00
UTE ORENSE – MELÓN	50.00
UTE PABELLÓN ARENA	50.00
UTE PABELLÓN REYNO DE NAVARRA	50.00
UTE PAGO DE ENMEDIO	75.00
UTE PALACIO DE CONGRESOS DE LEÓN	50.00
UTE PARQUE TECNOLÓGICO	60.00
UTE PASAIA BERRI	50.00
UTE PASAIA BERRI INSTALACIONES	80.00
UTE PCI METRO DE MÁLAGA	40.00
UTE PLA DE NA TESA	70.00
UTE PLATAFORMA NOROESTE	50.00
UTE PLATAFORMA TPTE PBCO CASTELLÓN	55.00
UTE PLATAFORMA TTE.PUB. TRAMO I COLUMBRETES	55.00
UTE POLA DE LENA	70.00
UTE POLÍGONO BOBES	50.00
UTE POLÍGONO LLOREDA	70.00
UTE PONT DE CANDI	75.00

APPENDIX V/9

	Percentage of ownership at 31 December 2017
UTE PRESA ENCISO	50.00
UTE PRESAS ITOIZ	33.00
UTE PREVENCIÓN INCENDIOS PATRIMONIO	20.00
UTE PRIM BARRIO SAN ANTON – ELCHE	80.00
UTE PROLONGACIÓN DIQUE REINA SOFÍA	40.00
UTE PROSER – GEOCONTROL	60.00
UTE PROSER – GEOCONTROL II	62.00
UTE PSIR CASTRO URDIALES	50.00
UTE PTAR SAN SILVESTRE	50.00
UTE PUENTE RÍO OZAMA (DFC-COCIMAR)	35.00
UTE PUENTE DEL REY	33.33
UTE PUERTO DE GRANADILLA	50.00
UTE PUERTO DE LAREDO	50.00
UTE R. ARCADIA	97.00
UTE RADIALES	35.00
UTE RED ARTERIAL PALENCIA FASE I	80.00
UTE REFORMA HOSPITAL V SALUD (TOLEDO)	60.00
UTE REGADÍOS RÍO FLUMEN	60.00
UTE RESIDENCIAS REAL MADRID	50.00
UTE RÍO CABE	50.00
UTE RUTA NACIONAL HAITÍ	55.00
UTE S.A.I.H. SUR	40.00
UTE SAGUNTO	60.00
UTE SAN PEDRO	24.50
UTE SANEAMIENTO ARCO SUR	56.50
UTE SANEAMIENTO DE VILLAVICIOSA	80.00
UTE SANTA MARIA D’OLÓ-GURB	60.00
UTE SECTOR M-5 2012	70.00
UTE SERV. ENERG. PISCINA CUB. S. CABALLO	50.00
UTE SICA	60.00
UTE SIMULADOR APBA	50.00
UTE SISTEMA INTEGRAL ALACANTI SUR	66.67
UTE SISTEMAS METRO MALAGA	25.00
UTE SOTIELLO	50.00
UTE SSAA AP – 7	50.00
UTE TARRAGONA LITORAL	70.00
UTE TECSACON	20.00
UTE TECSACON 2017	20.00
UTE TERMOSOLAR GUZMÁN	67.50
UTE TF-5 2ª FASE	70.00
UTE TINDAYA	50.00
UTE TORQUEMADA	50.00
UTE TORRE DON JIMENO	50.00
UTE TORRE ISLA CARTUJA	80.00
UTE TS VILLENA	88.00
UTE TÚNEL AEROPORT	33.00
UTE TÚNEL AEROPORT II	33.00
UTE TÚNEL C.E.L.A.	50.00
UTE TÚNEL DE PAJARES 1	50.00
UTE TÚNEL FIRA	33.00
UTE TÚNEL LA ALDEA	50.00
UTE TÚNEL LOS ROJALES	95.00

APPENDIX V/10

	Percentage of ownership at 31 December 2017
UTE TÚNEL PROVISIONAL ESTACIÓN ATOCHA	42.00
UTE TÚNEL TERRASSA	36.00
UTE TUNELADORA METRO	33.00
UTE TÚNELES BOLAÑOS	47.50
UTE TÚNELES DE BARAJAS	50.00
UTE TÚNELES DE GUADARRAMA	33.33
UTE TÚNELES DE SORBES	67.00
UTE TÚNELES FIGUERES	95.00
UTE UE 1 ARROYO DEL FRESNO	50.00
UTE UE 2 ARROYO DEL FRESNO	50.00
UTE UNQUERA – PENDUELES	80.00
UTE URBANITZACIÓ GIRONA	40.00
UTE URBANIZACIÓN PARC SAGUNT	50.00
UTE URBANIZACIÓN VIA PARQUE TRAMO AV. CARB.-P	60.00
UTE VALDEVIVIENDAS II	33.33
UTE VANDELLÓS	24.00
UTE VARIANTE MANCHA REAL	67.00
UTE VELÓDROMO	60.00
UTE VERTEDERO CASTAÑEDA	62.50
UTE VÍA PAJARES	50.00
UTE VIADUCTOS PREFABRICADOS METRO RIYAD	50.00
UTE VIC - RIPOLL	34.00
UTE VIGO-DAS MACEIRAS	50.00
UTE VILARIÑO (VÍA IZQUIERDA)	90.00
UTE VILLAR – PLASENCIA	70.00
UTE YELTES	75.00
UTE YESA	33.33
UTE ZONAS VERDES ENSANCHE DE VALLECAS	33.33

APPENDIX V/11

	Percentage of ownership at 31 December 2017
OTHER ACTIVITIES	
C.G.T. – UTE JEREZ CB	50.00
UTE LASGARRE	50.00
UTE MEL 9	49.00
UTE OPERACIÓN TRANVÍA DE MURCIA	50.00
UTE PERI AR.8 LA MADRAZA	99.00
UTE PINO MONTANO P5	50.00
UTE SAGUNTO PARCELA M17-3	50.00
UTE SEMINARIO P3-2	99.00

Directors' Report

This report was prepared in accordance with the guidelines established in the "Guide for the Preparation of Directors' Reports of Listed Companies" published by the Spanish National Securities Market Commission (CNMV).

CONTENTS	PAGE

1. THE COMPANY'S SITUATION

1.1. Company business model and strategy: Organisational structure and management decision-making process

The organisational structure of FCC Group is based on a first level made up of areas, which are divided into two large groups which are operational and functional.

The operating Areas encompass all the activities relating to the production line. As described in greater detail in Note 1 to the consolidated financial statements, the FCC Group is composed of the following operating Areas:

- **Environmental Services**
- **End-to-End Water Management**
- **Construction**
- **Cement**

Each of these operating Areas is presided over by one or various Specialised Companies, which report to FCC and encompass the activities inherent to the Group.

The functional Areas that provide support to the operating Areas are as follows:

- **Administration and Finance**: The Administration and Finance Department is made up of the Administration, IT Systems, Finance, Investor Relations and Management Control, Corporate Marketing and Branding, Procurement, and Human Resources units.

  The Administration unit runs the administrative management of the FCC Group. Its duties regarding information systems and internal control include the following:
  - General accounting.
  - Accounts standardisation.
  - Consolidation.
  - Tax consulting.
  - Tax procedures.
  - Tax compliance.
  - Administrative procedures.

- **Internal Auditing and Risk Management**: Its purpose is to provide the Board of Directors, via the Auditing and Control Committee, and the FCC Group's senior management with support for their responsibilities to supervise the internal control system by exercising a function of single, independent governance aligned with professional standards, to contribute towards good corporate governance, verify due compliance with the applicable rules and regulations, both internal and external, and reduce to reasonable levels any impact of risks on the FCC Group's achievement of its objectives.

  To do this, it is structured into two independent roles: Internal auditing, and risk and compliance management.

- **General Secretary's Office**: Depending directly on the Group' Chief Executive, its main duty is to support the Chief Executive's management and that of the heads of FCC's other divisions, by providing all the services detailed in the corresponding sections on FCC's various divisions and departments, whose performance and supervision is the responsibility of the General Secretary.

  The office is made up of these units: Legal Department, Quality Assurance, Corporate Security and General Services and Corporate Responsibility.

On a secondary level, the Areas may be divided into Sectors –operating Sectors- and Divisions -functional Divisions-, creating spheres permitting greater specialisation when required.

The structure of the main decision-making bodies is as follows:

- **Board of Directors**: This is the body with the widest-reaching, unrestricted powers, except for those expressly reserved by the Spanish Limited Liability Companies Law or the Bylaws to the powers of the shareholders at the General Meeting.

- **Audit and Control Committee**: Its main function is to support the Board of Directors in its supervisory tasks, through the periodic review of the process for preparing economic and financial information, its internal controls and independence of the external auditor.

- **Nomination and Remuneration Committee**: This supports the Board of Directors in relation to the proposals for the nomination, re-election, ratification and termination of Directors, establishes and controls the remuneration policy of the Company's Directors and Senior Executives and the fulfilment by the Directors of their duties, particularly in relation to situations of conflicts of interest and related party transactions.

- **Management Committee:** Each of the business units has its own Management Committee or other committee with similar duties.

More detailed information on the functions of the FCC Group's decision-making bodies is provided in section 1 of the Internal Control over Financial Reporting system (ICFR) report.

1.2. Company situation: Company business model and strategy

FCC is one of the main European groups specialised in environmental services, water and infrastructure development, with a presence in over 34 countries worldwide and 45% of its billings sourced from international markets, mainly Europe, Middle East, Latin America and the US.

Environmental Services

The Environmental Services Area has a solid presence in Spain, maintaining a position of leadership in the provision of environmental urban services for over 100 years.

In Spain FCC provides environmental services in around 3,600 municipal districts all over the country, serving a population of more than 28 million. The services provided in this sector include solid-waste collection and street-cleaning, which accounted for 36% and 32%, respectively, of the Area's turnover obtained in this market in Spain in 2017. These activities are followed in importance by waste treatment and elimination, cleaning and maintenance of buildings, parks and gardens, and, to a lesser extent, sewerage. Together they cover nearly 98% of the domestic business, with the remainder corresponding to other services.

In turn, the international business is carried on chiefly in the UK and Central and Eastern Europe through the subsidiaries FCC Environment Limited (UK) and FCC environment CEE, respectively. For a good number of years now FCC has led markets both in integral urban solid waste management and in other environmental services. The services provided in this sector include waste treatment, elimination and collection, which accounted for 56% and 20%, respectively, of total turnover in 2017.

The Environmental Services Unit also specialises in the integrated handling of industrial and commercial waste, recovery of by-products and soil decontamination, through FCC Ámbito. Its extensive network of handling and valuation facilities means that waste can be handled correctly, thereby assuring the protection of the environment and people's health.

Internationally, considerable growth has been noted in USW and industrial-waste collection in the United States.

The strategy in Spain will focus on staying competitive through quality and innovation, extending the efficiency and quality of services based on innovation and accumulated know-how, and continuing to make progress in providing smarter services for more sustainable and responsible cities.

However, the waste-treatment business will be slowed down by the high volume of investment required and the non-implementation of the National Waste Plan.

This year we will continue to focus on the efficiency of operations and growing our business. In this regard, the inclusion of new technologies will enable us to further consolidate our strength in the markets for waste recycling and valuation in Europe and position ourselves as key players in the circular economy. With regard to the United States, the business will continue to be developed in the years to come.

End-to-end Water Management

Globally, FCC Aqualia serves more than 23 million users and provides services to more than 1,100 municipal districts in 21 countries, offering the market full solutions for the needs of public and private entities and organisations at every stage of the integrated water cycle and for all uses: human, agricultural or industrial.

FCC Aqualia's business focuses on concessions and services, covering concessions for distribution networks, BOT, O&M and irrigation services, as well as technology and network tasks covering EPC contracts and industrial water-treatment activities.

In 2017, the Spanish market accounted for 77% of total turnover and 77.7% of the unit's EBITDA, and the trend for billing volumes to recover that began in 2015 and 2016 has continued. The legal framework in which contracts are undertaken does not lead us to expect any significant risks for the business in the short term. Central and regional governments are not currently calling for tenders for major water-infrastructure concessions, mainly because of the tax-consolidation and debt-reduction process that the authorities are continuing to apply, thus increasing the shortfall in infrastructure renewal and growth. Despite this, we have won new contracts or secured extensions to existing ones for integrated-water-cycle concessions with an extremely high level of loyalty (more than 90%) being shown by the local authorities we work with. Aqualia has also made considerable efforts to extend its presence in the facilities O&M market (WWTPs, DWTPs, desalinisation plants), winning several major contracts in Spain.

The international market achieved a turnover and EBITDA accounting for 23% and 22.3% of the total, respectively. FCC Aqualia focuses its business in Europe, North Africa, the Middle East and the Americas, currently holding contracts in more than 15 countries.

The unit continues to seek to stay competitive in markets with a consolidated local presence (Europe) and make the most of any opportunities that arise with regard to the management of public services for the urban water cycle. In other expansion markets, growth through BOT will be strengthened (North Africa, Latin America and the Middle East), together with O&M, while further options in others will be explored (e.g., United States). FCC Aqualia always makes full use of its experience in the integrated management of the water cycle to seek new business opportunities in countries where the political and social climate is stable.

Construction

This Area is mainly involved in the design and construction of large civil engineering and industrial works and building construction projects. It operates in highly complex public works such as railways, tunnels and bridges, which, with industrial installation and maintenance projects, account for a large part of its activity.

64% of all earnings come from abroad, including the building of major infrastructure projects such as Riyadh Metro lines 4, 5 and 6, Lima Metro line 2, Doha Metro, the Mersey Bridge and Panama Metro line 2, with some still in the early stages of construction. Major contracts won in 2017 include the refurbishment of sections of the Gurasoada–Simeria railway line (sectors 2a, 2b and 3) for €146 million, €154 million and €300 million, respectively.

The unit's strategy focuses on the development and construction of major, technically complex infrastructure projects, with assured funding and in countries with a stable presence, in order to optimise the profitability of the experience and the technical skills of its work teams.

Cement

The FCC Group carries on its cement activity through Cementos Portland Valderrivas (CPV). Its business is devoted to manufacturing cement, which in 2017 accounted for more than 90% of all the business's earnings, with the remainder mostly coming from the concrete, mortar and aggregate businesses. Its business is based at various cement-production sites in Spain (7) and Tunisia (1).

With regard to its geographical diversification, 40% of revenue came from international markets. CPV has a presence in Spain, Tunisia and UK, although the company also exports to the UK, North Africa and various locations in Europe from those three countries.

The company enjoys a position of leadership both in its main market, Spain, and in Tunisia.

CPV's main objective continues to be to remain competitive in terms of both costs and market share in the markets in which it operates, attempting to retain its status as an industry benchmark in all the countries in which it has a presence.

2. BUSINESS PERFORMANCE AND RESULTS

2.1. Business performance

2.1.1. SIGNIFICANT EVENTS

Pablo Colio appointed CEO of FCC

In September, the Board of Directors of FCC, S.A. voted unanimously to appoint Pablo Colio as Group CEO in place of Carlos Jarque, who stepped down as CEO on 12 September and continues as a proprietary director. The current CEO has extensive experience, including 23 years in a range of executive positions in the FCC Group.

FCC Aqualia repurchases 49% of its Czech Republic subsidiary from Mitsui

In November, FCC Aqualia reached an agreement with Mitsui to repurchase a 49% stake in the company that heads its water business in the Czech Republic for €92.5 million, thereby recovering 100% of that business and, indirectly, of its Czech subsidiary, SmVak. The transaction had not been completed at year-end as it was pending approval by the Czech authorities; that approval had been obtained by the date of this report, enabling the transaction to be completed.

FCC Aqualia chosen Water Company of the Year 2017

FCC Aqualia, the company that heads the Water division, was named Water Company of the Year 2017 last December by iAgua magazine. Aqualia was also the winner in five other categories.

FCC Environmental Services division obtains contract for a second recycling plant in the US

In December, the city of Houston, Texas, awarded FCC Environmental Services a contract to design, build and operate a recycling plant. The 15-year contract, with scope for a 5-year extension, represents a backlog of $250 million; the plant will initially be able to process 120,000 tons per year. The deal further expands the company's footprint in the US, where revenues increased by 66.9% in 2017. Additionally, the Dallas plant, which is operational, was named Recycling Facility of the Year by the US National Waste & Recycling Association (NWRA).

Also notable was the entry into service in 2017 of the company's ninth energy-from-waste facility; managed by Mercia Waste Management, which is owned 50% by the FCC Group, the plant processes waste from Worcestershire and Herefordshire (UK).

FCC Construction ends 2017 with 7.2% growth in the overall backlog

At 2017 year-end, the Group's Construction area had an aggregate attributable backlog amounting to €4,935.3 million (€4,299.9 in consolidated terms plus €635.4 million attributable in other contracts not reflected in consolidated revenues). This increase was due notably to: (i) upgrade work on three sections of railway line in Transylvania (Romania), worth €599 million attributable to FCC; the work is to be completed in 36 months and establishes Romania as one of FCC's main markets in this business; and (ii) the adjudication to a consortium headed by Grupo Carso, in which FCC has a 14.3% stake, of a contract to build the terminal building at Mexico City's new international airport; the 44-month contract is worth over €3,900 million in total.

The backlog does not yet reflect the Corredor de las Playas I (Panama) contract, awarded in November to a consortium involving the company that heads the Construction division; the 20-month contract, in which the budget attributable to FCC Construction amounts to $266 million, is to expand a section of the Inter-American Highway.

Successful novation of the bulk of the FCC Group's interest-bearing debt

The novation of the conditions governing FCC, S.A.'s syndicated loan came into force on 8 June 2017; this is a milestone in the process of optimising the Group's finances and had an immediate positive impact on cash flow. The refinancing agreement was completed with the early repayment of €1,069 million of existing borrowings using the funds obtained from two corporate bond issues by FCC Aqualia, S.A. in the international market. The bonds, with nominal amounts of €700 million and €650 million, mature in 2022 and 2027 and pay coupons of 2% on average.

After this partial repayment, the Group's corporate financial net debt was reduced substantially to a balance of €1,283.1 million as of year-end, -44.9% less than at the end of 2016, and its main maturity was extended to five years, while the interest rate on the bulk was linked to Euribor plus a spread of 2.3%, i.e. about 170 basis points less than in the previous structure. This combined deal also substantially reduced the FCC Group's overall funding costs.

2.1.2. EXECUTIVE SUMMARY

- **Net attributable profit amounted to €118 million in 2017, contrasting with the loss of €-161.6 million in 2016**, which included goodwill impairment in the Cement business.

