

FCC Aqualia, S.A.

Consolidated Financial
Statement for the annual period
ended 31 December 2015,
Directors' Report and
Independent Audit Report

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of FCC Aqualia, S.A.:

Report on the consolidated financial statements

We have audited the attached consolidated financial statements of FCC Aqualia, S.A. (hereinafter, the Parent Company) and Subsidiaries (hereinafter, the Group), which include the consolidated statement of financial position at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the consolidated annual report corresponding to the year ended on that date.

Directors' responsibility in relation to the consolidated financial statements

The directors of the Parent Company are responsible for formulating the accompanying consolidated financial statements, so that they provide a true and fair view of the consolidated equity, consolidated financial position and consolidated results of FCC Aqualia, S.A. and subsidiaries in accordance with International Financial Reporting Standards adopted by the European Union and other provisions of the financial reporting framework applicable to the Group in Spain, which is identified in Note 2 to the accompanying consolidated financial statements, and the internal control they deem necessary to enable the preparation of the consolidated financial statements free from material inaccuracies due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We have performed our audit in accordance with the audit regulations in force in Spain. This arrangement requires that we comply with ethical requirements and that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material inaccuracies.

An audit requires the application of procedures to obtain audit evidence regarding the amounts and disclosures made in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material inaccuracies in the consolidated financial statements due to fraud or error. In making those risk assessments, the auditor considers the relevant internal control in the preparation of the consolidated financial statements by the Directors of the Parent Company in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the company. An audit also includes assessing the appropriateness of the accounting policies and the reasonableness of the accounting estimates made by Management, as well as assessing the presentation of the consolidated financial statements taken as a whole.

We believe that the audit evidence we have obtained provides sufficient and adequate basis for our audit opinion.

Opinion

In our opinion, the attached consolidated financial statements express, in all significant aspects, a true and fair view of the consolidated equity and consolidated financial position of FCC Aqualia, S.A. at 31 December 2015, as well as the consolidated profits from operations and the consolidated cash flows corresponding to the period ended said date in accordance with the International Financial Reporting Standards adopted by the European Union and other provisions of the framework for financial reporting applicable in Spain.

Report on other legal and regulatory requirements

The accompanying consolidated management report for 2015 contains the explanations which the Directors of the Parent Company believe to be relevant to the financial position of FCC Aqualia, S.A. and Subsidiaries, the development of the business and other significant issues, and does not form an integral part of the financial statements. We have verified that the accounting information contained in the directors' report coincides with that of the consolidated financial statements for 2015. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of FCC Aqualia, S.A. and its subsidiaries.

DELOITTE, S.L.

Official Spanish Account Auditing Registry (ROAC) Member No S0692

[Signature]

Antonio Sánchez-Covisa Martín-González

07 March 2016



FCC AQUALIA, S.A. and subsidiaries

CONSOLIDATED FINANCIAL STATEMENT

- Financial Statement

Consolidated statement of financial position
Consolidated income statement
Consolidated statement of comprehensive income
Consolidated statement of changes in equity
Consolidated statement of cash flows
Consolidated annual report

- Appendix I: Subsidiaries consolidated by the full consolidation method
- Appendix II: Associates and jointly controlled entities (consolidated by proportionate method).
- Appendix III: Associates consolidated using the equity method
- Appendix IV: Temporary Joint Ventures
- Annex V: Changes in the scope of consolidation
- Annex VI: Liquidity statement submitted by the directors of the Parent Company for the distribution of the interim dividend.

CONSOLIDATED DIRECTORS' REPORT

FCC AQUALIA, S.A. AND SUBSIDIARIES
(CONSOLIDATED GROUP)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 December 2015 (in thousands of euros)