- Consolidated revenues amounted to €5,802 million, -2.5% less than in 2016. This reduction was due entirely to the deconsolidation of Giant (cement business in the US) since 1 November 2016, and to the euro's strength against most of the other currencies in which the Group operates. **Adjusting for both effects, the FCC Group's comparable revenues increased by 1.6% with respect to 2016.**

- Group EBITDA declined slightly, by -2.2%, to €815.4 million, compared with €833.7 million in 2016; however, **adjusting for the aforementioned revenue effects, EBITDA would have increased by +2.7%.** The EBITDA margin was 14.1%, slightly higher than in 2016. EBITDA performance reflected the outcome of the measures to improve efficiency in structural expenses (-16.8% year-on-year), synergies and productivity improvements.

- Net financial expenses declined by -10.9% to €257.7 million in the year, even though the 2016 figure included a positive contribution of €58 million as a result of refinancing transactions. **Excluding this effect, financial expenses declined by 41.2%.**

- **Consolidated net interest-bearing debt was cut by 0.3%** to €3,579.5 million at 31 December 2017, a reduction of €11.4 million.

KEY FIGURES

(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Net sales	5,802.0	5,951.6	-2.5%
EBITDA	815.4	833.7	-2.2%
EBITDA margin	*14.1%*	*14.0%*	*0.1 p.p.*
EBIT	435.9	93.6	N/A
EBIT margin	*7.5%*	*1.6%*	*5.9 p.p.*
Income attributable to equity holders of the parent company	118.0	(161.6)	N/A
Operating cash flow	768.9	1,024.9	-25.0%
Investing cash flow	(150.9)	(94.7)	59.3%
Net equity	938.5	872.9	7.5%
Net financial debt	3,579.5	3,590.9	-0.3%
Backlog	29,377.4	30,589.9	-4.0%

2.1.3. SUMMARY BY BUSINESS AREA

Area	Dec. 17	Dec. 16	Chg. (%)	% of 2017 total	% of 2016 total
(M€)					
REVENUES BY BUSINESS AREA					
Environment	2,736.0	2,728.1	0.3%	47.2%	45.8%
Water	1,025.9	1,009.8	1.6%	17.7%	17.0%
Construction	1,681.5	1,652.6	1.7%	29.0%	27.8%
Cement	340.4	536.2	-36.5%	5.9%	9.0%
Corp. services adjust.	18.2	24.9	-26.9%	0.3%	0.4%
Total	**5,802.0**	**5,951.6**	**-2.5%**	**100.0%**	**100.0%**
REVENUES BY GEOGRAPHIC AREA					
Spain	3,185.2	3,072.5	3.7%	54.9%	51.6%
United Kingdom	755.1	889.2	-15.1%	13.0%	14.9%
Middle East& Africa	653.9	716.2	-8.7%	11.3%	12.0%
Rest of Europe and RoW	463.1	428.4	8.1%	8.0%	7.2%
Latin America	414.5	356.0	16.4%	7.1%	6.0%
Czech Republic	264.4	241.6	9.4%	4.6%	4.1%
US and Canada	65.7	247.7	-73.5%	1.1%	4.2%
Total	**5,802.0**	**5,951.6**	**-2.5%**	**100.0%**	**100.0%**
EBITDA*					
Environment.	425.8	438.7	-2.9%	52.2%	52.6%
Water	241.5	231.4	4.4%	29.6%	27.8%
Construction	70.3	55.0	27.8%	8.6%	6.6%
Cement	57.8	89.2	-35.2%	7.1%	10.7%
Corp. services and adjust.	20.0	19.4	3.1%	2.5%	2.3%
Total	**815.4**	**833.7**	**-2.2%**	**100.0%**	**100.0%**
EBIT					
Environment	203.4	221.8	-8.3%	46.7%	N/A
Water	153.2	144.1	6.3%	35.1%	N/A
Construction	84.8	(47.4)	N/A	19.5%	N/A
Cement	26.1	(120.4)	-121.7%	6.0%	N/A
Corp. services and adjust.	(31.6)	(104.5)	-69.8%	-7.2%	N/A
Total	**435.9**	**93.6**	**N/A**	**100.0%**	**N/A**
NET FINANCIAL DEBT*					
With recourse	1,283.1	2,329.1	-44.9%	35.8%	64.9%
Without recourse					
Environment	374.4	439.0	-14.7%	10.5%	12.2%
Water	1,383.8	246.2	462.1%	38.7%	6.9%
Construction	0.0	0.0	N/A	0.0%	0.0%
Cement	475.6	511.4	-7.0%	13.3%	14.2%
Corporate	62.6	65.2	-4.0%	1.7%	1.8%
Total	**3,579.5**	**3,590.9**	**-0.3%**	**100.0%**	**100.0%**
BACKLOG*					
Environment	10,285.9	11,151.7	-7.8%	35.0%	36.5%
Water	14,791.6	14,955.9	-1.1%	50.4%	48.9%
Construction	4,299.9	4,482.3	-4.1%	14.6%	14.7%
Total	**29,377.4**	**30,589.9**	**-4.0%**	**100.0%**	**100.0%**

** See explanatory note for the definition of the calculation in accordance with ESMA rules (2015/1415en).*
NOTE: The Cement area in 2017 does not include the US business, which was deconsolidated on 1 November 2016

2.1.4. INCOME STATEMENT

(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Net sales	**5,802.0**	**5,951.6**	**-2.5%**
EBITDA	**815.4**	**833.7**	**-2.2%**
EBITDA margin	***14.1%***	***14.0%***	***0.1 p.p.***
Depreciation and amortisation	(370.8)	(404.8)	-8.4%
Other operating income	(8.7)	(335.3)	-97.4%
EBIT	**435.9**	**93.6**	**N/A**
EBIT margin	***7.5%***	***1.6%***	***5.9 p.p.***
Financial income	(257.7)	(289.1)	-10.9%
Other financial results	(28.9)	(22.2)	30.2%
Equity-accounted affiliates	33.9	56.4	-39.9%
Earnings before taxes (EBT) from continuing operations	**183.2**	**(161.2)**	**N/A**
Corporate income tax expense	(59.6)	(35.0)	70.3%
Income from continuing operations	**123.6**	**(196.2)**	**N/A**
Income from discontinued operations	0.0	(7.3)	N/A
Net income	**123.6**	**(203.5)**	**N/A**
Non-controlling interests	(5.5)	41.9	N/A
Income attributable to equity holders of the parent company	**118.0**	**(161.6)**	**N/A**

2.1.4.1.Net sales

The Group's consolidated revenues declined by 2.5% in 2017 to €5,802 million, as a result mainly of deconsolidating the US cement business in November 2016 and, to a lesser extent, of the depreciation of certain currencies against the euro, principally the sterling pound (-6.5% year-on-year). Adjusting for both effects, consolidated revenues would have increased by 1.6%.

The Water business increased revenues steadily during the year (+1.6%) despite the decline in the Technology and Networks area (waterworks design, engineering and equipment) caused by the completion of certain projects and lower activity in certain projects, in the international arena in both cases. There was a slight increase (+0.3%) in revenues in Environmental Services, hampered by the aforementioned negative exchange rate effect in the UK (-€50.6 million in the year), which was partly offset by greater activity by the recycling plants, new contracts in Spain and the US, and increased activity in all Central European markets.

Infrastructure activities include a 1.7% increase in Construction revenues due to expanded activity on projects in Spain and some other countries, including notably Panama and Qatar, while the 36.5% decline in the Cement area is due almost entirely to deconsolidation of Giant in the US. In comparable zones, Cement revenues reflected an improvement in Spain (+9.4%) and a decline in the Tunisian market and in exports to neighbouring countries, plus a deterioration of the Tunisian currency's exchange rate against the euro.

Revenue breakdown, by region			
(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Spain	3,185.2	3,072.5	3.7%
United Kingdom	755.1	889.2	-15.1%
Middle East & Africa	653.9	716.2	-8.7%
Rest of Europe and RoW	463.1	428.4	8.1%
Latin America	414.5	356.0	16.4%
Czech Republic	264.4	241.6	9.4%
US and Canada	65.7	247.7	-73.5%
Total	**5,802.0**	**5,951.6**	**-2.5%**

Revenues increased by 3.7% in Spain to €3,185.2 million, supported by growth in all business areas. In particular, Cement registered a 9.4% increase due to the revival of private sector demand during the year, while Construction expanded by 5%, broadly as a result of more private sector business. Water increased revenues by 3.4%, due to growth in water demand in certain areas, particularly on the coast, and Environmental Services by 2.8% because of the start-up of some contracts and the expansion of others.

Latin America recovered, as revenues increased by 16.4% due to a larger contribution from certain construction projects in Panama, such as Panama City Metro line 2 and a hospital, plus Lima Metro in Peru. In the Water division, the Networks and Technology area completed a number of water projects in Chile and Uruguay.

Revenues increased by 9.4% in the Czech Republic, with particularly good performance by Environmental Services, supported by large volumes of waste processing and certain special winter work contracts, accompanied by a higher contribution from the Water business.

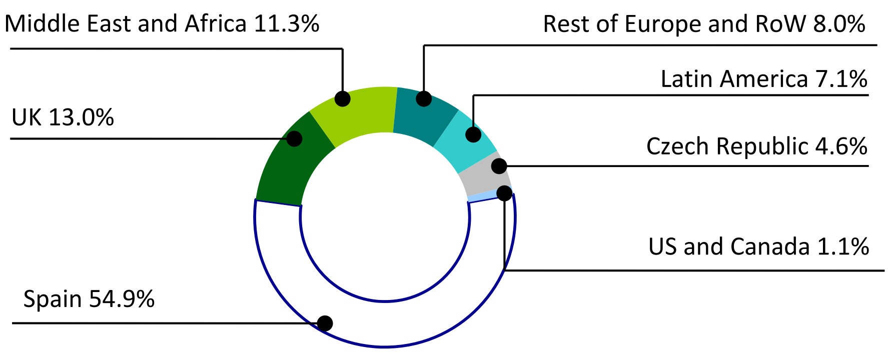
Revenues increased by 8.1% in the Rest of Europe and the Rest of the World (RoW), headed by good Environmental Services performance in Central Europe, where consolidated revenues surged 13% due to expanded activity in all the countries where the Group operates.

In the UK, revenues declined by 15.1% due basically to the exchange rate effect, as sterling depreciated by 6.5% with respect to 2016. The decline was also due, to a lesser extent, to the reduction in landfill tax receipts collected for local authorities, partly offset by a higher revenue contribution from operating energy-from-waste plants. The Construction division completed construction of the Mersey Gateway Bridge in the second half of the year.

Revenues in the Middle East and Africa declined by 8.7% as a result of shrinkage in domestic sales by the Cement business in Tunisia and the steady depreciation of the Tunisian dinar against the euro, plus a reduction in exports to neighbouring countries. Additionally, the Construction area booked an adjustment to the degree of progress with the Riyadh Metro project.

In the United States and Canada, revenues declined 73.5% as a result of deconsolidating the parent company of the Cement business in that region in November 2016. Excluding that business, revenues in that region increased by 6.5% in like-for-like terms as a result of the entry into service of a number of waste collection and treatment contracts (Florida and Texas, respectively) in the Environmental Services area, which offset the slower progress by Construction given the advanced state of the projects in the region.

% Revenues by region



2.1.4.2.EBITDA

EBITDA amounted to €815.4 million in 2017, a 2.2% decline year-on-year due to the effects discussed earlier in the context of revenues; adjusting for them, EBITDA would have increased by +2.7%. The consolidated EBITDA margin increased to 14.1% due to higher operating profitability, synergies and a reduction in the Group's overall structural and administration expenses (-16.8%).

EBITDA performance by business area was as follows:

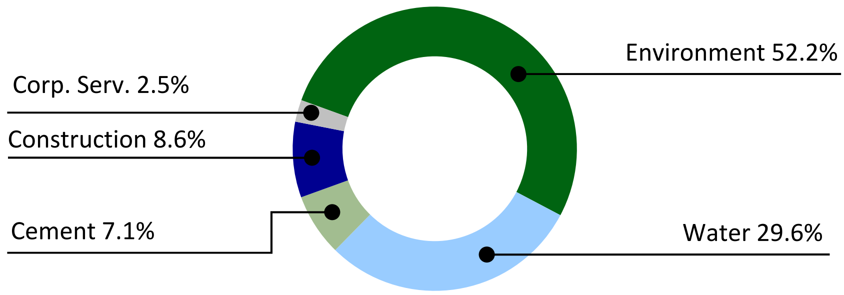
Environmental Services achieved €425.8 million in EBITDA, a 2.9% decline year-on-year. This reduction was due mainly to the exchange rate effect (pound sterling and Egyptian pound), which had an €8.8 million combined impact, and of the baseline effect of certain one-off items in 2016 (default interest and the Spanish tax on retail sale of hydrocarbons) plus other factors such as the increase in fuel costs.

The Water area reported €241.5 million in EBITDA, 4.4% more than in 2016, supported by higher returns in the concessions. The latter, plus the lower contribution by technology and networks, boosted the margin to 23.5% in the full year.

EBITDA in the Construction area amounted to €70.3 million, 27.8% more than in 2016, and the EBITDA margin improved to 4.2% in the year, a considerable increase on the 3.3% margin in 2016. This substantial improvement is also attributable to a sharp reduction in structural expenses achieved through the adjustments implemented last year.

The main impact in Cement was the deconsolidation on 1 November 2016 of the Cement business in the US; that business ceased to contribute to revenues and is now equity-accounted. This area's EBITDA declined by 35.2% to €57.8 million, as a result mainly of the elimination of the US contribution and, to a lesser extent, of operating performance in Tunisia, where sales declined and the Tunisian dinar depreciated sharply (-12.8%).

% EBITDA by Business Area



As a result of that performance by the Group's utilities areas, Environmental Services and Water accounted for 81.8% of Group EBITDA in 2017, compared with 18.2% from infrastructure construction, building and other lesser activities.

2.1.4.3. EBIT

EBIT amounted to €435.9 million, a sharp contrast with the €93.6 million in 2016. The difference between years is due mainly to the baseline effect attributable to the impairment of Cement area goodwill in the amount of €299.9 million that was recognised in September 2016. The increase in this item was also supported by an 8.4% decline in depreciation and amortisation due both to the deconsolidation in the Cement area and to the lower use of property, plant and equipment associated with Construction projects. This year's figures also include a €13.3 million extraordinary expense item due to the adjustment on the sale of industrial assets in the US in 2014.

2.1.4.4. Earnings before taxes (EBT) from continuing operations

Earnings before taxes from continuing operations amounted to €183.2 million. due to EBIT performance and the effect of the following items:

2.1.4.4.1.Financial income

Net financial expenses declined by 10.9% year-on-year to €257.7 million in 2017. It is important to note that the financial result in 2016 included the positive impact of reducing the Tranche B debt by €58 million through a Dutch auction in April 2016. But for this effect, financial expenses would have declined by -41.2% year-on-year. The adjusted reduction is due to the progressive impact of measures to optimise the funding structure and its associated interest expenses. The positive effects of the financial optimisation measures, particularly the novation of the parent company's syndicated loan and the bonds issued by FCC Aqualia in June, will become visible progressively in the coming years.

2.1.4.4.2.Other financial results

This item amounted to €-28.9 million, contrasting with €-22.2 million in 2016. The main components of this item in 2017 were the significant exchange losses (€-47.3 million) and the positive impact (€16 million) of the outcome of arbitration in connection with the 2013 sale of Proactiva.

2.1.4.4.3. Equity-accounted affiliates

Companies carried by the equity method contributed €33.9 million to earnings in 2017, as a result of the positive ordinary contribution by affiliates, mainly in the Water, Environmental Services and transport concession businesses, offset by losses in the Cement business in the US (Giant Cement). This contrasts with the €56.4 million recognised in 2016, which included the haircut agreed upon with Realia's lenders, which enabled that affiliate to contribute €31.5 million, and €16.4 million in dividends from a holding in a renewable energy company.

2.1.4.5. Income attributable to the parent company

Net attributable income in 2017 amounted to €118 million, contrasting sharply with the €-161.6 million in losses booked in 2016, and was due to the items referred to above plus the following factors:

2.1.4.5.1. Income tax

The corporate income tax expense amounted to €59.6 million, contrasting with €35 million last year.

2.1.4.5.2. Income from discontinued operations

Discontinued operations contributed zero in 2017, contrasting with a loss of €-7.3 million in 2016, corresponding to the impact of the sale of GVI at the beginning of that year (mainly because of the cancellation of the related financial instruments).

2.1.4.5.3. Non-controlling interests

Non-controlling interests were attributed a profit of €5.5 million in 2017, concentrated in the Water division, contrasting with a loss of €-41.9 million in 2016. This sharp year-on-year difference is due to the aforementioned effect of non-controlling interests' share in the goodwill impairment recognised in the Cement area in 2016.

2.1.5. BALANCE SHEET

(M€)	**Dec. 17**	**Dec. 16**	**Change (M€)**
Intangible assets	2,485.2	2,536.3	(51.1)
Property, plant and equipment	2,459.0	2,534.6	(75.6)
Equity-accounted affiliates	650.6	669.0	(18.4)
Non-current financial assets	328.4	322.3	6.1
Deferred tax assets and other non-current assets	837.4	946.6	(109.2)
Non-current assets	**6,760.8**	**7,008.7**	**(247.9)**
Non-current assets available for sale	41.4	14.9	26.5
Inventories	569.6	581.6	(12.0)
Trade and other accounts receivable	1,798.3	1,754.7	43.6
Other current financial assets	158.6	263.7	(105.1)
Cash and cash equivalents	1,238.3	1,146.1	92.2
Current assets	**3,806.2**	**3,761.1**	**45.1**
TOTAL ASSETS	**10,566.9**	**10,769.8**	**(202.9)**
Equity attributable to equity holders of parent company	863.9	797.5	66.4
Non-controlling interests	74.6	75.4	(0.8)
Net equity	**938.5**	**872.9**	**65.6**
Grants	215.4	225.5	(10.1)
Non-current provisions	1,141.0	1,175.6	(34.6)
Long-term interest-bearing debt	4,224.6	4,590.1	(365.5)
Other non-current financial liabilities	55.0	69.2	(14.2)
Deferred tax liabilities and other non-current liabilities	476.8	535.3	(58.5)
Non-current liabilities	**6,112.7**	**6,595.6**	**(482.9)**
Liabilities linked to non-current assets available for sale	14.2	14.9	(0.7)
Non-current provisions	165.8	202.9	(37.1)
Short-term interest-bearing debt	751.7	474.9	276.8
Other current financial liabilities	75.8	82.3	(6.5)
Trade and other accounts payable	2,508.1	2,526.3	(18.2)
Current liabilities	**3,515.7**	**3,301.3**	**214.4**
TOTAL LIABILITIES	**10,566.9**	**10,769.8**	**(202.9)**

2.1.5.1. Equity-accounted affiliates

The investment in equity-accounted companies (€650.6 million) comprised the following at 31 December 2017:

1) €209.4 million for the 36.9% stake in Realia.
2) €71.8 million for investments in companies in the Water area, mainly service concession companies in other countries (North Africa and Mexico).
3) €82 million for holdings in companies in the Environmental Services area (recycling and municipal services, mainly in Spain and the UK).
4) €33.7 million for the 44.6% stake in Giant Cement Holding, the parent company of the Cement division in the US, which has been equity-accounted since November 2016, whereas it was previously fully consolidated, and €22.2 million for other companies in which the Cement area's parent company has a stake.
5) €253.7 million for other holdings (mainly transport infrastructure concessions and renewable energy companies) and loans to affiliated companies.

2.1.5.2. Non-current assets and liabilities available for sale

The entire €41.4 million balance of non-current assets available for sale at year-end corresponds to the residual business of Cemusa in Portugal and the value of the holding in the Cedinsa subgroup (an additional €27.1 million). Those assets have associated liabilities in connection with Cemusa for the same amount: €14.2 million.

2.1.5.3. Cash and cash equivalents

Cash and cash equivalents amounted to €1,238.3 million at the end of the period, 8% more than the balance at 2016 year-end; the increase was concentrated in the fourth quarter and was due to the reduction in working capital, contrasting with the trend that is normally observed in the first half every year.

2.1.5.4. Net equity

At the end of December 2017, equity amounted to €938.5 million, including an 8.3% increase attributable to the Group parent company as a result of earnings in the period.

2.1.5.5. Net interest-bearing debt

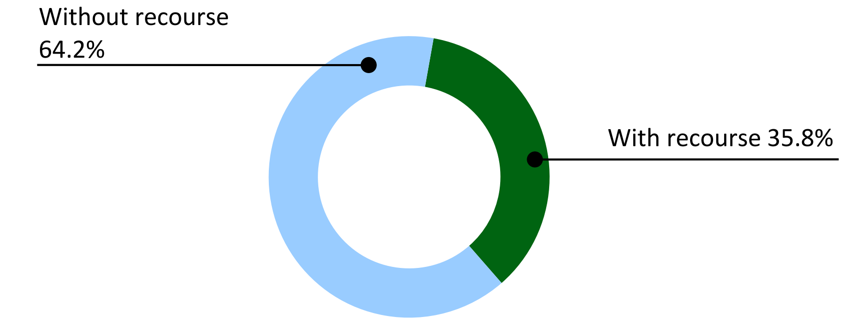
(M€)	**Dec. 17**	**Dec. 16**	**Change (M€)**
Bank borrowings	3,157.2	4,536.1	(1,378.9)
Debt instruments and other loans	1,609.2	232.4	1,376.8
Accounts payable due to financial leases	59.8	49.4	10.4
Derivatives and other financial liabilities	150.1	183.1	(33.0)
Gross interest-bearing debt	**4,976.3**	**5,001.1**	**(24.8)**
Cash and other current financial assets	(1,396.8)	(1,410.1)	13.3
Net interest-bearing debt	**3,579.5**	**3,590.9**	**(11.4)**
With recourse	*1,283.1*	*2,329.1*	*(1,046.0)*
Without recourse	*2,296.4*	*1,261.8*	*1,034.6*

At the end of December 2017, net interest-bearing debt amounted to €3,579.5 million, €11.4 million less than at 2016 year-end (-0.3%). That reduction is attributable to a €33.1 million reduction in working capital and to the investment of €56.1 million in the first quarter of 2017 to buy out most of the minority shareholders in

the Cement area, plus €54 million invested in development of a waste-to-energy plant in the Environmental Services business in the UK, which is still under construction.

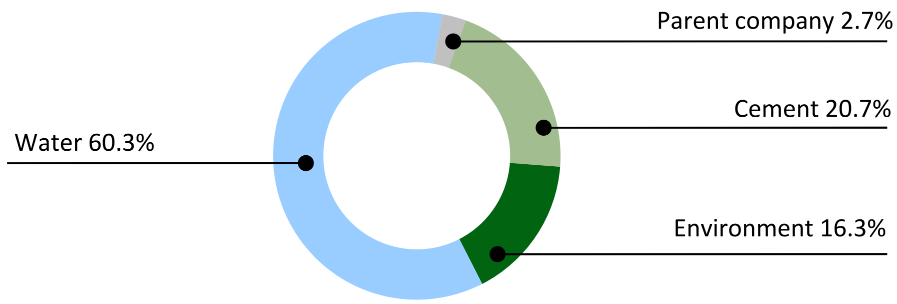
Gross interest-bearing debt also declined slightly, by 0.5% to €4,976.3 million.

Debt with and without recourse



Net financial debt is divided between corporate debt (35.8%) and debt without recourse (64.2%). Net debt with recourse includes mainly legacy debt from the acquisition of a number of operating companies in the various divisions (excluding Cement) which is structured mostly as a syndicated loan at parent company level. The sizeable 44.9% year-on-year reduction in this item is due to the early partial repayment of €1,069 million using funds from the FCC Aqualia bond issue in June.

Net debt without recourse, by area



Net interest-bearing debt without recourse to the Group parent company amounted to €2,296.4 million at year-end and included the two FCC Aqualia bonds totalling €1,350 million that were issued in the international capital markets in June. As a result, Water is now the division with the largest amount of non-recourse net debt (€1,383.8 million), which includes not only the aforementioned two bonds but also €189.4 million attributable to the business in the Czech Republic and the remainder to end-to-end water concessions, principally in Spain. The Cement area accounts for €475.6 million, while Environmental Services accounts for €374.4 million (€299.3 million in connection with UK activities, €53.8 million related to Central Europe, and the remainder to other waste treatment and recycling plants in Spain and Portugal). The €62.6 million at parent company level are the project debt of the Coatzacoalcos tunnel concession company in Mexico and of the Conquense highway and Tema concession companies, both in Spain.

2.1.5.6. Other current and non-current financial liabilities

The balance of other current and non-current financial liabilities, which are not classified as interest-bearing debt, amounted to €130.8 million at year-end and includes financial liabilities such as those linked to hedging derivatives, suppliers of property, plant and equipment, and deposits and guarantees received.

2.1.6. CASH FLOW

(M€)	Dec. 17	Dec. 16	Chg. (%)
EBITDA	815.4	833.7	-2.2%
(Increase)/decrease in working capital	31.1	331.4	-90.6%
Income tax (paid)/received	(83.7)	(48.6)	72.2%
Other operating cash flow	6.1	(91.6)	N/A
Operating cash flow	**768.9**	**1,024.9**	**-25.0%**
Investment payments	(333.1)	(448.6)	-25.7%
Divestment receipts	173.6	294.2	-41.0%
Other investing cash flow	8.6	59.7	-85.6%
Investing cash flow	**(150.9)**	**(94.7)**	**59.3%**
Interest paid	(185.6)	(316.3)	-41.3%
(Payment)/receipt of financial liabilities	(244.8)	(1,452.7)	-83.1%
Other financing cash flow	(43.3)	677.7	N/A
Financing cash flow	**(473.7)**	**(1,091.3)**	**-56.6%**
Exchange differences, change in consolidation scope, etc.	(52.1)	(38.3)	36.0%
Increase/(decrease) in cash and cash equivalents	**92.2**	**(199.4)**	**N/A**

2.1.6.1. Operating cash flow

In 2017 as a whole, operating cash flow amounted to €768.9 million, i.e. €256 million less than in 2016 despite a substantial improvement in cash conversion, due entirely to lower working capital (€-300.3 million).
This sizeable difference in working capital performance in 2017 is due to the variation between years in the volume of receivables sold without recourse. Whereas this balance increased by €283.5 million in 2016, it declined by €100.5 million in 2017. Consequently, excluding variations in the sale of receivables between years, working finance needs improved in 2017 with respect to 2016 as a result of the sustained efforts to improve the Group's cash conversion ratio.

(M€)	Dec. 17	Dec. 16	Change (M€)
Environment	(7.0)	326.2	(333.2)
Water	43.7	21.6	22.1
Construction	(0.3)	41.0	(41.3)
Cement	4.4	(10.4)	14.8
Corporate services and adjustments	(9.7)	(47.0)	37.3
(Increase)/decrease in working capital	**31.1**	**331.4**	**(300.3)**

Environmental Services accounted for the bulk of the year-on-year variation in working capital, basically because of the aforementioned variation in sales of receivables, with a positive baseline effect in 2016 due to receipt of an advance upon delivery of the Buckinghamshire incinerator plant in the UK.

Other operating cash flow refers mainly to cash arising from a €6.1 million variation in provisions in all business areas, contrasting with €91.6 million applied in 2016, basically because of lower provisioning needs (concentrated in the Construction area).

2.1.6.2. Investing cash flow

Investing cash flow totalled €150.9 million in 2017, compared with €94.7 million in 2016.

Investment payments amounted to €333.1 million, concentrated in the Environmental Services area (€210.1 million, including €54 million invested in developing an energy-from-waste plant in the UK). The year-on-year reduction is due to containment of capital spending in the more capital-intensive business areas (i.e. Water and Environmental Services) coupled with lower needs in Construction, plus the payments for equity issues by Realia, which were subscribed for by FCC in the amount of €87.3 million, in line with its 36.9% stake.
Divestment receipts declined to €173.6 million, from €294.2 million in 2016. Some of the main items in 2017 were in Corporate Services, i.e. receipt of the second payment for the sale of GVI, amounting to €106.4 million, and the sale of the company's 3.4% stake in Xfera for €29.1 million.

The breakdown of net investments by area, in terms of net investment payments and divestment receipts, is as follows:

(M€)	**Dec. 17**	**Dec. 16**	**Change (M€)**
Environment	(201.8)	(150.9)	(50.9)
Water	(67.1)	(55.0)	(12.1)
Construction	(10.7)	(22.7)	12
Cement	2.2	0.9	1.3
Corporate services and adjustments	117.9	73.3	44.6
Net investments *(Payments - Receipts)*	**(159.5)**	**(154.4)**	**(5.1)**

Other investing cash flows refer to the financial interest received plus other changes in loans to third parties and investees, mainly in the Water and Construction divisions.

2.1.6.3. Financing cash flow

Consolidated financing cash flow amounted to €473.7 million in the period, compared with €1,091.3 million the previous year. The (payment)/receipt of financial liabilities item reflects the net effect of early repayment of a material amount of the Group parent company's syndicated loan using funds from the two bonds issued by FCC Aqualia in June, which amounted to a combined €1,350 million; last year, this item reflected debt repayment using funds from the capital increase performed in the first quarter of 2016.

Interest payments were reduced by 41.3% year-on-year to €185.6 million; this item continues to decline as a result of successive funding optimisation measures, particularly those completed in June by the parent company and the Water area, whose impact will be more evident at full financial year.

Payment/receipt of financial liabilities includes an outflow of €56.1 million in February 2017 to settle FCC's delisting bid for Cementos Portland Valderrivas, in which it increased its effective stake to 99.04% at 31 December 2017.

2.1.6.4. Exchange differences, change in consolidation scope, etc.

This item reflects a negative variation of €52.1 million in 2017, compared with a negative €38.3 million variation in 2016. The negative trend is attributable to the effect of exchange rate fluctuations on the Group's cash balance due to the euro's appreciation, which were concentrated in the Construction area.

2.1.6.5. Variation in cash and cash equivalents

Combining the various cash flows, the Group's cash position increased by €92.2 million with respect to 2016 year-end, to €1,238.3 million at 31 December 2017.

2.1.7. BUSINESS PERFORMANCE

2.1.7.1. Environment

The Environmental Services area accounted for 52.2% of Group EBITDA. The bulk of its activities (95% in 2017) involve municipal solid waste collection, treatment and disposal, along with other municipal services such as street cleaning and green area upkeep. The other 5% corresponds to industrial waste collection and management.

FCC's business in Spain focuses on municipal waste management and street cleaning; in the UK, it is involved principally in municipal waste treatment, recovery and disposal; in Central and Eastern Europe, mainly Austria and the Czech Republic, FCC has a balanced presence throughout the waste management chain (collection, processing and disposal).In Portugal and other countries, such as the US, FCC is involved in both industrial and (principally) municipal waste management.

2.1.7.1.1. Results

(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Revenues	2,736.0	2,728.1	0.3%
Environment	*2,598.8*	*2,598.7*	*0.0%*
Industrial Waste	*137.2*	*129.4*	*6.0%*
EBITDA	425.8	438.7	-2.9%
EBITDA margin	15.6%	16.1%	*-0.5 p.p.*
EBIT	203.4	221.8	-8.3%
EBIT margin	7.4%	8.1%	*-0.7 p.p.*

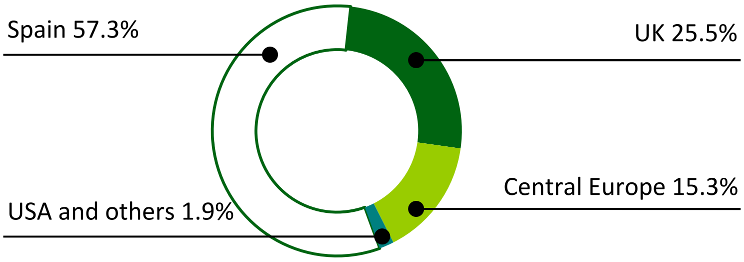
The Environmental Services area achieved €2,736 million in revenues in the year, 0.3% more than in 2016. This limited increase is broadly attributable to the depreciation of the pound sterling and the Egyptian pound; adjusting for the currency effect, this area's revenues would have increased by 2.2%.

Revenue breakdown, by region			
(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Spain	1,568.5	1,526.0	2.8%
United Kingdom	698.3	776.0	-10.0%
Central Europe	418.6	381.6	9.7%
USA and others	50.6	44.5	13.7%
Total	**2,736.0**	**2,728.1**	**0.3%**

Revenues in Spain increased by 2.8% year-on-year to €1,568.5 million, favoured by contract renewals and extensions obtained in previous periods. Revenues in the UK fell 10% to €698.3 million, as a result mainly of sterling's depreciation (-6.5%) and, to a lesser extent, of the smaller contribution from landfill levies in the landfill business and the development of waste treatment plants for operation. At constant exchange rates and excluding the aforementioned factors, revenues in the UK would have increased by 3.6% in 2017.

Revenues in Central Europe increased by 9.7% to €418.6 million, mainly due to a larger volume of winter business in the Czech Republic and a general increase in activity in the other countries in the region, including notably Austria and Romania. Revenues in the USA and other markets increased by 13.7% due to the steadily rising contribution from new waste management contracts that have become operational in Texas and Florida, which offset the negative effect of the Egyptian pound's 48.9% depreciation year-on-year.

Revenue breakdown, by region



EBITDA amounted to €425.8 million, a 2.9% reduction year-on-year, due broadly to sterling's depreciation (equivalent to €8.8 million) and to other lesser effects such as the baseline effect of a number of extraordinary items booked in 2016 (default interest and the Spanish tax on the retail sale of hydrocarbons) plus higher energy costs.

EBIT declined by 8.3% year-on-year to €203.4 million due to the aforementioned EBITDA performance and a number of extraordinary expenses, including notably €13.3 million for settling a claim in connection with the sale of industrial waste management assets in the US in 2014.

Backlog breakdown, by region

(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Spain	6,129.9	6,663.9	-8.0%
International	4,156.0	4,487.8	-7.4%
Total	**10,285.9**	**11,151.7**	**-7.8%**

This area's backlog declined by 7.8% year-on-year to €10,285.9 million due broadly to delays in the award of certain contracts in Spain coupled with the negative impact of depreciation by the pound sterling and the US dollar. The total backlog amounts to close to 4 times revenues in the last twelve months.

2.1.7.1.2. Financial debt

(M€)	**Dec. 17**	**Dec. 16**	**Change (M€)**
Without recourse	374.4	439.0	(64.6)

The area's net interest-bearing debt without recourse declined by €64.6 million in the year.Of that amount, €299.3 million relate to the UK, €53.8 million to Central Europe, and the remaining €21.3 million to two waste treatment and recycling plants in Spain.

2.1.7.2. End-to-End Water Management

The Water area accounted for 29.6% of FCC Group EBITDA in the year. Public concessions and end-to-end water management (capture, potabilisation, distribution and sanitation) account for 90% of total revenues, and Technology and Networks (water infrastructure design, engineering and equipment) account for the other 10%.

This area serves more than 13 million people in over 850 municipalities in Spain. In Central Europe, it serves 1.3 million users, mainly in the Czech Republic. It also has a strong presence in Italy and Portugal. FCC designs, equips and operates water treatment plants in Latin America, the Middle East and Africa. Overall, the Water division supplies water and/or sewage treatment services to over 23.6 million people.

2.1.7.2.1. Earnings

(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Revenues	1,025.9	1,009.8	1.6%
Concessions and services	*923.8*	*904.3*	2.2%
Technology and networks	*102.1*	*105.5*	-3.2%
EBITDA	241.5	231.4	4.4%
EBITDA margin	*23.5%*	*22.9%*	*0.6 p.p.*
EBIT	153.2	144.1	6.3%
EBIT margin	*14.9%*	*14.3%*	*0.7 p.p.*

This area's revenues amounted to €1,025.9 million, a 1.6% increase on 2016, due to the increase in revenues from concessions and services in a range of markets, principally Spain. This effect was partly offset by a reduction in the technology and networks business in the international arena.

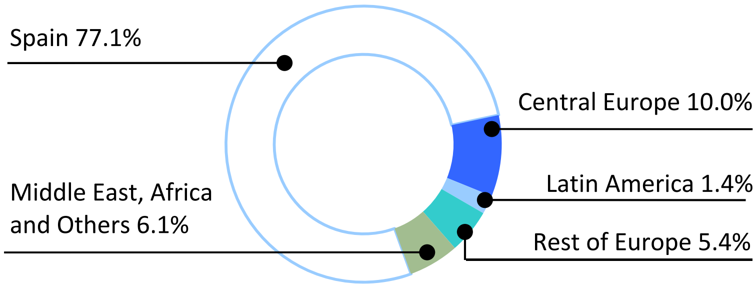
Revenue breakdown, by region

(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Spain	790.9	764.8	3.4%
Central Europe	103.0	93.2	10.5%
Latin America	14.5	31.7	-54.3%
Rest of Europe (Portugal and Italy)	55.8	54.4	2.6%
Middle East, Africa and Others	61.7	65.7	-6.1%
Total	**1,025.9**	**1,009.8**	**1.6%**

Revenues in Spain increased by 3.4%, basically as a result of growth in the concession business, which achieved a higher volume of billing, and the contribution by new contracts.

On the international front, revenues declined in Latin America as a result of a slower pace of project execution since several technology and network contracts, basically in Chile and Uruguay, entered the final phase or were concluded. In this respect, a number of new contacts obtained in this region in 2017 should change this trend as they are implemented.
Revenues increased by 2.6% in Portugal and Italy, but shrank by 6.1% in the Middle East and Africa due broadly to the progressive completion of ancillary works on Riyadh Metro.