ASSETS	2015.12	2014.12
NON-CURRENT ASSETS	1,516,170	1,557,389
1. Intangible assets (Note 4)	898,994	924,784
1. Concessions	808,697	834,408
2. Goodwill	85,306	85,306
3. Other intangible assets	4,991	5,070
2. Property, plant and equipment (Note 5)	318,939	315,431
1. Land and buildings	30,273	30,559
2. Technical installations and other property, plant and equipment	288,666	284,872
4. Investments in associates and jointly-controlled entities (Note 7)	125,328	130,195
5. Non-current financial assets (Note 9)	123,886	142,296
6. Deferred tax assets (Note 17)	49,023	44,683
CURRENT ASSETS	704,426	662,559
2. Inventories (Note 10)	22,600	22,909
3. Trade and other receivables	218,079	262,133
1. Customer receivables – sales and service provision (Note 11)	176,672	194,544
2. Other receivables (Note 11)	41,407	67,332
3. Current tax assets	-	257
4. Other current financial assets (Note 9)	366,202	256,603
5. Other current assets	602	356
6. Cash and cash equivalents (Note 12)	96,943	120,558
TOTAL ASSETS	2,220,596	2,219,948

Notes 1 to 26 and Appendices I to VI attached herein form an integral part of the consolidated financial statements for 2015.

FCC AQUALIA, S.A. AND SUBSIDIARIES
(CONSOLIDATED GROUP)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 December 2015 (in thousands of euros)

EQUITY AND LIABILITIES	2015.12	2014.12
EQUITY (Note 13)	788,388	783,373
1. Equity attributed to the parent company	736,921	727,258
1. Shareholders' Equity	751,237	740,012
1. Capital	145,000	145,000
2. Issue premium and reserves	569,554	532,483
4. Profit/(Loss) for the year attributable to the Parent company	67,133	62,529
5. Interim dividend	(30,450)	-
2. Adjustments for changes in value	(14,316)	(12,754)
2. Non-controlling interests	51,467	56,115
NON-CURRENT LIABILITIES	917,134	747,467
1. Grants (Note 18)	42,114	30,061
2. Non-current provisions (Note 15)	108,652	100,556
3. Non-current financial liabilities (Note 14)	703,722	533,985
1. Debt instruments and other marketable securities	197,027	-
2. Bank borrowings	16,839	36,434
3. Other financial liabilities	489,856	497,551
6. Deferred tax liabilities (Note 17)	51,697	50,859
5. Other non-current liabilities	10,949	32,006
CURRENT LIABILITIES	515,074	689,108
2. Current provisions (Note 15)	14,261	22,075
3. Current financial liabilities (Note 14)	77,740	234,110
1. Debt instruments and other marketable securities	2,390	72,573
2. Bank borrowings	3,634	111,852
3. Other financial liabilities	71,716	49,685
4. Trade and other payables	422,626	432,589
1. Accounts payable for purchases and services	180,917	184,535
2. Other payables (Note 16)	241,709	248,054
5. Other current liabilities	447	334
TOTAL EQUITY AND LIABILITIES	2,220,596	2,219,948

Notes 1 to 26 and Appendices I to VI attached herein form an integral part of the consolidated financial statements for 2015.

FCC AQUALIA, S.A. AND SUBSIDIARIES
(CONSOLIDATED GROUP)
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015 (in thousand euros)

	2015.12	2014.12
Net revenue (Note 20)	995,696	909,976
Capitalised expenses of in-house work on fixed assets (Note 5)	19,471	17,887
Other profit from operations (Note 20)	20,050	23,225
Change in inventories of finished goods and work in progress	13	(213)
Purchases (Note 20)	(392,484)	(327,799)
Employee benefits expense (Note 20)	(239,102)	(232,930)
Other operating expenses (note 20)	(188,707)	(194,824)
Depreciation and amortisation (Notes 4 and 5)	(81,202)	(78,414)
Recognition of non-financial asset grants and others	3,030	1,203
Impairment and profit/loss from disposal of assets	(1,692)	(3,667)
Other profit/loss	652	2,843
PROFIT FROM OPERATIONS	135,725	117,287
Finance income (Note 20)	8,855	16,314
Finance costs (Note 20)	(49,401)	(49,585)
Changes in fair value of financial instruments	451	(451)
Exchange differences	1,046	(133)
Impairment and profit/loss from disposal of financial instruments	(1,418)	(9,463)
FINANCE INCOME/COST	(40,467)	(43,318)
Profit or loss of equity method measured companies (Note 7)	3,466	9,288
PROFIT BEFORE TAX FOR THE YEAR FROM CONTINUING OPERATIONS (Note 17)	98,724	83,257
Income tax (Note 17)	(28,253)	(19,783)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	70,471	63,474
CONSOLIDATED PROFIT FOR THE YEAR	70,471	63,474
Profit (loss) attributed to non-controlling interests (Note 13)	(3,338)	(945)
PROFIT ATTRIBUTED TO PARENT COMPANY	67,133	62,529
Profit (loss) per basic share	0.49	0.44

Notes 1 to 26 and Appendices I to VI attached herein form an integral part of the consolidated financial statements for 2015.