Revenue breakdown, by region



EBITDA increased by 4.4% year-on-year, to €241.5 million, favoured by the increase in the EBITDA margin to 23.5% (from 22.9%). That performance was driven fundamentally by the increase in the contribution by the concession business, whose margins are higher than those of technology and networks, and by the aforementioned increase in consumption, which increases profitability.

Backlog breakdown, by region

(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Spain	8,274.9	8,753.0	-5.5%
International	6,516.7	6,202.9	5.1%
Total	**14,791.6**	**14,955.9**	**-1.1%**

The backlog declined by 1.1% with respect to 2016 year-end, to €14,791.6 million, as a result of a contraction of the domestic backlog (due broadly to a lower number of public tenders and renewals), which was offset to a great extent by growth in the international backlog. The area's backlog is close to 14 times the last year's revenues.

2.1.7.2.2. Financial debt

(M€)	**Dec. 17**	**Dec. 16**	**Change (M€)**
Without recourse	1,383.8	246.2	1,137.6

Net interest-bearing debt, all of which is without recourse to the Group parent company, increased sharply with respect to 2016 year-end, to €1,383.8 million. This strong increase is due to the issuance on 8 June of two bonds by the area's parent company, at 5 and 10 years, for a combined €1,350 million, With these new funds raised in the market, all the area's funding is without recourse to the Group parent company and is free-standing. The bond issue also made it possible to adapt the long-term capital structure in line with the area's nature and cash flow.
In addition to those bonds, the area's net debt at the end of the year also included €189.4 million related to the business in the Czech Republic, and €60.5 million is connected to an end-to-end water concession in Spain (Aquajerez).

2.1.7.3. Construction

The Construction area contributed 8.6% of FCC Group EBITDA in 2017. It is mainly involved in the design and construction of large civil engineering projects and, to a lesser extent, landmark buildings and industrial works in certain geographies. In particular, it undertakes highly complex public works such as railways, tunnels and bridges, which account for the bulk of its activity.

(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Revenues	1,681.5	1,652.6	1.7%
EBITDA	70.3	55.0	27.8%
EBITDA margin	*4.2%*	*3.3%*	*0.9 p.p.*
EBIT	84.8	(47.4)	N/A
EBIT margin	*5.0%*	*-2.9%*	*7.9 p.p.*

This area's revenues increased by 1.7% to €1,681.5 million due to improved business in the domestic market, while international revenues were in line with the previous year.

Revenue breakdown, by region

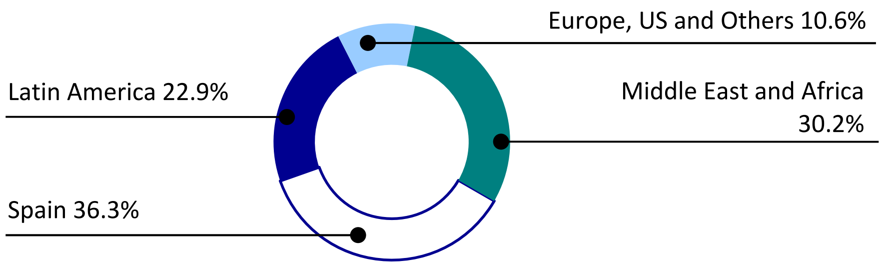
(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Spain	609.6	580.8	5.0%
Middle East and Africa	507.9	534.3	-4.9%
Latin America	384.8	295.5	30.2%
Europe, US, etc.	179.2	242.0	-26.0%
Total	**1,681.5**	**1,652.6**	**1.7%**

Revenues in Spain increased by 5% due broadly to greater progress with projects for private sector customers, which amply offset the persisting adverse situation of scant activity and low public investment in infrastructure.

Revenues in the Middle East and Africa fell by 4.9% due to a readjustment of the degree of progress with the Riyadh Metro project in Saudi Arabia. That decline was amply offset by 30.2% year-on-year growth in revenues in Latin America, attributable mainly to the larger contribution by Panama City Metro Line 2 and, to a lesser extent, by Lima Metro Line 2 (Peru).

Revenues in Europe, the US and other markets declined by 26% due to the smaller contribution from projects that have been completed or are nearing completion in the UK, Finland and the US, which were not fully offset by new projects in other markets, including notably the project to upgrade aircraft fuelling facilities at Dublin airport (Ireland) and railway projects obtained in Romania during 2017.

Revenue breakdown, by region



EBITDA amounted to €70.3 million, significantly higher than the €55 million registered in 2016, which included recognition of losses on certain international projects and of provisions for taxes. This substantial improvement was also supported by a sharp reduction in structural expenses achieved through the adjustments implemented the previous year.

EBIT amounted to €84.8 million in 2017, including €40 million profit on the sale of real estate subsidiary FCyC to the Group parent company in the first quarter, an internal transaction that has no impact on the FCC Group's consolidated results. The €47.4 million loss booked in 2016 included a €53.4 million provision to adjust production resources to the lower demand for infrastructure investment in Spain. But for those two effects, EBIT would have increased by €38.8 million year-on-year.

Backlog breakdown, by region

(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Spain	998.2	1,038.7	-3.9%
International	3,301.7	3,443.6	-4.1%
Total	**4,299.9**	**4,482.3**	**-4.1%**

The area's backlog increased by 4.1% in the year, to €4,299.9 million. The backlog in Spain shrank by 3.9% due to persisting low government expenditure on infrastructure. The trend in the international area was similar, as the backlog declined by 4.1% year-on-year, while the company applied a more selective approach, focused on profitability, when seeking and implementing projects. Nevertheless, the backlog at year-end amounted to 2.5 times the previous year's revenues.

Backlog breakdown, by business segment

(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Civil engineering	3,366.7	3,467.2	-2.9%
Building	574.6	654.9	-12.3%
Industrial projects	358.7	360.2	-0.4%
Total	**4,299.9**	**4,482.3**	**-4.1%**

Civil engineering work accounts for 78.3% of the total backlog and building for 13.3% (a sharper decline with respect to last year because of the conclusion of certain landmark projects in Spain); industrial contracts account for the remaining 8.4%.

2.1.7.4. Cement

The Cement area accounted for 7.1% of FCC Group EBITDA in 2017, through Cementos Portland Valderrivas (CPV), in which the FCC Group parent company has a 99.04% effective stake. This area produces mainly cement; it has seven factories in Spain and one in Tunisia, as well as a 44.6% stake in Giant Cement, which has three cement factories on the Eastern Seaboard of the United States.

2.1.7.4.1. Results

(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Revenues	340.4	536.2	-36.5%
Cement	309.6	480.1	*-35.5%*
Other	*30.8*	*56.1*	*-45.1%*
EBITDA	57.8	89.2	-35.2%
EBITDA margin	*17.0%*	*16.6%*	*0.3 p.p.*
EBIT	26.1	(120.4)	-121.7%
EBIT margin	*7.7%*	*-22.5%*	*30.1 p.p.*

This area's revenues declined by 36.5% year-on-year to €340.4 million, mainly as a result of deconsolidating the US subsidiary, Giant Cement, as of 1 November 2016 and, to a lesser extent, of the depreciation of the Tunisian dinar.

Revenue breakdown, by region

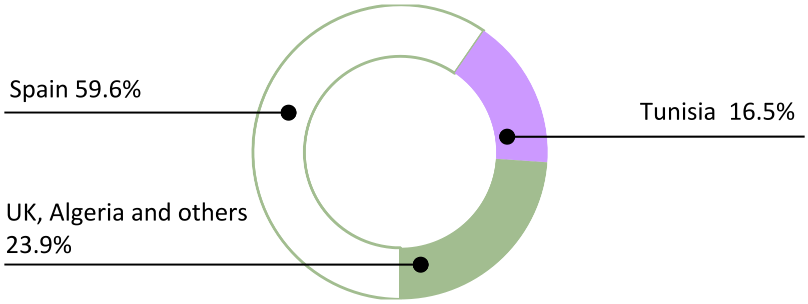
(M€)	**Dec. 17**	**Dec. 16**	**Chg. (%)**
Spain	202.9	185.5	9.4%
US and Canada	1.9	186.1	-99.0%
Tunisia	56.3	68.7	-18.0%
UK and others	79.3	95.9	-17.3%
Total	**340.4**	**536.2**	**-36.5%**

Revenues in Spain increased by 9.4% due to growth in demand volume and a slight improvement in selling prices, all driven by strong domestic demand for construction, which was concentrated in the private sector.

Revenues in Tunisia declined by 18% because of a combination of 12.8% year-on-year depreciation by the Tunisian dinar and a decline in volumes of both domestic sales and exports to Algeria.

Revenues from exports to the UK and other markets declined by 17.3% due to the sharp reduction in exports to certain countries in Africa. Hardly any revenues were recognised in the US or Canada in the period since the business in that region was deconsolidated in November 2016, as described in the preceding section.

Revenue breakdown, by region



EBITDA fell by 35.2% to €57.8 million, from €89.2 million the previous year. This difference is mainly due to the lack of a contribution from the US in 2017 and, to a lesser extent, to the aforementioned effects on revenues in Tunisia.

EBIT improved to €26.1 million despite lower EBITDA, contrasting with €-120.4 million in 2016. This change in performance is due to the €187.2 million impairment of goodwill recognised in 2016.

2.1.7.4.2. Financial debt

(M€)	**Dec. 17**	**Dec. 16**	**Change (M€)**
Without recourse	475.6	511.4	(35.8)

The area's net interest-bearing debt, which is entirely without recourse to the FCC Group parent company, consists mainly of a €419.7 million syndicated loan. The €35.8 million decline with respect to 2016 year-end is attributable mainly to the repayment of €36 million of that funding in 2017.

Explanatory note

EBITDA

We define EBITDA as earnings from continuing operations before income tax, results of companies accounted for using the equity method, financial result, depreciation and amortization charges, impairment, gains or losses on disposals of non-current assets, grants, net changes in provisions and other non-recurring revenues and expenses.

Backlog

The FCC Group uses backlog as a non-IFRS measure to track performance in certain of our businesses. We calculate the backlog for our Environmental Services, Water and Construction Business Areas because these businesses are characterised by medium- and long-term contracts. Because of its typically short-term purchase cycle, we do not calculate backlog for our Cement Business Area.

As at any given date, our backlog reflects pending production, that is, amounts under contracts or customer orders, net of taxes on production, less any amounts under those contracts or orders that have already been recognised as revenue. We value pending production according to the expected number of units at current prices as at the date of calculation. We include in backlog only amounts to which customers are obligated by a signed contract or firm customer order.

In the Environmental Services area, we recognize the backlog for our waste management contracts only when the relevant contract grants us exclusivity in the geographical area where the plant, landfill or other facility is located.

In our Water Business Area, we calculate initial backlog on the basis of the same long-term volume estimates that serve as the basis for our contracts with customers and for the tariffs set in those contracts.

In our Construction Business Area, we recognize the backlog only when we have a signed contract with, or a firm order from, the end customer.

Once we have included a contract in our backlog, the value of pending production under that contract remains in backlog until fulfilled or cancelled. However, we do adjust the values of orders in the backlog as needed to reflect price and schedule changes that are agreed with customers. For example, after the date of calculation, a price may increase or decrease as a result of changes in contractual production due to additional works to be performed. Due to a number of possible factors, we could fail to realize as revenue part or all of our calculated backlog with respect to a given contract or order. Our backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.

NET FINANCIAL DEBT

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other current financial assets.

2.2. Business performance Environment

The information relating to the FCC Group's Environmental Policy is described in greater detail in Note 29 to the consolidated financial statements.

The FCC Group's strategy is based on a commitment to social responsibility in relation to environmental services, complying with the applicable legal requirements, respect for its relationship with its stakeholders and its desire to generate wealth and social well-being.

At the FCC Group, the following principles, which form the basis of its contribution to sustainable development, are encouraged and stimulated throughout the organisation:

- Continuous improvement: To promote environmental excellence through the setting of targets to achieve continuous improvement in the performance of activities, while minimising the negative impacts of the FCC Group's processes, products and services and strengthening the positive impacts.

- Controls and monitoring: To establish environmental indicator management systems for the operational control of processes, which provide the necessary information for monitoring, assessing, taking decisions on and communicating the FCC Group's environmental efforts, and ensure compliance with the commitments acquired.

- Climate change and prevention of pollution: To lead the battle against climate change by implementing processes involving reduced emission of greenhouse gases and by promoting energy efficiency and the use of renewable energies. To prevent pollution and protect the natural environment through responsible management and consumption of natural resources and by minimising the impact of the emissions, discharges and waste generated and managed as a result of the FCC Group's activities.

- Care for the environment and innovation: To identify the risks and opportunities pertaining to the activities with respect to the changing natural environment in order to promote innovation and the use of new technology and generate synergies among the FCC Group's various activities.

- Life cycle of the products and services: To make environmental considerations a priority in the planning of activities, purchase of materials and equipment and in relationships with suppliers and contractors.

- Ensure the participation of all: To promote awareness and application of the environmental principles among employees and other stakeholders.

2.3. Business performance Employees

Following is a detail, by business area, of the FCC Group's headcount at the end of 2017:

AREAS	SPAIN	ABROAD	TOTAL	%s of Total	% Chg. 2016
Environment	31,375	8,864	40,239	70%	1.95%
Water Management	6,100	1,777	7,877	14%	–0.94%
Construction	3,418	4.488	7,906	14%	39.41%
Cement	763	316	1,079	2%	–1.28%
Central Services and Other	303	1	304	1%	7.42%
TOTAL	**41,959**	**15,446**	**57,405**	**100%**	**5.39%**

3. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

To optimise its financial position, the FCC Group maintains a proactive liquidity risk management policy by monitoring cash and its projections on a daily basis.

The FCC Group meets its liquidity requirements through the cash flows generated by the businesses and through the financial agreements reached.

With a view to improving its financial position, the Group actively manages collection from its customers to ensure they meet their payment obligations.

For the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, the Group has the cash disclosed in the consolidated balance sheet (see Note 17 to the consolidated financial statements), and financing (detailed in Note 20 to the consolidated financial statements).

Note 30 of the consolidated report explains the policy implemented by the FCC Group to manage its liquidity risk and associated mitigating factors.

Capital resources

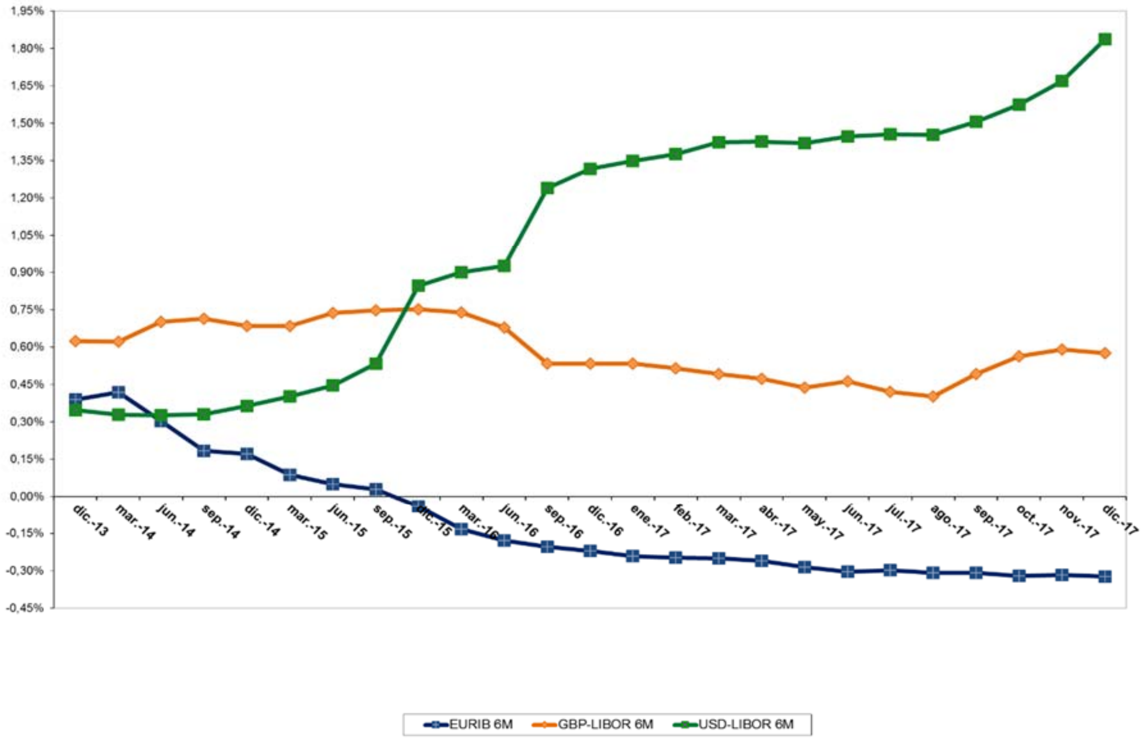
The Group manages its capital to ensure that the Group companies are capable of continuing as profitable and solvent businesses.

As part of capital management operations, the Group obtains financing through a wide variety of financial products from more than 50 Spanish and international financial institutions.

In 2014 the Group completed a EUR 4.528b global financing process and in recent years it has reached various limited recourse debt refinancing agreements (see Note 20 to the consolidated financial statements). At the end of 2014 a capital increase of almost EUR 1,000,000 thousand was effected, with another on 4 March 2016 for EUR 709,519 thousand, both allocated to strengthening the Company's capital structure.

In order to optimise the cost of capital resources, the FCC Group maintains an active interest rate risk management policy that includes ongoing monitoring of the market and assumes various positions based mainly on the financed asset.

How interest rates have evolved in recent years is shown below.



This section is discussed in further detail in Note 30 to the consolidated financial statements.

4. MAIN RISKS AND UNCERTAINTIES

4.1. Risk-Management System and Policy

The FCC Group has a risk-management policy and system approved by the Board of Directors, designed to identify and assess potential risks that could affect business and build mechanisms into the organisation's processes to enable risks to be managed within acceptable levels, giving the FCC Board of Directors and management a reasonable degree of assurance that targets can be met. Its scope of application established under the risk-management policy and system of the FCC Group covers all the member companies, as well as affiliates in which FCC has effective control and companies newly taken over as soon as the acquisition is effective.

It also covers employees of the FCC Group who are attached to consortia, JVs and mixed companies.

Risk management at FCC is governed, among other principles, by integrating the risk/opportunity vision and allocating responsibilities, which, together with segregating duties, facilitates effective monitoring and control of risks, consolidating an appropriate control environment.

The risk scenarios considered have been classified into four groups: Strategic risks, operational risks, compliance risks, financial risks and reporting risks.

The activities that fall within the scope of the FCC Group's risk-management system include risk assessment in terms of impact and likelihood of occurring, resulting in risk maps by unit or role and a risk consolidated risk map for the group as a whole, subsequently devising prevention and control actions to mitigate the effect of the risks identified. The system also establishes reporting flows and communication mechanisms at different levels to facilitate continuous review and improvement.

Details of the risk-management duties and responsibilities at the different levels of the organisation are provided in section E, on risk-control and management systems, of the Annual Corporate Governance Report.

4.2. Main risks and uncertainties

The FCC operates in a number of sectors worldwide. This means that its business is subject to diverse socioeconomic environments and regulatory frameworks, as well as different risks inherent to its operations and risks stemming from the complexity of the projects it is involved in, which could affect how its goals are accomplished.

Details of the main strategic, operational and compliance risks that could affect the Group's business and a description of the systems used to manage and monitor them are contained in section E of the Annual Corporate Governance Report.

With regard to financial risks, considered as variations in the financial instruments taken out by the FCC Group because of political, market-related and other factors, and their impact on the financial statements, the risk management philosophy of the Company and the FCC Group is consistent with its business strategy and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the group’s operations, and the risk policy has been integrated into the Group organisation in the appropriate manner. The financial risks to which the Group is exposed are discussed in greater depth in note 30 of the consolidated financial statements and in section E of the Annual Corporate Governance Report.

The FCC Group is also subject to certain risks related to environmental and social issues, the management of which is explained in more detail in sections 8 and 9 of this Directors' Report.

5. ACQUISITION AND DISPOSAL OF TREASURY SHARES

On 31 December 2017 the FCC Group directly or indirectly held a total of 230,100 treasury shares, representing only 0.06% of the share capital.

The operations to acquire and dispose of treasury shares during the period are itemised in Note 18 of the consolidated Report.

6. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 17 November 2017 the companies FCC Aqualia and MIT Infrastructure Europe Ltd publicly certified an agreement entered into on that date under which the former acquired from the second 49% of the share capital held in the companies Aqualia Czech S.L. and Aqualia Infraestructuras Inzenyring s.r.o. for a price of €83,435,000 and €9,065,000, respectively.

On 9 January 2018, both these sums were paid up following receipt of the Protection of Competition authorities' authorisation for the share transfer to proceed.

On 20 February 2017 the Group reported that following the receipt of a bid by the investment fund IFM Global Infrastructure Fund ("IFM") to purchase a minority stake in the company FCC Aqualia S.A., exclusive negotiations between FCC and IFM are at advanced stages regarding the acquisition by IFM of a 49% stake in FCC Aqualia S.A.

7. COMPANY OUTLOOK

Set forth below are the prospects for 2018 for the main business areas composing the FCC Group.

The countries where the **Environmental Services** division operates are undergoing a process of profound transformation, owing to the environmental requirements of national governments, driven by EU directives and being subject to a consolidation process, with an increase in concentration and the arrival of new competitors.

In the UK economic activity is expected to slow down in 2018, owing to cuts to public authorities' budgets.

As for central and eastern Europe, moderate growth in central Europe, with risks of greater intervention and municipalisation of services in certain eastern European countries, such as Hungary.

With regard to opportunities in the US market, a large number of tender processes for urban-waste services will be launched in the coming years.

In Portugal there are major business opportunities related to decontamination actions on environmental liabilities.

In the area of **End-to-end water management**, certain concession contracts in Spain are set to come to an end in 2018, with similar renewal rates to those in 2017 expected, i.e. close to 100%, with a more active market this year offering better contracting opportunities. Also coming to an end are several major contracts operated by other firms in the sector: Lugo, San Cugat del Vallés (Barcelona), Manises (Valencia), Requena (Valencia), Santiago de Compostela (La Coruña), Fuengirola (Málaga), Orense, and Zamora.

Central and regional governments are not currently calling for tenders for major water-infrastructure concessions, mainly because of the tax-consolidation and debt-reduction process that the authorities are continuing to apply, thus increasing the shortfall in infrastructure renewal and growth. As an example, in the wastewater-treatment area, the average proportion of water in Europe that is treated with tertiary treatments (thereby enabling it to be subsequently reused) stands at 67%, while in Spain – the European country with the greatest water stress, because if its climatic and hydrological characteristics — it is only 60%. In 2018 the “Castile–La Mancha Water Treatment Programme (PLAN DEPURACLM 100%)” is set to be called for tender, with 10 lots for the building or refurbishment of 556 WWTPs. The main object is the design and build, financing and operation of the works for a period of 25 years. The estimated value of these contracts is €1.742 billion. Other Spanish regional governments (e.g., Andalusia and Extremadura) are expected to undertake similar initiatives.

With the formation of the new government in the final quarter of 2016 a number of legislative initiatives and the transposition of EU directives have been resumed. However, no progress has been made with the setting-up of a state regulator, despite the considerable demand from all the stakeholders involved.

The Public-Sector Contracts Act will come into force in early 2018. Its effects on the sector will mostly be related to the solvency to be required from tenderers, adaptations to concession terms, reviews of the cause of claims for financial imbalance in concessions, and regulation of the review system for tariffs in contracts. Also, application of the Regulations of the De-Indexing Act has gradually been implemented across all public authorities, with little effect on the fixing of remuneration-review mechanisms.

In the international market:

- In Mexico, the experience gained with various contracts is being put to good use by planning for similar projects, where more demanding technical and financial capacities have made FCC Aqualia a benchmark.

- In Colombia, development has begun on the El Salitre WWTP in Bogota and the San Silvestre WWTP in Barrancabermeja. The company is following up business opportunities to manage integrated services in major towns in the country under municipal concession models, and for the design, build and financing of infrastructure for wastewater treatment and new sources for drinking-water supplies in areas where these are needed.

- In Peru, the national government is currently assessing the efficiency of its utilities with a view to shifting to private initiatives for those presenting the worst management indicators. In 2017 five private wastewater-treatment initiatives were presented for the Trujillo, Cajamarca, Cusco, Chincha and Cañete districts, pending official declaration of interest in 2018. New business opportunities will arise promoted by PROINVERSION, which stimulates investment in the country, and outsourcing projects by SEDAPAL, Lima's municipal water utility.

- In Chile, the mining sector continues to offer some interesting business opportunities for the production of desalinated water for mines. Aqualia works with long-established clients in this sector to extend and refurbish their facilities. Business opportunities are also expected related to rotating assets at some of their utilities.

- In Panama, the national government is developing an ambitious water-infrastructure project in which Aqualia is playing an active role. One example is the recent award of the engineering design, build and operation for 10 years of Arraiján WWTP, which will treat water for a population of 130,000. The company has also submitted a bid for support and consulting on operational and commercial management for IDAAN, the country's water-management body. The contract was won in February 2017.

- In Portugal, the concessions business is expected to be reactivated after the local elections in the last quarter of 2017, spurred by the budget deficit suffered by local authorities and the need to invest in infrastructure.

- In the Czech Republic in 2017, the regulatory framework cancelled the tariff incentives that had been applied to investment by asset owners. This tariff component was recovered for 2018 and will bring with it an improvement in the EBITDA that will be used to increase investment. Tender processes are expected for the private-management contracts for water and sanitation in major urban areas in northern Bohemia and the southern Czech Republic, and new leasing contracts without including investment by the operator are also likely. The year's most significant event, however, has been the buy-back from Mitsui of its stake in SmVak and Aqualia Engineering.

- In North Africa, seawater desalination and wastewater purification constitute business opportunities in the countries in which Aqualia already has a presence, as is the case in Algeria, Tunisia and Egypt. In Algeria this year a major agreement has been closed with the client for the Mostaganem desalinisation plant, Sonatrach, to build a new capture facility to enable the plant's production capacity to be increased. These works will begin during the first quarter of 2018, lasting two years. Two O&M agreements have also been closed for the Mostaganem and Cap Djinet plants, regularising items not billed to the client since the beginning of operations and enabling the profitability of both projects to be increased. With regard to new opportunities, the government has announced new desalinisation projects in several coastal cities that will be developed in 2018.

- In Egypt, Aqualia has made significant progress in its execution of the contract for the design, build and operation of El Alamein desalinisation plant, with a capacity of 150,000 m^3/day under conditions that guarantee completion regardless of the economic instability that the country is suffering. Egypt's tax and trade deficit, high interest and inflation rates and limitations accessing strong foreign currency forced the Egyptian government to apply economic measures such as public-spending cuts and free flotation of the Egyptian pound. In 2017 the country has been more stable and market conditions have improved.

- Thus, the project to build, finance and operate the Abu Rawash treatment plant, which was awarded to a consortium including Aqualia via its subsidiary in partnership with the EBRD, has been turned into an EPC (engineering, procurement, construction) project, with an increased scope to be completed but financed against state funds. Owing to the limited availability of water in Egypt, the defence ministry is expected to call for tender several new large desalinisation plants to supply the population in the Mediterranean and Red Sea regions. Also, the extension of the Suez Canal and creation of new industrial and mining areas suggest that the demand for water for their development will continue to increase.

- In Tunisia, the Djerba practically has practically been completed this year. With a capacity of 50,000 m^3/day, it will assure the water supply for the island's population and further development of tourism. Also in 2018, SONEDE plans to call for tenders for new seawater-desalinisation plants for the towns of Zarat and Sfax. Projects will also be launched by ONAS for several WWTP refurbishment and O&M projects.

- In the Middle East, where population growth is reaching up to 8% per year in some countries, the serious reduction in earnings from oil is forcing nations in the Gulf to withdraw subsidies and use private initiatives to develop their water-infrastructure projects.

- In Saudi Arabia, progress has been made on the Riyadh Metro affected-services contract, where Aqualia has completed work on line 4 and is still working on lines 5 and 6, which will continue into 2018. With regard to new projects, the Saudi government has commissioned WEC (Water & Electricity Company) with the execution of an ambitious plan to build water infrastructure to include both the production of desalinated water for water supplies and wastewater treatment. These include the projects for Rabigh 3 (with a capacity of 600,000 m^3/d), Shuqaiq 3 (380,000 m^3/d) and Yanbu (450,000 m^3/d) in the desalinisation sector; and Damman and Jeddah (330,000 and 500,000 m^3/d, respectively) in treatment. The NWC (National Water Company), which manages the distribution of drinking water for major cities, will complete some of the concession projects that is has been designing for several years. These include renewal of the O&M contract for the Haddah and Arana plants, each with a capacity of 250,000 m^3/d, and extension of the treatment capacity at the Arana plant, completed in late 2017.

- Oman is also continuing to develop its desalinisation plan through public–private initiatives. In 2017 Aqualia has entered the country by winning the contract for management of the end-to-end water cycle in the Sohar port area, for a 20-year period, in partnership with the Omani public concessionaire company Majis.

- In the UAE tender processes are expected to be called for O&M contracts and the construction of desalinisation plants, most notably the BOT contract for Umm al Quwain desalinisation plant.

- In Qatar, even though the political and trade blockade by Saudi Arabia and the UAE has caused a slow-down in investment projects, in 2018 operations are expected to begin at Al Dhakhira WWTP, with a capacity of 55,000 m^3/d, where Aqualia won the O&M contract for the next 10 years.

In the **Construction** area, although the Spanish economy has begun to show signs of recovery, this improvement is not expected to give rise to any significant growth in the amount of public contracting, which continues to present levels that are far below those recorded before the 2008–2013 economic crisis. Given this situation of less public tendering in the Spanish market, FCC tends to look towards diverse international markets.

One objective of the Group in 2018 will be to seek contracts, mainly through the international market, by means of demanding risk management to give access to a selective portfolio of projects with assured profitability, higher profits and better cash generation.

Taking into account the foregoing, it is estimated that revenue in Spain in 2018 will remain similar with respect to 2017, due mainly to budgetary restrictions in the public sector.

Revenue from abroad in 2018 is expected to be similar to that earned in 2017, with the performance of large infrastructure construction projects obtained over the 2015-2017 period and the contribution made by the markets in the Americas (Central America, Chile, Peru, Colombia and the US), the Middle East (Saudi Arabia and Qatar) and Europe (the UK and Romania).

In the **Cement** Area, in 2017 the recovery of the Spanish economy has continued, thanks to increasing domestic demand, with expected GDP growth of 3.1%, a 31.6% increase in the number of public tender processes compared with last year (according to SEOPAN, the Association of Infrastructure Construction and Concessionaire Firms), and a 7.8% drop in the unemployment rate. This improvement in the Spanish economy can be seen in cement consumption, the demand for which has grown by 10% according to estimates in January 2018 by the sector's employers' association Oficemen.

Business in the construction sector in 2017 has been characterised by a continuing process of recovery in building and a slowing-down in the decline in public investment. The socio-political situation in 2016 meant that public-investment figures to fell back significantly.

According to Oficemen's 2017 year-end estimate, apparent cement consumption during the year rose by 10%, to 12.3 M tonnes, although this has been offset by a 10% fall in exports, to 8.9 M tonnes.

The IMF and Bank of Spain have both forecast 2.4% growth for Spain in 2018, as well as an increase in public investment and positive growth for building. In line with these trends, Oficemen expects, according to its estimate made in January 2018, growth in cement consumption of around 12%, to reach 13.7 M tonnes.

In Tunisia in 2017, the domestic market remained steady at around 7.2 M tonnes, with a 0.5% fall in sales compared with 2016. Exports to Algeria and Libya were also frozen during the year.

In this context, the Cementos Portland Valderrivas Group will continue to implement its policies to contain expenditure and optimise investment and adapt all organisational structures to the reality of the various markets in which it operates, in order to improve cash flow generation.

8. SOCIAL AND HUMAN-RESOURCES POLICIES

8.1. Framework of integrity and respect for human rights

Due diligence at FCC

Respect for people's dignity and human rights is a key factor in how the FCC Group behaves. Guidelines for the behaviour of FCC professionals' actions and conduct in ethical, social and environmental matters are contained in the current Code of Ethics.

In particular, the FCC Group totally rejects child labour, slave labour and labour under unacceptable, extreme, subhuman or degrading conditions, being committed to respecting freedom of association and collective bargaining, as well as the rights of ethnic minorities and indigenous peoples wherever the group operates.

Finally, it is noteworthy that following approval of the 2020 CSR Plan, FCC seeks to strengthen respect for human rights, undertaking to carry out a diagnosis of the impact of its business on human rights in all societies and communicates where the group operates.

Control mechanisms: the Ethics Channel and Harassment Protocol

FCC has a Crime Prevention and Response Manual, which includes a control system, structured into different stages and responsibilities, with a view to reducing and hindering any potential crimes committed in the company's name. In this regard, FCC makes available to all the group's employees an in-house communication channel for reporting possible breaches of the Code of Ethics. For this purpose, employees are given an email address to contact (comitederespuesta@fcc.es) and a postal address to write to, for the attention of the chair of the Response Committee.

The Group also has a protocol for preventing situations of mobbing and sexual harassment to prevent, avoid, resolve and sanction any such cases. The protocol includes a list of behavioural guidelines that must be followed in order to assure dignity, safety and equal treatment and opportunities for everybody. An online mailbox and reporting form have also been set up for such reports to be handled in confidence.

In 2017 the FCC Response Committee received a total of 19 complaints via its reporting channels, mostly related to issues of respect between persons.

Ethics Channel

The group's website also features the Ethics Channel, which is a tool to enable any potentially irregular or even criminal activities or behaviour infringing the protocol for mobbing, sexual harassment and gender discrimination to be reported in confidence.

8.2. The FCC Group's employees

The tables below show all the group's employees at the end of 2017, broken down by sex, professional category and geographical area.

	Professional category	2017	2016
Men	Managers and university graduates	1,305	1,387
	Technicians and diploma holders	5,552	3,296
	Clerical and similar staff	1,041	1,464
	Other salaried employees	37,072	36,380
	TOTAL MEN	44,970	42,527
Women	Managers and university graduates	318	361
	Technicians and diploma holders	1,227	1,247
	Clerical and similar staff	1,858	1,739

	Other salaried employees	9,032	8,593
	TOTAL WOMEN	12,435	11,940
	TOTAL WORKFORCE	57,405	54,467

	Geographical region	2017	2016
Men	Spain	31,793	31,655
	Rest of EU	6,763	6,652
	US and Canada	186	370
	Latin America	1,717	1,207
	Rest of the World	4,511	2,643
	TOTAL MEN	44,970	42,527
Women	Spain	10,166	9,847
	Rest of EU	1,735	1,729
	US and Canada	21	13
	Latin America	171	171
	Rest of the World	342	180
	TOTAL WOMEN	12,435	11,940
	TOTAL WORKFORCE	57,405	54,467

The voluntary rotation rate of the group's employees is below 4%. Their geographical distribution is as follows:

Geographical Area	2017	2016
Spain	2.95%	2.42%
Rest of EU	9.68%	8.48%
US and Canada	18.36%	10.18%
Latin America	2.07%	4.35%
Rest of the World	2.84%	6.62%
TOTAL GROUP	3.96%	3.68%

The group's employees can be broken down into the following age groups:

	2017	2016
< 19 years	54	35
19–24 years	1,675	1,232
19–24 years	3,358	2,859
30–34 years	5,133	4,921
34–39 years	7,344	7.286
40–44 years	8,959	8.719
45–49 years	9,336	9,088
50–54 years	9,449	9,178
55–59 years	7,586	6,989
60–65 years	4,328	3,973
> 65 years	183	187
TOTAL WORKFORCE	57,405	54,467

The group's workforce broken down by business area and type of employment contract is as follows:

	Indefinite		Temporary		Contract assignment	
	2017	2016	2017	2016	2017	2016
Construction	2,319	2,195	4,403	2,261	1,184	1,215
Water	2,482	1,333	556	586	4,839	6,033
Environmental Services	1,600	1,925	1,412	1,761	37,227	35,782
Cement	1,062	1,087	17	5		1
Central Services	291	270	13	13		
TOTAL WORKFORCE	7,754	6,810	6,401	4,626	43,250	43,031

Personnel attached to works or services (contracts) can be considered as having "stable jobs", since most of them are subject to compulsory subrogation.

8.3. Human-resources policy

At the FCC Group we seek simple structures (organisations with the fewest possible hierarchical levels), with primacy given to austerity, flexibility and speedy decision-making.

Behind every major FCC project is team of people capable of bringing it to a successful conclusion. This is why the goal of FCC's human-resources policy is excellence in performance and a commitment to our employees, fostering a healthy, discrimination-free environment to attract and encourage talent with a long-term vision.

Recruitment

FCC concentrates its efforts on creating the right environment to attract, motivate, develop and hold on to the best professionals.

Although the most frequently used recruitment sources are internal, FCC also turns to external sources, including LinkedIn, Infojobs, job-centre websites, universities and professional associations, which can offer a large number of potential candidates and enhance FCC's visibility as an employer.

Finally, we must also mention the in-house mobility programmes that FCC offers its professionals, giving them new opportunities to develop their careers by moving between business areas and countries, enhancing informal networking, transversal communication, greater synergies and the transfer of knowledge between businesses. In 2017 a total of 68 jobs were offered for in-house mobility within the FCC Group, with 182 employees involved in the corresponding recruitment processes. Finally, 38 vacancies at FCC were covered by means of this tool for developing and encouraging in-house talent

Training

The FCC Group has organised a total of 467,021 hours of training for a total of 45,772 participants. The percentage of hours of training per business area is as follows:

	2017	2016
Construction	11.3%	19.3%
Water	13.6%	15.5%
Environmental Services	72.1%	62.0%
Cement	2.6%	3.1%
Central Services	0.4%	0.1%

This training was given in 80.1% of cases to men (75.3% in 2016) and in 19.9% to women (24.7% in 2016).