FCC AQUALIA, S.A. AND SUBSIDIARIES
(CONSOLIDATED GROUP)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER
2015 (in thousand euros)

	2015.12	2014.12
Consolidated profit for the year	70,471	63,474
Income and expense recognised directly in equity	(1,562)	787
For cash flow hedges	847	240
Translation differences	(3,014)	2,302
Effect of taxes and other income/expense	605	(1,755)
Transfer to the Income Statement	816	-
For cash flow hedges	1,133	-
Tax effects	(317)	-
Total recognised income/(expense)	69,725	64,261
a) Attributed to parent Company	65,571	63,260
Attributed to non-controlling interests	4,154	1,001

Notes 1 to 26 and Appendices I to VI attached herein form an integral part of the consolidated financial statements for 2015.

FCC AQUALIA, S.A. AND SUBSIDIARIES (CONSOLIDATED GROUP)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 December 2015 (in thousands of euros)

	Share capital	Issue premium and reserves	Interim dividend	Profit or loss for the year attributable to parent Company	Adjustments for changes in value	Equity attributed to parent Company	Non-controlling interests	Total equity
	(Note 13)	(Note 13)	(Note 13)	(Note 13)	(Note 13)	(Note 13)	(Note 13)	
Balance at 31/12/2013	145,000	478,207	-	54,313	(13,486)	664,034	46,867	710,901
Total recognised income/(expense)	-	-	-	62,528	732	63,260	1,001	64,261
Transactions with shareholders or owners	-	-	-	-	-	-	7,871	7,871
Capital increases/(reductions)	-	-	-	-	-	-	6,624	6,624
Dividends paid	-	-	-	-	-	-	(719)	(719)
Other transactions with shareholders or owners	-	-	-	-	-	-	1,966	1,966
Other changes in equity	-	54,276	-	(54,313)	-	(37)	376	339
Balance at 31/12/2014	145,000	532,483	-	62,528	(12,754)	727,257	56,115	783,372
Total recognised income/(expense)	-	-	-	67,133	(1,562)	65,571	4,154	69,725
Transactions with shareholders or owners	-	37,100	(30,450)	(62,528)	-	(55,878)	(8,557)	(64,435)
Dividends paid	-	37,100	(30,450)	(62,528)	-	(55,878)	(8,756)	(64,634)
Other transactions with shareholders or owners	-	-	-	-	-	-	199	199
Other changes in equity	-	(29)	-	-	-	(29)	(245)	(274)
Balance at 31.12.2015	145,000	569,554	(30,450)	67,133	(14,316)	736,921	51,467	788,388

Notes 1 to 26 and Appendices I to VI attached herein form an integral part of the consolidated financial statements for 2015.

FCC AQUALIA, S.A. AND SUBSIDIARIES
(CONSOLIDATED GROUP)
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
31 December 2015 (in thousands of euros)