Interns

FCC has partnership agreements in place with Spain's leading universities to contribute, from inside our business, to students' training and acquisition of job experience, while providing them with financial assistance during their internships and an assessment by their tutor at the end of the experience. The essential purpose of internships is to allow students to apply in a practical context the knowledge that they have acquired at university.

Our interns are university undergraduates, graduates and postgraduates as well as vocational-training students wishing to complete their training at a firm with global reach like FCC.

Special programmes

The group's Construction Area has launched its International Programme for Young Talent. The aim of this programme is to strengthen the development of recent graduates to ensure that positions on the company's international projects are covered optimally. The programme, which lasts 12 months, is divided into two stages: (i) theoretical corporate training on the organisation's different areas, and (ii) practical training on various domestic and international projects, with the supervision and support of a tutor, who, besides helping them, assesses their performance. At the end of the programme they are assigned to a job abroad.

Also worthy of note are several training initiatives to foster a better gender balance in management positions.

- FCC has been involved in the development programme for women with high potential of the Industrial Organisation School (EOI) since 2011. This integrated programme is designed to equip the participants with management skills, based on a multidisciplinary approach. In 2017, seven women from different business areas received this training.

- The company has taken part in four editions of the “Promociona project”, which specialises in preparing women to opt for senior management and board positions. The latest edition was run in 2017. The Promociona project is coordinated and co-funded by the CEOE, in partnership with the Ministry of Health, Social Services and Equality, and ESADE. In 2017 three of FCC's female executives took part in the project, with three other employees in mentoring roles.

Avanza Awards

This initiative was launched in 2017 to recognise the hard work and efforts by the organisation's personnel, who day by day make the company more competitive, improve our social integration and enhance the quality of our processes, environmental performance and the development and application of innovative solutions and practices. The awards are divided into four: categories Innovation, QA, CSR and Environment.

8.4. Industrial relations

Policy

FCC applies a policy of social liaison and interlocution with its workers, their legal representatives, trade unions and other social actors to foster agreements through collective bargaining and other collective processes, with transparency, setting up steering committees and providing employees and their representatives with all the necessary information. This openness to dialogue has also been reflected in a reduction in the number of disputes.

The Industrial Relations section handles collective procedures, collective bargaining and social liaison (the principal tool for identifying stakeholders' needs and sensitivities among stakeholders), and defining general criteria for action, monitoring and coordinating equality- and disability-management plans and efforts.

Collective bargaining

All FCC personnel in Spain are covered by a collective-bargaining agreement, regardless of the areas in which they work. In the Environmental Services and Water areas, besides the corresponding sector agreements, company and workplace agreements are also in place. The company directly negotiates, on its own behalf, a great many collective-bargaining agreements with the workers representatives at its subsidiaries and workplaces.

In 2017 the Environmental Services and Water areas sat on numerous negotiation boards regarding collective-bargaining agreements for contracts and workplaces, as well as collective-bargaining agreements for specific activities, on a provincial and national scale. In all, the company was involved in more than a hundred collective-bargaining processes, almost of them in Spain.

In the Construction and Cement areas, collective bargaining is mostly channelled through nationwide and provincial sector agreements, also participating through various business associations in negotiations regarding sector agreements related to FCC's different business areas and activities. In 2017 the sixth General Collective-Bargaining Agreement for the Construction Sector was signed.

Contentious industrial-relations procedures

In 2017 a total of 1,467 employment-related legal cases have been processed, mostly related to claims for money and social-security issues. Other common cases are those following employment inspections, dismissals and sanctions.

8.5. Equality and diversity within the FCC Group

Equal opportunities

At FCC the principle of equal opportunities is an unbreakable commitment to action, and the group's responsibilities in this area are clearly set out in the Code of Ethics. The undertakings made by FCC include the following:

- FCC has adhered to the principles of the UN Global Compact, which help employers to examine their policies and practices for the empowerment of women.

- FCC's main divisions, including Environmental Services, Construction and Aqualia, have signed an agreement with the Ministry of Health, Social Services and Equality to increase women's presence in management positions.

Equality plans

At FCC, women account for 22% of the company's total workforce global, many of them managers, and the group is firmly committed to steadily increasing the number of women in positions of responsibility. In 2017 four of the members of the FCC Group's Board of Directors were women, with three more women sitting on the Cements board (26.7% and 33.3%, respectively).

The equality plans at FCC's various companies develop the firm's commitment towards equal opportunities with specific measures adapted to their own businesses and the characteristics of the sectors where they operate. These plans are backed by the relevant monitoring bodies, with equal representation from employers and trade unions, which foster the development and integration of the various topics and measures that the plans contain.

Thanks to the application of equality and diversity policies at FCC, four group divisions (Environmental Services, Construction, Industrial and Aqualia) have earned the "Equality at Work" seal of excellence, awarded by the Spanish Ministry of Health, Social Services and Equal Opportunities in recognition of firms that have developed equal-opportunities policies in the workplace.

The book *Mujeres en Primera Persona* ("Women in First Person"), published by Aqualia in 2017, tells the experiences of more than 60 women — Aqualia employees working in different districts and public-sector representatives — in the day-to-day management of the end-to-end water cycle and from their positions in local authorities.

Finally, Aqualia has also been working in 2017 to provide people with a working environment that is compatible with their personal and family lives. The company has been awarded the Responsible Family Firm certificate by the Masfamilia Foundation.

Commitment to combat domestic violence

FCC continues to maintain its public commitment against domestic violence, based on two fundamental principles: zero tolerance and support for victim's social and professional integration. The company works in partnership with the network of “Companies for a Domestic-Violence-Free Society” to support, foster and build awareness of access to the labour market for victims.

FCC also works with several foundations and other entities to foster access and integration to the labour market for women who are victims of domestic violence, including the Integra Foundation and the Spanish Red Cross's Employment Plan.

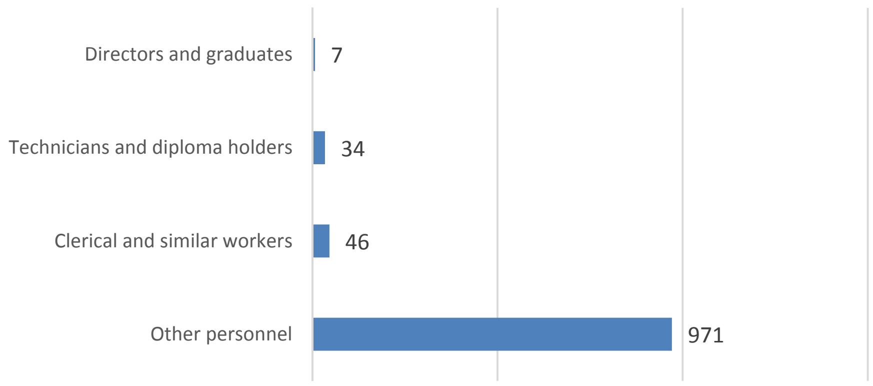
In 2017, at the Integra Foundation's annual meeting, Environmental Services' efforts were recognised at the Integra Foundation's annual meeting, having employed 200 people in situations of exclusion. The award was presented by the Minister of Employment and Social Security.

Finally, on 25 November every year the FCC Group calls up the company's employees to remember its principles and report on its commitment and vision: zero tolerance for domestic violence and fostering social and professional integration for women who are its victims. In 2017, FCC employees formed a hear shape at the corporate head offices in Las Tablas, Madrid, to show their solidarity with combating this social scourge, as part of the activities organised to commemorate the day, under the slogan "I'm With You".

Integrating people with disabilities

FCC is firmly committed to integrating people with disabilities into the labour market as a key factor in social integration and personal development. The number of employees with disabilities of 33% or higher in 2017 was as follows.

Persons with disabilities at FCC



One of the most striking projects in the area of job integration for people with disabilities is FCC EQUAL CEE, driven by the Environmental Services area. FCC EQUAL is a special employment centre where 30 people with severe disabilities now work. The aim is not only to provide job opportunities for people with disabilities but also to provide them with skills, abilities and competencies for their career development within the company. In 2017 the centre was extended to the Valencia Region.

The Group also works actively with specialist organisations who advise on recruiting and supporting career opportunities for people with disabilities at FCC. Their advice facilitates understanding of the right profiles for each job and simplifies the company's standardised integration process. The main organisations that the firm is partnered with are:

- **ONCE Foundation** (*Inserta* Programme): FCC supports various projects and fosters social and labour inclusion through workshops, training courses and other actions, as well as awareness-building campaigns. The company is also involved in programmes to strengthen integration with functional diversity and improve the quality of life of people with disabilities.

An example of this is the partnership agreement with ONCE signed on 13 March 2017 to foster job insertion for people with disabilities. Over three years 125 people will be employed, to join the 294 already recruited under the previous partnership agreement (2014–2017).

- **Adecco Foundation** (Family Plan): This plan consists of an action programme to increase the independence, integration and subsequent access to the labour market for relatives with disabilities.

- **Prevent Foundation** ("*Aprende y Emprende*" programme): Once again this year, FCC has been involved in Madrid and Barcelona in a training and mentoring programme, in partnership with the ESADE business school, to equip entrepreneurs with disabilities with the necessary knowledge and preparation. Under this programme the students acquire the knowledge they need to launch their business plans, bringing their entrepreneurial initiatives to fruition and turning them into professional experiences. Besides sponsoring the programme, the company participates in workshops and teaching.

8.6. OHS

Preventive management: Organisation, liaison with workers' representatives, and policy

FCC gives priority to occupational health and safety (OHS), establishing an organisational model for preventive management and setting up its own shared OHS service within each of its areas of business to cover all four OHS specialist areas: safety at work, industrial hygiene, applied psychosociological ergonomics and health monitoring. Health-monitoring activities are covered by FCC's medical services in the provinces where they are present, arranging medical check-ups through an outsourced OHS service elsewhere.

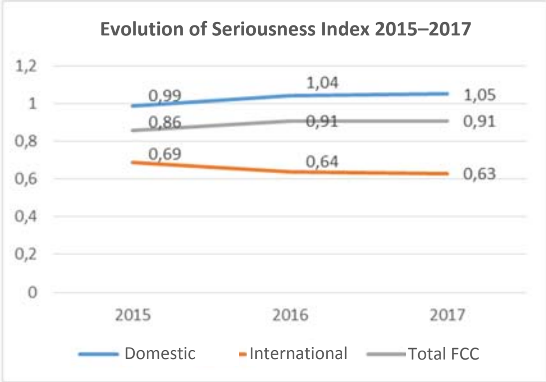
To enable employees to participate, OHS committees have been set up, the largest of which, at FCC S.A. and FCC Construcción S.A., are based at the corporate head offices at Las Tablas and Federico Salmón (Madrid) and Balmes (Barcelona). These OHS committees, which meet quarterly, are the bodies for OHS-related participation, analysis and decision-making at those workplaces.

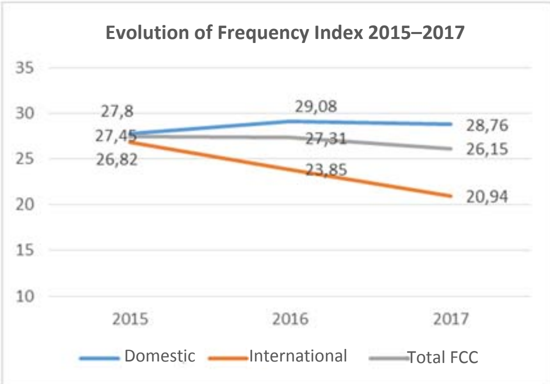
Accident rates

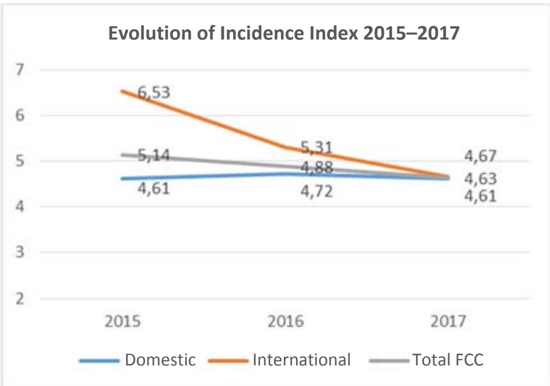
Compared with the previous year, in absolute terms the accident rate in 2017 presented 86 fewer cases of sick leave. In relative terms, the frequency index (number of cases of sick leave for work-related accidents per 106 hours worked) fell by 4.25 % to 26.15.

Over the last year how investigation processes for serious and fatal accidents are handled and monitored has been strengthened both technically and legally. In absolute terms, the number of accidents with serious consequences in 2017 has fallen by more than 50% compared with the year before. This improvement is particularly significant in Environmental Services.

Details of the accidents that occurred, their evolution and their frequency index are given below.







Frequency index: Number of accidents with sick leave per million hours worked
Seriousness index: Number of working days lost because of accidents per 1,000 hours worked
Incidence index Number of accidents with sick leave per 100 workers

A healthy company

In recent years management procedures and processes have been put in place based on recognised healthy-company management models, such as those of AENOR, based on the WHO model. The initiatives undertaken in this field include the following:

- In the Environmental Services area, in 2017 audits have been developed for healthy-company certification at the nine offices still pending, such that by early 2018 all 17 of the area's offices will have been certified by AENOR.

- Major actions to foster health have included working on the development and updating of FCC's OHS site, which makes available to employees content and resources related to the company's OHS activities and healthy eating habits, encouraging physical exercise and health recommendations.

- In late 2017 all the business areas were involved in design and preliminary tasks to address the assessment of psychosocial factors at FCC's main offices.

Also this year, actions have been undertaken related to workers' social and emotional welfare. These have included, for example mindfulness training in the Corporate and Construction areas. So far five mindfulness workshops (each with two sessions) have been organised, with 104 participants.

Finally, FCC has participated successfully in the eHealth Challenge. These inter-company Olympics involved 1,247 teams from 37 firms. More than 450 people from all FCC's areas of business took part, earning top rankings at both company and individual levels.

The “Water People Ávila” from Aqualia won the overall running category in the healthy-companies challenge, clocking up a total of 1666.82 kilometres. The four weeks of competition served to measure the energy that each firm generates through its employees' sporting activities. One third of the funds raised by this initiative will go to health-development projects organised by the Red Cross in Spain.

9. ENVIRONMENTAL AND CORPORATE SOCIAL RESPONSIBILITY POLICIES

9.1. Environmental policies

9.1.1. Business model

FCC is a worldwide public-service infrastructure operator, present in more than 35 countries. For over 115 years, FCC has been working to transform and modernise our cities while seeking to respond efficiently to the company's global challenges. All this is done by striving to respect the environment, contain the effects of climate change and efficiently manage water resources and the waste generated by urban areas.

Diversification of FCC's business model to respond to global challenges:

Containing climate change and fostering the circular economy

Pressure on water resources and the need to assure supplies in an efficient way

Demographic growth and increasing concentration of urban areas

Environment

- Urban- and industrial-waste collection, treatment and recycling
- Green-area conservation
- Sewerage-network maintenance
- Contaminated-soil recovery
- Street-cleaning

Water

- Design, build and financing of water infrastructure
- O&M and technical-support services
- Full management of public services

Construction

- Civil Works
- Building
- Infrastructure maintenance
- Industrial
- Concessions
- Precasting

Cement

- Cement
- Other business (concrete, aggregates and mortar)

<u>Risks and how they are managed</u>

The global challenges that society faces today also pose a challenge for the company and its business going forward. The effects of global warming and pressure on water resources, such as extreme climatic events and more frequent droughts, have a direct impact on FCC's business.

FCC carries out a detailed analysis for all its business areas of the environmental risks to which each is exposed.

These are:

9.1.1.1. Construction

Building infrastructure is one of the solutions for mitigating and adapting to climate change, which is one of the concerns addressed each year in the Global Risks Report (World Economic Forum, 2018 (*) Global Risk Report 2018).

Global undertakings (the 2015 Conference of Parties to the UN Framework Agreement on Climate Change, "COP21", held in Paris, and the 2016 conference, "COP22", held in Marrakesh) to halt the advance of climate change and threat to the natural environment call for changes in how we conceive infrastructure to minimise its impact and improve its robustness, which in the short term will mean both increasing investment in innovation to reduce consumption and , increasing the efficiency of processes and optimising the use of resources, by using efficient new materials, for example.

Other risks identified in the construction field that are built into FCC's management are:

- Vulnerability of infrastructure to extreme climate events.
- Changing transport patterns associated with climate changes.
- Changing regulatory frameworks related to environmental issues.
- Rising prices of the resources used.
- Developing infrastructure in geographical markets that present greater vulnerability and environmental exposure.
- Boom in technology and new production models.

To mitigate these risks, FCC Construcción defines areas of action for infrastructure design and build, such as the use of strengthening and reinforcement systems for structures and materials or innovation applied to the identification, monitoring and management of structural risks in buildings and infrastructure.

9.1.1.2. Water

Water is an essential resource for human development, and its end-to-end cycle is FCC Aqualia's *raison d'être.*

Changing rainfall patterns and their consequences, such as scarce supplies or droughts, present a set of risks for the company's business, particularly regarding efficient management and guaranteed supplies. Thus:

- Potential risk of supplies cut off because of the lack of water and periods of drought.
- Potential conflicts over water use (e.g., as the demand for water increases).
- Implementation of a more restrictive regulatory framework on water uses.

Water stress means that greater investment is called for to assure water supplies, developing innovative solutions to make this possible, particularly in areas where the resource is already scarce.

FCC Aqualia is also committed to seeking alternatives to optimise water reuse in distribution, supply and consumption.

9.1.1.3. Environment

FCC Medio Ambiente's services aim to improve quality of life for people living in cities by providing services that include the cleaning and maintenance of streets, sewers and green areas and the handling and treatment of waste.

The company has identified a set of risks with direct impact on the division's activities:

- Surface water polluted as a result of overloaded treatment systems.
- Failures in sewerage systems owing to extreme climate events.
- Pressure on the availability and efficient management of water and increasing water tariffs.
- Potential conflicts over water use (e.g., as the demand for water increases).
- Stricter regulation of waste treatment and energy-recovery processes.

FCC Medio Ambiente is also committed to a circular-economy approach, which in turn will open up new business areas and opportunities, supported by greater efficiency in processes in terms of the reuse of wastewater and waste.