	2015.12	2014.12
Profit before tax for the year from continuing operations	98,724	83,257
Adjustments to profit or loss	111,861	130,316
Depreciation and amortisation (Notes 4 and 5)	81,202	78,414
Other adjustments to profit or loss (net)	30,659	51,902
Changes in working capital	9,037	31,117
Other cash flows from operating activities	(28,948)	(29,858)
Dividends received	6,586	2,552
Income tax received/(paid)	(34,030)	(29,555)
Other amounts received/(paid) for operating activities	(1,504)	(2,855)
CASH FLOWS FROM OPERATING ACTIVITIES	190,674	214,832
Investments paid	(62,557)	(103,188)
Group companies, associates and business units	(4,817)	(9,046)
Property, plant and equipment and intangible assets	(57,740)	(79,125)
Other non-current financial assets:	(6,841)	(15,017)
Proceeds from divestments	(6,495)	9,350
Group companies, associates and business units	-	1,078
Property, plant and equipment and intangible assets	346	2,089
Other financial assets	-	6,183
Other cash flows from investing activities	(84,348)	(122,555)
Interest received	-	13,650
Other amounts received/(paid) for investing activities	(84,348)	(136,205)
CASH FLOWS FROM INVESTING ACTIVITIES	(153,400)	(216,393)
Amounts received and (paid) for equity instruments	3,999	6,624
Issuance/(repayment)	3,999	6,624
Amounts received and (paid) for financial debt instruments	7,131	77,603
Issue	197,027	127,227
Repayment and amortisation	(189,896)	(49,624)
Dividend payments and other remuneration of equity instruments	(30,450)	(709)
Other cash flows from financing activities	(38,756)	(42,879)
Interest paid	(49,401)	(43,903)
Other amounts received/(paid) for financing activities	10,645	1,024
CASH FLOWS FROM FINANCING ACTIVITIES	(58,076)	40,639
EFFECT OF EXCHANGE DIFFERENCES AND OTHERS	(2,813)	(512)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(23,615)	38,566
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	120,558	81,992
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Note 12)	96,943	120,558

Notes 1 to 26 and Appendices I to VI attached herein form an integral part of the consolidated financial statements for 2015.

CONSOLIDATED ANNUAL REPORT FOR 2015

1. BUSINESS ACTIVITIES

FCC Aqualia, S.A. (hereinafter, the Parent Company or FCC Aqualia) was incorporated in Logroño on 26 May 1980 under the name of Seragua, S.A. In June 1988, its registered offices were transferred to Madrid and in July 2002, it was renamed as Aqualia Gestión Integral del Agua. On 2 April 2014, the resolution under which the company's registered name was changed to FCC Aqualia, S.A. was notarised.

The FCC Aqualia Group comprises the Parent Company and a series of domestic and international investees whose main business activities are related to end-to-end water management, explained in further detail below:

- End-to-end water management consists in collection, transportation, treatment and distribution of water from wells, catchment areas and desalination plants to urban areas through pumping systems, pipelines, distribution grids and complex water treatment facilities for purification and storage. Once used, the water is captured through sewer networks and taken to treatment stations where it is treated before being returned to its natural source.

End-to-end water management requires the preservation and maintenance of water supply and sewer networks as well as purification and treatment stations, maintenance and repair of electrical, electronic and plumbing systems and equipment, among other items. All of this work helps in the detection of leaks in the systems and optimal use of the water.

The process is completed with technical, administrative and IT work performed for the purposes of customer management such as reading meters, billing and managing collection of customer receipts and staffing the customer service centre.

- Construction, installation, operation, maintenance, management, repair, purchase, sale and development, on its own behalf or on behalf of others, of all kinds of waste treatment, recovery or removal stations, plants and equipment, water filtering and any other facilities whose purpose is water treatment.

The Temporary Joint Ventures in which the FCC Aqualia Group participates perform the same activities and are detailed in APPENDIX IV.

Likewise, the Parent Company has ownership interests in companies with similar corporate purposes and business activities. The lists of companies consolidated using the full consolidation method, the

proportionate consolidation method and the equity method are shown in APPENDICES I, II and III, respectively.

The Group is part of the Division of Integrated Water Management of FCC, whose parent company is Fomento de Construcciones y Contratas, S.A., established in C/Balmes, 36 in Barcelona. The consolidated financial statements of the FCC Group for 2015 were authorised for issue by the Directors of Fomento de Construcciones y Contratas, S.A. at a meeting of the Board of Directors held on 25 February 2016 and will be filed with the Companies Register.

2. BASIS OF PRESENTATION, CONSOLIDATION PRINCIPLES AND VALUATION STANDARDS

a) Basis of presentation

The attached consolidated financial statements and the notes thereto contained in this consolidated annual report were prepared in accordance with the International Financial Reporting Standards (IFRS) passed by the European Union (IFRS-EU) at the reporting date, pursuant to EC Regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002 and all the provisions and interpretations that implement such regulation.

FCC Aqualia's consolidated financial statements for 2014 were approved by the shareholders at the Annual General Meeting of the Company on 08 May 2015.

The consolidated financial statements for 2015 were prepared using the accounting records of FCC Aqualia, S.A. and its investees. These records, taken in accordance with the local regulations applicable in each case, were adapted to the IFRS by each of the companies belonging to the Group according to procedures and operating systems established by the Group in order to implement and justify consolidation in compliance with the requirements of the IFRS.

The FCC Aqualia Group's consolidated financial statements were prepared so as to provide a true and fair view of the Group's equity and financial situation at 31 December 2015, as well as the consolidated profit from operations, changes in equity and cash flows that have taken place in the Group during the period ended at said date.

In order to present the different items composing these consolidated financial statements in a uniform manner, accounting uniformity criteria have been applied to the separate financial statements of the companies included within the consolidation scope. The closing date of the financial statements for the companies included within the consolidation scope is, in general, the same date as for the parent Company, 31 December.

For comparative purposes, the figures from 2014 are shown in the consolidated financial statements for 2015.

The consolidated financial statements for 2015 do not include changes in accounting estimates or correction of fundamental errors from previous periods.

Furthermore, the consolidated financial statements are presented in thousands of Euros, since this is the main currency in the setting in which the Group operates.

b) Changes in accounting policies

Entry into force of new accounting standards.

In 2015 the following mandatory interpretations and standards already adopted by the European Union came into force, which, where applicable, were used by the Group in preparing these consolidated financial statements:

(1) New standards, amendments and interpretations mandatorily applicable in the year beginning 01 January 2015:

Approved for use in the European Union		Compulsory application for periods starting after:
IFRIC 21 Levies (published in May 2013)	Interpretation of when to recognise a liability for fees or duties of the Administration.	Annual periods starting from 17 June 2014 ⁽¹⁾
Annual Improvements to IFRS 2011-2013 Cycle (published in December 2013)	Amendment to IFRS 3-Business Combinations in the scope relating to joint ventures, amendment to IFRS 13-Fair value in the scope relating to the portfolio valuation exception and amendment to IAS 40-Investment Property as it interrelates with IFRS 3.	01 January 2015 ⁽²⁾

(1) The European Union endorsed IFRIC 21 (EU Journal 14 June 2014), changing the original date of entry into force established by the IASB from 1 January 2014 to 17 June 2014.

(2) Date of entry into force established by the IASB was from 1 July 2014.

The application of the new rules set out above has not had a significant impact on the Group.

(2) New standards, amendments and interpretations mandatorily applicable in annual reporting periods subsequent to the calendar year beginning 01 January 2015 (applicable from 2016 onwards):

At the date of preparation of these consolidated financial statements, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union:

Approved for use in the European Union		Compulsory application for periods starting after:
Amended IAS 19 Defined Benefit Plans: Employee Contributions (published in November 2013)	This amendment is issued to facilitate the possibility of deducting these contributions from the service cost in the same period in which they are paid if certain requirements are met.	01 February 2015 ⁽¹⁾
Annual Improvements to IFRS 2010-2012 Cycle (published in December 2013)	Minor amendments in several standards.	01 February 2015 ⁽¹⁾
Amendments to IAS 16 and IAS 38 Acceptable methods of depreciation and amortisation (published in May 2014)	Clarifies acceptable methods of depreciation of property, plant and equipment and amortisation of intangible assets, which do not include those based on revenues.	01 January 2016
Amendment to IFRS 11 Accounting for acquisitions of interests in joint operations (published in May 2014)	Specifies how to account for acquisitions of interests in joint operations in which the activity constitutes a business.	01 January 2016
Amendments to IAS 16 and IAS 41: Bearer plants (published in June 2014)	Bearer plants will now be measured at cost instead of at their fair value.	01 January 2016
Annual Improvements to IFRS 2012-2014 Cycle (published in September 2014)	Minor amendments in several standards.	01 January 2016
Amendment to IAS 27 Equity method in separate financial statements (published in August 2014)	The equity method shall be allowed in an investor's separate financial statements.	01 January 2016
Amendments to IAS 1: Breakdown initiative (December 2014)	Various clarifications in relation to the breakdowns (material nature, aggregation, order of notes, etc.)	01 January 2016