9.1.1.4. Cement

The cement business is one with considerable environmental impact, mostly during the limestone-decarbonation process and the burning of fossil fuels, which involves significant CO_2 emissions. Both during the preliminary stages and during the course of business in this sector, a set of risks related to this impact can be identified:

- Likely increase in pressure regarding the availability of water resources and competition with other uses.
- Changes in the regulatory framework and price of the resource.
- Development of emergency action protocols to deal with extreme climate events.
- Restrictions on business as a result of climate-related regulation in the sector.
- Rising costs of production and O&M processes.
- Legal or reputational risks related to operations in sensitive areas or involving sensitive resources.
- Management of these risks focuses on mitigating greenhouse-gas emissions (GGEs) by replacing natural raw materials with decarbonated ones, replacing fossil fuels with alternative biomass fuels, with the energy valuation of waste as a priority option, complementary to recycling, rather than landfill tipping or elimination.

9.1.2. Policies and due diligence

The Group's environmental commitment and ultimate responsibility for enforcing regulation compliance in this regard lies with the Board of Directors.

In 2009, the FCC Board approved the group's environmental policy, which sets out its commitment for the conservation of the environment and the use of the available resources in terms of:

- Continuous improvement:
- Controls and monitoring:
- Climate change and prevention of pollution:
- Care for the environment and innovation:
- Life cycle of products and services:

Respect for the environment and minimising any negative impact of the group's activities are also covered in the FCC Code of Ethics (2008, revised in 2012) and CSR Policy (2016).

Also, in 2012, as part of its environmental-commitment policies, FCC its Climate Change Strategy (currently under review), with reducing GGEs being the priority goal of this strategy, by improving efficiency in the use of resources.

With regard to environmental-management systems, FCC's current goal is to achieve certification of 100% of its business under the standard UNE-EN ISO 14001:2015. In 2016 this figure stood at 84.5%. Also in 2017, efforts have been made to extend the scope of the Energy Management System under the standard UNE-EN ISO 50001:2011.

FCC has also implemented Energy Efficiency Technical Guidelines at its corporate offices, fostering energy efficiency and savings to reduce pollutant emissions.

The fourth CSR Master Plan (PDRSC2020), approved in October 2017, strengthens the company's environmental positioning to respond to global changes (in line with the UN Sustainable Development Goals), from the viewpoint of the circular economy as an umbrella for driving efforts to combat climate change, respond to water stress and protect biodiversity.

9.1.3. Indicators and results

The group's experience and specialisation in key business areas like Construction, Cement, Water and Environmental Services enables FCC to ally with city in their environmental challenges, providing solutions for such concerns as mobility, waste generation and the need for high-quality water supplies Nevertheless, these activities also involve environmental impact that must be measured in order to minimise it and manage it as efficiently as possible.

The group manages, controls and monitors more than 50 performance indicators associated with its main environmental issues. As part of its commitment to transparency with its stakeholders, these are published annually in accordance with the Global Reporting Initiative (GRI) standard in the group's CSR Report.

This report focuses on the environmental issues involved in FCC's business that are the most significant because of their size or impact, and these figure prominently in the group's management, control and mitigation systems.

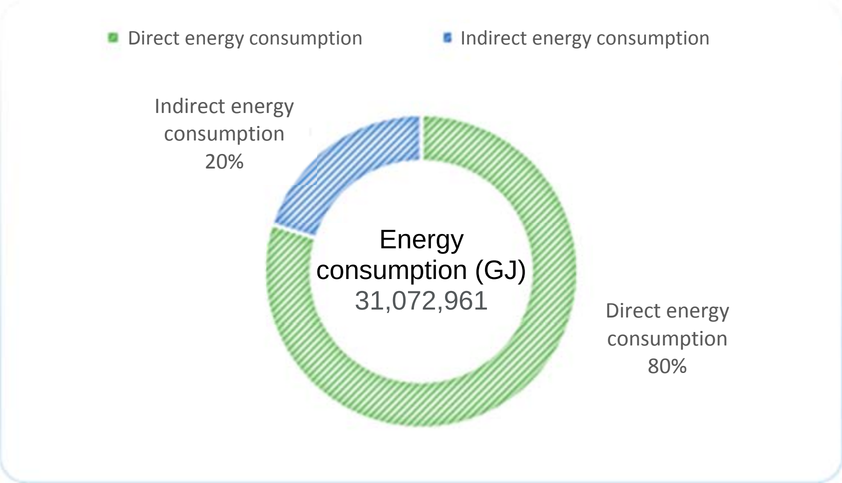
The performance indicators associated with these environmental issues, chosen as being representative for reporting here, are: energy consumption, water consumption, waste generation, GGEs and consumption of materials.

The 2017 values are currently under review. The values, once verified by an independent outside firm, will be published in the group's annual CSR Report in the first half of 2018.

- **Energy consumption**

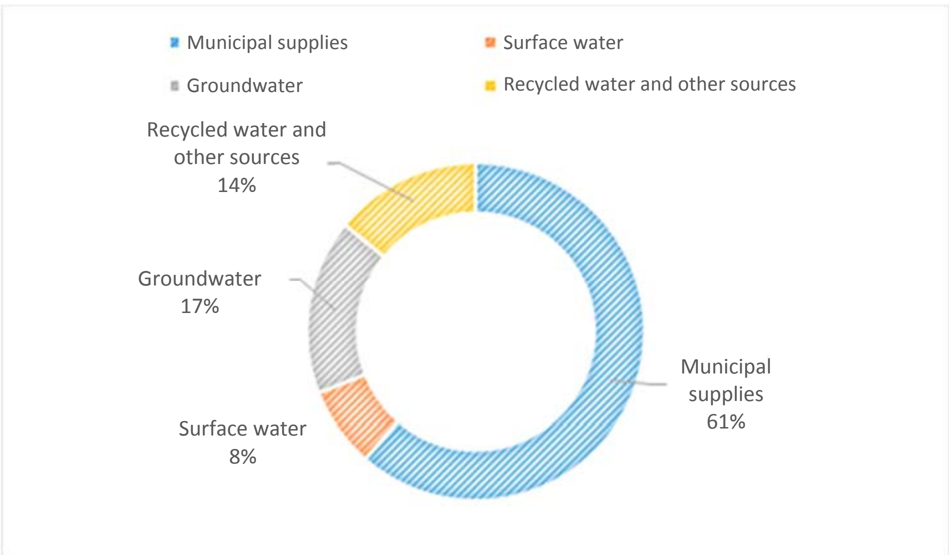
(giga-Joules)	***2017***	***2016***
Direct energy consumption	24,815,763	31,338,961
Indirect energy consumption	6,257,197	5,714,895
TOTAL	31,072,961	37,053,856

The reduction in direct energy consumption is largely due to the deconsolidation of the Giant subgroup resulting from the loss of control that followed the capital-increase operation described in note 5 of the 2017 financial statements.



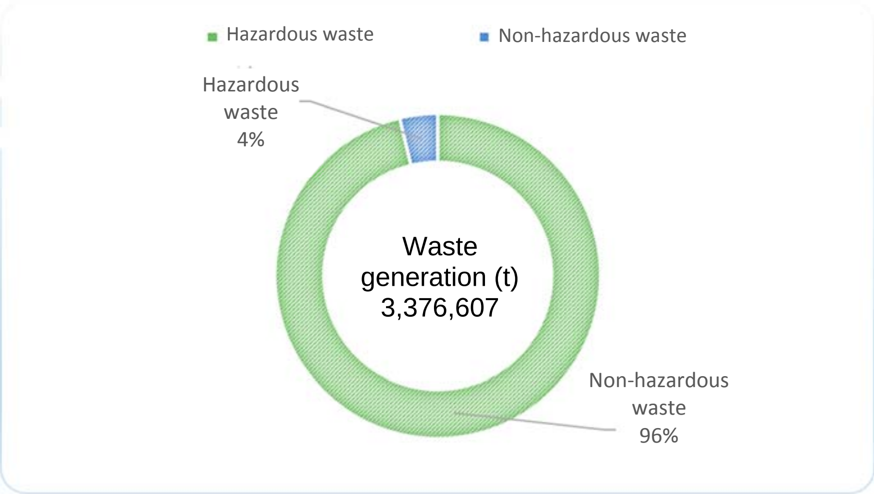
- **Water consumption**

(cubic metres)	***2017***	***2016***
Municipal supplies	6,823,182	6,558,811
Surface water	852,911	963.744
Groundwater	1,874,624	2,777,199
Recycled water and other sources	1,567,107	1,534,708
TOTAL	11,117,824	11,834,462



- **Waste generation**

(tonnes)	***2017***	***2016***
Non-hazardous waste generated	3,249,785	3,009,739
Hazardous waste generated	126,822	93,493
TOTAL	3,376,607	3,103,232



Although at the time of issuing this report the following indicators for 2017 are still being reviewed by an independent external verifier and will not be reported until the CSR Report is published, below we cite information from previous information to show how they have evolved.

- **Greenhouse-gas emissions (GGE)**

(tonnes CO_2eq)	***2016***	***2015***
Direct emissions *(scope 1)*	*9,950,467*	*9,711,807*
Indirect emissions *(scope 2)*	*521,105*	*681,449*
TOTAL	*10,471,572*	*10,393,256*

The 2017 values are currently under review. The values, once verified by an independent outside firm, will be published in the group's annual CSR Report in the first half of 2018.

- **Materials consumption**

(tonnes)	***2016***	***2015***
Raw materials	22,502,320	30,919,538
Auxiliary materials	58,201	77,043
Semi-finished products	3,668,146	4,214,457
Containers and packaging materials	280	287
TOTAL	26,228,947	35,211,325

9.2. Corporate social responsibility

9.2.1. Business model

FCC, because of its business mission, is committed to the priority goal of working on the welfare and development of the community where it offers and provides its services.

FCC's business cannot be conceived without its permanent links to the public, fostering better understanding and connection with their actual needs and expectations. This interaction enables the company to play a leading role in the changes that are happening in our cities in the areas that FCC specialises in.

The social involvement that FCC has always shown with regard to the local communities where it operates also extends to its employees, their families and other groups, through the many projects that the company develops year after year at each of its businesses, sites or contracts.

FCC, following the trends for digital transformation and transparency, uses the latest communication tools to further enhance its closeness to the public, which is one of the group's signature values.

9.2.2. Risks and how they are managed

In view of recommendation 12 of the CNMV's Code of Good Governance for listed companies, the FCC Board of Directors works with a single purpose and independent view, guided by social interest, which is understood to mean achieving a business that is profitable and sustainable in the long term, fostering its continuity and maximising the firm's economic value.

FCC balance social interest with the legitimate interests of its employees, suppliers, clients and other stakeholders potentially affected, and the impact of the company's activities on the community at large and on the environment. It also upholds the principles under its Code of Ethics, which are reviewed on a regular basis.

9.2.3. Policies and due diligence

- Reaching out to stakeholders

As established under recommendation 53(f) of the Code of Good Governance for listed companies, supervising and assessing processes in relation to different stakeholders is a role that corresponds to the company's governing body and its Executive Committee, to which all CSR-related competencies have been delegated.

To achieve an appropriate relationship and active communication with stakeholders, FCC makes available to its employees numerous in-house communication channels:

- Corporate intranet, "FCC ONE": the company's main channel for multidirectional communication and a tool for conveying relevant information to employees.
- Employee's site: contains specific information and provides an in-house communication channel to facilitate dialogue between employees and the company.
- Digital publication of the in-house journal *Red de Comunicación* ("Communication Network"): includes relevant information on recent events at FCC and news articles on the group's activities.
- Friday news bulletin: a weekly publication that compiles the company's news.
- News capsules: flashes containing relevant information disseminated by mass mailing.
- Awareness-building campaigns on environmental issues and support for groups at risk of exclusion.
- Internal competitions to strengthen employees' pride in belonging to the company, including a Christmas drawing competition for their children.

FCC also participates in numerous forums and conferences organised by authorities, universities, research centres and public organisations, with a view to exploring the challenges facing cities in the future and the need to integrate greater digitisation and more active communication with end users into public services.

Some examples of such involvement in 2017 are related to equality, women's leadership and diversity, sustainable living i cities, and the movement to develop smart communities that can drive innovative, sustainable cities.

▪ Impact on local communities

Besides its dialogue with the public, FCC works to maximise the positive impact of its activities on the community. And the group sees measuring this impact as a key part of this. The company works to develop and apply methodologies and systems to measure, assess and mitigate any impact that its activities may have on people or the environment.

FCC cooperates with the communities where it works through diverse projects targets at the most disadvantaged groups.

These actions can be grouped into the following areas:

- Social inclusion and access to basic services: initiatives that foster social development and reducing inequality in communities where the group operates.
- Creating value in communities: actions links to growth of the business fabric in areas where the company works.
- Cooperation in environmental education and awareness-building: working with educational institutions to disseminate information and build awareness regarding matters related to sustainability and business in communities.
- Assessing the social and environmental impact of operations: analysing the impact that company causes on the communities where it operates, identifying their main concerns, with a view to developing actions that best meet their needs.
- Corporate volunteering: involvement by FCC employees in social-action projects promoted by the company.
- Equality policies and initiatives for the recruitment, training and remuneration of the Group's professionals.

9.2.4. Indicators and results

FCC accepts the importance of putting into practices all policies and actions by creating different indicators to show what has been done in this field, acting transparently towards stakeholders with regard to the targets reached. The management indicators used at FCC to measure corporate civic responsibility include:

- Millions of euros invested in social action
- Number of initiatives developed
- Number of employees participating in training
- Number of employees participating in corporate volunteering projects
- Beneficiary population social-inclusion and employment projects
- Beneficiary population of actions to combat inequality (water access and other initiatives)
- Number of partnership agreements for training with universities, business schools and secondary schools

In 2017 the FCC Group allocated €5,133,000 to invest in CSR projects.

10. MEASURES TO COMBAT CORRUPTION AND MONEY-LAUNDERING

The purpose of the FCC Group's ethics and compliance model is to detect risks of non-compliance, including those associated with criminal activity, and to minimise any impact. This model is developed through policies, procedures and internal controls to be reviewed and updated on a regular basis.

The Board of Directors is responsible for approving the Code of Ethics and Conduct and the Compliance Model, and ultimately for assuring an in-house ethical climate, assisted by the Auditing and Control Committee, which in turn is supported by different sections within the organisation, such as the Response Committee.

The Code of Ethics, as the basis of the Compliance Model, sets out the FCC Group's undertaking to strictly comply with the applicable legislation in its areas of operations, and it serves as a key tool for guiding actions by employees in such matters as preventing fraud, corruption, money-laundering and irregular payments, the use and protection of assets, the handling of information, the management of potential conflicts of interest and management of sponsorships, patronage and partnerships

This code is published on the corporate intranet and also on the group's website, where it can be accessed by everybody. All FCC Group employees, regardless of what kind of employment contracts they have, the positions they hold or the geographical area where they work, are obliged to comply with the Code of Ethics, which, in addition to any specific clauses in contracts, can be extended to cover suppliers whenever it is advisable to do so.

The FCC Group company has established a procedure to allow its employees to communicate confidentially any irregularities or improper practices observed in contravention of the Code of Ethics, reporting them to the Response Committee.

This committee operates as a joint body composed of the Internal Auditing, Risk Management and Compliance Director, the Legal Director, the HR Coordination and Development Director, and the Corporate Responsibility Director. Its duties, as set out in the Crime Prevention and Response Manual, include handling and investigating complaints received over the ethics channel. In 2017 the Response Committee received 19 complaints, none of which were related to corruption or fraud.

As another fundamental component of the FCC Group's Compliance Model, in 2016 the Board of Directors approved the Criminal Compliance Policy and System, which sets out the group's commitment to zero tolerance towards any kind of non-compliance related to bribery or corruption, together with tools for preventing, detecting and responding to risks of criminal offences being committed. These tools include identifying and prioritising conduct with a risk of committing crimes, such as those related to bribery, corruption, influence-peddling, fraud, money-laundering and swindling, the prevention and mitigation of which, through specific controls and actions, is a priority for the group.

The FCC Group considers that communication and training are basic parts of strengthening the culture of compliance within the group. In this regard, training given in 2017 included a course on preventing money-laundering and the financing of terrorism that was given to all employees working at companies bound by Spanish law.

In addition, the FCC Group's Internal Rules of Conduct for the Securities Market establishes that directors and senior executives are obliged to report regularly on any operations in which they or their associates are involved to subscribe, buy or sell securities or affected instruments.

11. RDI ACTIVITIES

In 2017 the FCC Group’s RDI activities encompassed more than 40 projects.

These projects aim to meet the challenges in each area of business, while at the same time keeping the FCC Group's different business areas in step with one another.

Set forth below is a description of the activities of the various business Areas and of the main projects carried out in 2017.

SERVICES

In the environmental services area, aside from continuing with the research work in various projects that commenced in previous years, including a new project titled **AERIAL ROBOT FOR SEWER INSPECTION (ARSI)** has been launched in the framework of the project European Coordination Hub for Open Robotics Development (Echord++), with the involvement of FCC Medio Ambiente and Eurecat, in a consortium with other firms.

This project is developing an innovative automated aerial vehicle (drone) equipped with multiple sensors, to streamline, facilitate and improve inspection tasks in Barcelona's sewers. A pioneering smart, efficient robotics solution is being used in the city for the first time.

Other significant projects in 2017 included:

- **SEEUS:** Consists of developing software based on the results and experience acquired from the R&D project **“EFFICIENT-MANAGEMENT INDICATORS”.**

  The **SEEEUS®** application is intended to serve as technological consulting tool that is compatible with regulatory requirements for the design and implementation of smart platforms.

  The project also aims to demonstrate the suitability of **SEEEUS®** as a tool to help decision-making (KPIs) so that local authorities (district councils and municipal federations) can have the relevant information at hand when it comes to assessing the environmental efficiency of urban services and planning appropriate measures for improving it,

  The aim is to use TICs to associate al the stakeholders (management company, public and private institutions, the public, etc.) with a model for sustainable resources management and GGE reduction, fostering cities' adaptation to climate change while preserving criteria of quality of life and welfare for beneficiary populations of the services provided.

- **METHAMORPHOSIS:** The objective is to obtain biogas-upgrading to biomethane for vehicles, with tests on Seat vehicles and FCC collection trucks, as well as anaerobic effluent treatment.

- **ADVANCED SOLUTION FOR THE GLOBAL MANAGEMENT OF ALL THE PROCESSES AND PLAYERS IN ENVIRONMENTAL CONTRACTS** project, which encompasses various objectives such as process improvement, swiftness of response vis à vis new business requirements, global access to more favourable functionalities, management of geo-referenced information, etc.

No research projects have been carried out on industrial waste in 2017.

END-TO-END WATER MANAGEMENT

Aqualia's innovation activities have continued to grow in 2017, partnering for the development of the company's technology proposal in the following work areas: sustainability, QA, smart management and eco-efficiency.

Significant projects in 2017 included:

- **SABANA,** a project launched in 2016, led by the University of Almería, with Aqualia as the main principal industrial partner, together with Westphalia (Germany) and the Italian food group Veronesi in a consortium of eleven entities from five countries (also the Czech Republic and Hungary). The project aims to build a facility on one hectare of land to grow microalgae and test the production of new biofertilisers and biopesticides, and then going on to build a biorefinery on fie hectares of land to enable alternative products to be obtained from microalgae, as an environment-friendly model that is safer for consumers.

- **RUN4LIFE:** Led by FCC Aqualia, this project has 14 partners in seven different countries. Its objective is to implement, in four demonstration locations (Sneek in Holland, Ghent in Belgium, Helsingborg in Sweden and Vigo in Spain), new concepts for nutrient recovery from the separation of grey water and black water. In parallel, new ways of valuing the water–energy nexus and controlling decentralised management models will be developed.

- **LIFE MEMORY:** This project has demonstrated, at a 50 m^3 reactor in Alcázar de San Juan (Ciudad Real), the technical and economic feasibility of an innovative technology: an anaerobic membrane bioreactor (AnMBR). This new technology enables the organic matter contained in wastewater to be converted directly into biogas, skipping the conventional primary decanting and secondary aerobic treatment stages. What is obtained is disinfected, fertiliser-rich water for reuse, with a reduction in energy consumption and CO_2 emissions of up to 80%, reducing the space required by about 25% and silt production by approximately 50%.

- **BIOWAMET BESTF2:** being developed under the European ERANET programme, in partnership with Southampton and Delft universities. In synergy with the **LIFE MEMORY** project on anaerobic reactors with membranes, it is being implemented at a small WWTP in the Lower Ebro to obtain bio-energy and reusable water.

- **LIFE BIOSOL (BIOSOLAR WATER REUSE AND ENERGY RECOVERY):** Project led by the French SME Heliopur with the objective of solar disinfection of water for reuse, while also recovering the organic waste produced in the process. After an initial demonstration stage at the Centa Foundations facilities in Seville, a larger-scale installation is being implemented at Toyo WWTP in Almería.

- **PIONEER:** This project is part of the European ERA-NET Cofund Water Works project under the WATER JP Initiative. It is led by the USC, bringing FCC Aqualia together with a network of leading universities (Verona in Italy, DTU in Denmark and KTH in Sweden) to seek processes that improve the elimination of micro-pollutants. In parallel, ELAN and struvite-precipitation technologies are also being optimised at plants managed by FCC Aqualia, with a view to reducing the environmental impact of the wastewater-treatment process.

- **MEDRAR:** co-funded by the Conecta Peme programme to foster RIS 3 priorities identified in Galicia and supported by the European Regional Development Fund, has the objective of improving treatment in small towns and villages. Together with two Galician SMEs and led by the University of Santiago de Compostela, compact automated wastewater-treatment models are being developed, integrated into a rural environment, with low installation and maintenance costs and minimal environmental impact.

- **SMART GREEN GAS:** The project is funded as part of the National Enterprise Research Consortia (CIEN) programme, supported by the CDTI. FCC Aqualia leads a consortium with four other firms (Gas Natural Fenosa, Naturgas/EDP, Ecobiogas, Diagnostiqa and the Dimasa Group). This project has featured the implementation of several new methodologies for increasing the production and quality of biomethane at WWTPs managed by FCC Aqualia (Seville, Jerez and Aranda de Duero) to improve electricity generation or power vehicles. Conditions are expected to eventually enable electricity to be injected into the grid.

- **ALL-GAS:** The project is now in its final large-scale demonstration phase, with the building of 2 hectares of algae crops and a 2700 m^3 digester. After commissioning, up to 2,000 m3/d of municipal effluent will transformed into water for reuse and algae biomass, generating biomethane to power up to 20 vehicles/ha, with a positive energy balance. The entire process chain will be validated over the course of one year, and the biofuel will be used to power several vehicles to confirm its quality.

- **LIFE METHAMORPHOSIS:** This is project run by a consortium of six entities (Greater Barcelona, FCC SA, Gas Natural, Icaen and Seat, led by FCC Aqualia), which is completing the construction of a large demonstration plant at the Besós Ecopark, managed by the FCC Group. The process uses three technologies recently developed by FCC Aqualia — AnMBR, ELAN (autotrophic nitrogen elimination and biogas-washing — to convert urban-waste leachate into biomethane. The fuel will be tested for injection into the natural-gas network and use for cars.

- **LIFE ICIRBUS (INNOVATIVE CIRCULAR BUSINESSES):** led by the Intromac technology centre, this project brings together eight firms to demonstrate the reuse of treatment-plant waste for building materials and generating bio-fertilisers at a plant managed by FCC Aqualia in Extremadura.

- **LIFE ANSWER:** This project, led by Mahou, installs microbe treatment cells (fluidised MFC – previously developed by FCC Aqualia in partnership with the University of Alcalá de Henares) at the consortium leader's brewery in Guadalajara. The main objective of the project is to save energy in the process and recycle the aluminium found in the flow treated by combining the process with pretreatment based on electro-coagulation.

- **H2020 INCOVER:** This project is led by the Aimen technology centre with FCC Aqualia as the largest firm in a consortium of 18 entities from seven different countries, based on knowledge acquired from the All-gas project. The use of algae biomass in higher-value products (e.g., biofertilisers and bioplastics) is being extended and the production of water for reuse improved.

- **H2020 MIDES**: The objective of this project is to achieve a tenfold reduction in the energy cost of desalinisation compared with conventional reverse osmosis. The technology used — the microbial desalinisation cell (MDC) was developed with IMDEA Agua (in a previous IISIS project) — allows waste organic material (from effluents) to be used to activate bacteria that displace salts via membranes with no need for external energy sources. The project mobilises eleven partners from seven countries to implement the technology and set up three demonstration units on three continents: Europe (Spain), Africa and the Americas.

- **RENOVAGAS:** Cofunded by the Innpacto del Mineco project and led by Enagas, a prototype catalytic reactor developed by Technalia has been operated at Jerez WWTP. By using new online instrumentation, the quality of the enriched methane has been shown to be such that it can be used as biofuel, by using the CO_2 in the biogas and the hydrogen produced with renewable electricity.

- **CLEANWATER:** This project, funded by the EU's Eco-Innovation programme, has tested a new way of producing hypochlorite on site for disinfection at water-treatment plants, avoiding the risks involved in using and transporting chlorine gas, at the facilities of the water services in Almería (reuse of wastewater) and Denia (pre-oxidation at the desalinisation plant). A third machine was introduced at Nigrán in early 2017.

- **MOTREM:** supported by the WATER JPI initiative, is a project led by Rey Juan Carlos University in Madrid, together with three other universities in Finland, Italy and Germany. The project has assessed new technologies for the control and treatment of emerging pollutants at urban-wastewater reuse plants.

- **INNOVA E3N:** This project consists of the energy-efficient elimination of nitrogen. It follows on from the Innova Impactar project funded by the Cantabria Regional Government, seeking to optimise the membrane-aeration pilot plant installed at San Claudio WWTP (Asturias), with a view to using it as a compact small-scale WWTP at decentralised facilities.

Also in 2017 a European patent has been obtained for the production and purification of biomethane (EP 15382087.3 - biogas washing and removal of H_2S and CO_2) and the corresponding ABAD (Absorption-Adsorption Bioenergy) mark.

Also, in partnership with the University of Valladolid and thanks to SGC funding, patent application EP 17382699.1 has been filed for digestion under pressure to obtain a methane-enriched biogas.

CONSTRUCTION

FCC Construcción continues to champion an active policy of technological development, while permanently applying innovation to its construction projects, with a firm commitment to research and development, sustainability and the contribution to quality of life in Society as competitiveness factors.

The development and use of innovative technologies to carry out construction projects contribute significant value added and are differentiating factors in the current market, which is highly competitive and internationalised.

The projects developed by FCC Construcción and its investees are of three types: internal projects, projects with other FCC Group companies and projects carried out in conjunction with other companies in the industry or other related industries, frequently with technology-driven SMEs, which makes it possible to perform open innovation projects with a participation in the value chain and, occasionally, on a horizontal cooperation basis. Also, the presence of universities and technological institutes is fundamental in practically all the projects.

Some of the projects are undertaken in partnership with public entities, such as the European LIFE **ZERO IMPACT** project, *Development and demonstration of an anti-bird strike tubular screen for High Speed Rail lines*, which involves the Spanish rail-infrastructure management entity, ADIF.

In 2017 various new projects were approved:

- **WPDRON:** The objective of this project, presented to CDTI 2017 (Industrial Technological Development Centre) is to develop an automated monitoring system for civil-works infrastructure based on the use of drones.

- **BICI SENDAS:** A project under the CIEN 2017 programme with the objective of developing a sustainable, energetically self-sufficient, smart, non-pollutant, integrated, safe cycling lane.

- **REFORM2:** This objective this project, presented for funding by the Catalan Waste Agency, is to value a by-product (0/6 porphidic, a by-product of the ballast- and gravel-manufacturing process) from quarrying by integrating it into thermo-stable and thermo-plastic matrices for different applications.

Significant projects in 2017 included:

- **IN2RAIL** (Innovative Intelligent Rail), a project under the H2020 programme, led by Network Rail. The aim of this project is to set the foundations for a resilient, consistent, cost-efficient, high capacity and digitised European railway network. The results of this project will contribute to the Shift2rail initiative, a PPP dedicated to railways and falling within the Horizon 2020 programme, the objective of which is to make progress towards the introduction of the single European railway area.

- **NANOFASE:** (Nanomaterial Fate and Speciation in the Environment), a project under the H2020 programme. The objective of this project is to determine the fate of nanomaterials in the environment.

- **REWASTEE:** under the Eco-Innovation call for proposals and aimed at the industrial validation, market deployment and replication of a developed technology for recycling steelmaking wastes and manufacturing multifunctional building products.

- **BUILDSMART:** (Energy Efficient Solutions Ready for the Market). The purpose of this project is to demonstrate that it is possible to construct buildings with very low energy consumption in an innovative and profitable way. The project, part of the H2020 programme, includes the design, construction and monitoring of new residential and non-residential buildings in Sweden, Ireland and Spain.

- **ZERO IMPACT:** The objective of this project is to develop an anti-collision screen for birdlife based on the concept of equally-spaced tubular screens.

- **ASPHALTGEN:** A project developed by Serviá Cantó based on research into new asphalt aggregate paving with self-generating features based on technology consisting of ionic liquids encapsulated in inorganic materials.

- **GUIDENANO:** A project developed by Serviá Cantó that is developing innovative methodologies to evaluate and manage human and environmental health risks of nano-enabled products, considering the whole product life cycle.

- **DOVICAIM:** A project developed in conjunction with the "IH Cantabria" Environmental Water Institute to develop an integrated methodology and the tools required to support the complete life cycle of the construction of vertical docks using prefabricated blocks in a floating dock, including design, optimisation, construction, installation and operation. The project is focused directly on the clear strategic priority of ensuring the international development of FCC Construcción.

- **SORT-i:** A project from the Retos-Colaboración tender process. Its main objective is the development of tools based on optical systems and new technologies for the identification, monitoring and management of structural risks of buildings and infrastructure in an intelligent, automatic and telemetric manner, as a means to maximise safety and minimize the risks of physical damage in high-potential situations of structural collapse.

- **DANAE:** approved by the CDTI (Industrial Technological Development Centre) with the objective of achieving smart regulation of tunnel lighting, led by MATINSA.

- **CALA:** A project from the Retos-Colaboración tender process. Its objective is to improve water security and increase the reservoir capacity of brick dams by implementing lateral spill-collection channels. Calculation code, experimental validation and construction process. Participating in this project are FCC Construcción and MATINSA.

- **ROBIM:** As part of the CIEN programme, the objective of this project is to build an autonomous robot to inspect and assess existing buildings with BIM integration, developing an automated, active and multidisciplinary technology for inspection, assessment and diagnosis of the composition, condition and energy efficiency of the walls of existing buildings, thereby facilitating the obtaining of reliable information in sufficient detail on building systems and pathologies and a comprehensive analysis of the building.

- **CYRENE:** project approved by CDTI (Industrial Technological Development Centre) and developed by MATINSA, the objective of which is to develop a new system for the integrated management of road tunnels containing the control of all installations and implementing optimised global-management strategies.

FCC Construcción is participating in numerous European and Spanish R&D+i associations with the shared objective of articulating the role of the company as a driving force behind research, development and technological innovation in the Construction Area, pursuant to the approach taken in the EU's current H2020 programme.

CEMENTOS PORTLAND VALDERRIVAS

The Cementos Portland Valderrivas Group's (CPVG) commitment to society takes the form of innovation in products, processes and technologies inherent to the materials it processes and manufactures.

Its innovation is designed strategically on the basis of three main axes:

- Product innovation. Leading to high-durability and high-mechanical performance cements.
- Sustainable construction. To obtain eco-efficient materials with a reduced carbon footprint.
- Construction solutions. Based on integral customer service.

In the Group's other activities, the circular economy continues to be encouraged by using alternative raw materials and fuels in our production processes, thereby enabling us to achieve savings in CO_2 emissions.

Fuel derived from waste is used in the furnaces at production facilities, having previously been handled at appropriate treatment plants operated by firms duly authorised by the local authorities (authorised waste handlers). The main advantage of this process is its use of the heat energy that this waste contains, thereby reducing in part the consumption of traditional fossil fuels, mostly derived from oil.

In 2017 the company renewed its commitment to combat climate change by researching new advanced technologies for CO_2 capture and driving energy valuation at most of its plants, with a view to reducing CO_2 emissions.

In the R&D area, the Cementos Portland Valderrivas Group launched the process to join an international consortium under the European **BIORECO2VER** project, with the overall objective of creating alternative processes for producing chemicals (isobutene and lactic acid) on a commercial scale in a more sustainable way, by capturing industrial CO_2 emissions as the raw material, and exploring alternative non-fossil-dependent production technologies.

With a view to overcoming some of the technical and economic barriers involved in CO_2 capture and bio-conversion on an industrial scale, the project will focus on minimising production costs and improving industrial scalability as an important step in making the product commercially viable.

All the activities will be carried out by a well-balanced, experienced group made up of two research and technology institutions, two universities, four SMEs and four large industrial firms. Specifically, GCPV will lead the work package for CO_2 capture and enrichment for valuation as raw material for high-productivity processes.

In the environment area, the group's strategy includes the co-processing of fuels derived from waste in our production process, actively contributing towards the implementation of the circular economy and enabling CO_2-emissions savings to be obtained by permanently eliminating waste in a safe, effective way.

This year the Cementos Portland Valderrivas Group maintained energy valuation of alternative fuels in its clinker furnaces, achieving an average value of 12% across all its plants. In Spain this heat-replacement ratio has been consolidated with a 4% increase compared with 2016, now reaching around 15%. Part of these fuels consist of biomass, thereby avoiding emissions into the atmosphere of approximately 127,400 tonnes of CO_2, equivalent to the average annual emissions produced by 70,850 cars, i.e. approximately 0.3% of the cars in Spain.

The firm commitment towards this growing trend in Europe continues, with energy valuation now a standard, consolidated practice in countries such as Germany, Austria, Belgium, Denmark, the Netherlands, Sweden and Switzerland. Thanks to this environmental policy, landfills have practically disappeared, unlike the current situation in Spain, where more than half the waste generated ends up at a landfill.

In addition, GCPV encourages the responsible use of natural resources by valuing the materials obtained from industrial by-products, replacing natural raw materials to save non-renewable resources and avoid the impact that their use has on the natural environment. In 2017, the consumption of raw materials was 294,755 tonnes of industrial by-products.

12. OTHER RELEVANT INFORMATION STOCK MARKET PERFORMANCE AND OTHER INFORMATION

12.1 Stock Market Performance

Following is a detail of FCC's share performance in 2017 compared to 2016.

	Jan. – Dec. 2017	Jan. – Dec. 2016
Closing price (€)(1)	8.626	7.5510
Change in the period	14.2%	10.8%
High (€)(1)	9.879	9.3820
Low (€)(1)	7.551	6.0387
Average daily trading (shares)	75,231	1,679,079
Average daily trading (M€)	0,7	12.3
Market capitalisation at end of period (M€)	3,268	2.861
Number of shares outstanding	378,825,506	378,825,506

(1) Figures adjusted by the capital increase performed in 2016, amounting to EUR 118.25 million shares.

12.2 Dividends

In accordance with the principle of prudent management and in the best interest of all the Company's shareholders, in December 2012 FCC's Board of Directors resolved not to pay any dividends. This resolution remained unchanged in 2017.

This decision, included within the framework of the restructuring in progress since 2013, the purpose of which is to enhance operating efficiency and strengthen the balance sheet, must be ratified by the shareholders at the Annual General Meeting to be held in the first half of 2018.

13. DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES UNDER ESMA RULES (2015/1415es)

EBITDA

We define EBITDA as the profit from continuous operations before tax, profit or loss of companies by the equity method, financial profit or loss, amortisation expenses, impairment and profit or loss from disposals of non-current assets, subsidies and net variation in provisions and other non-recurring expenditure and income.

EBIT

This corresponds to the operating profit or loss in the profit and loss account and consolidated earnings presented in the enclosed consolidated financial statements.

ORDERS

The FCC Group uses its orders as an off-book measure for certain business areas. We calculate orders for our Environmental Services, Water and Construction divisions, as their business is based on contracts in the long or medium term. We do not calculate orders for the Cement division, owing to the typically short-term nature of the ordering cycle.

On a given date orders are defined as the production or services pending, i.e. contracted sums or clients' orders, excluding taxes, minus any sum under such contracts or orders that has already been recognised as income. Pending income is valued according to current prices on the calculation date. Only sums that are binding on clients under a contract in effect or confirmed order are included as orders.

In the Environmental Services division we recognise the orders resulting from waste-handling contracts only if the contract guarantees exclusivity in the geographical area where the plant, landfill or facility is located.

In the Water division, the FCC Group calculates the income portfolio based on long-term estimates over the course of the contract, which are used as the basis for contracts with clients and at the rates established under those contracts.

In the Construction division, the FCC Group recognises orders only when there is a contract or order signed by the end client.

Once a contract has been included in orders, the value of the production pending completion under that contract remains on the order book until it is completed or cancelled. However, we do make valuation adjustments to reflect any changes to prices and deadlines that may be agreed with the client. For example, after the calculation date a given price may rise or fall as a result of the production contracted owing to additional work to be done.

Owing to multiple factors, some or all of the orders linked to a contract may give rise to actual earnings or not. As our orders are subject to projects being altered and cancelled, they cannot be taken as a reliable indication of future earnings.

NET FINANCIAL DEBT

To obtain the net financial debt the total gross financial debt (current and non-current) is considered, minus current financial assets, cash and bank and other current financial assets.

VOLUNTARY ROTATION INDEX

The ratio between the employees who have left voluntarily during the year and the total workforce. Both employees leaving the company permanently and those going on sabbatical are included.

14. ANNUAL CORPORATE GOVERNANCE REPORT