Not approved for use in the European Union		Compulsory application for periods starting after:
IFRS 15 Revenue from Contracts with Customers (issued in May 2014)	New standard for recognising revenue (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31)	01 January 2018
IFRS 9 Financial Instruments (last phase issued in July 2014)	Replaces the requirements for the classification, measurement, recognition and derecognition of financial assets and liabilities, hedge accounting and impairment under IAS 39.	01 January 2018
IFRIC 16 Leases (published in May 2016)	New standard on leases replaces IAS 17. Tenants shall include all leases on the balance sheet as if they were financed purchases.	01 January 2019
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment companies (December 2014):	Clarifications on the consolidation exception of investment entities	01 January 2016
Amendment to IFRS 10 and IAS 28 Sales or contributions of assets between an investor and its associate/joint venture (published in September 2014)	Clarification in relation to gains or losses from these operations, depending on whether they constitute a business or assets.	No definite date

(1) Date of entry into force of these standards established by the IASB was from 1 July 2014.

The Group intends to adopt these standards, amendments and interpretations issued by the IASB, which are not compulsory in the European Union at the reporting date of these consolidated financial statements, when they enter into force, if they are applicable. The Group is currently assessing their impact. Based on the analyses conducted up to this time, and except for what may arise from IFRS 15 and IFRS 16, as the case may be, the Group estimates that the initial application will not have a significant impact on the consolidated financial statements.

c) Consolidation principles

Subsidiaries

In the consolidation, the full consolidation method was applied to the subsidiaries indicated in Appendix I, in which FCC Aqualia exercises control over the financial and operating policies of the entity, either directly or through other companies controlled in turn by the parent.

The value of the interests held by non-controlling shareholders in the equity is stated under “Non-controlling interests” in the Liabilities section of the attached consolidated statement of financial position and interests in profit/loss are shown in “Profit (loss) attributed to non-controlling interests” (Note 13.e.) of the attached consolidated income statement.

Where applicable, goodwill is determined according to the criteria indicated in Note 2.d.2 of this consolidated Annual Report.

Joint arrangements

The Group develops joint arrangements participating in joint companies that are controlled jointly by the Parent Company or one of its subsidiaries with others not related to the FCC Aqualia Group, as well as participating in joint operations and similar entities.

In application of IFRS 11 "Joint Arrangements", the Group consolidates its ownership interests in joint businesses using the equity method and includes them in the attached consolidated statement of financial position in the "Investments accounted for using the equity method" section. The interests in the profit/loss less tax for the year of these companies is stated in the "Profit or loss of equity method measured companies" section of the attached consolidated income statement.

In turn, the joint operations have been integrated into the attached consolidated financial statements based on the percentage of interests held in the assets, liabilities, income and expenses deriving from the operations performed by such entities, eliminating any reciprocal balances in assets and liabilities and any income and expenses not incurred with third parties.

The detail of joint agreements using the proportionate method is attached herein as Appendix II.

Associate companies

The companies listed in Appendix III, in which FCC Aqualia does not exercise control but does have significant influence, are included in the attached consolidated statement of financial position in the "Investments in associates and jointly-controlled entities" section, consolidated using the equity method. The contribution to profit/loss less tax for the year of these companies is stated in the "Profit or loss of equity method measured companies" section (Note 7) of the attached consolidated income statement. Appendix III lists the companies that have been consolidated using the equity method.

Transactions with Group companies

In transactions conducted between consolidated companies, the profit/loss resulting from internal transactions is eliminated and deferred until the transaction takes place with a third party unrelated to the Group.

Capitalised expenses of in-house work by the Group on fixed assets are recognised at production cost, eliminating any profit/loss arising within the Group.

Credits and debits corresponding to subsidiaries and, in the relevant proportion, those existing between subsidiaries and temporary joint ventures, as well as internal income and expenses amongst consolidated companies as a whole, are eliminated from the consolidated financial statements.

Uniformity

The companies within the scope of consolidation have been consolidated based on their separate financial statements which, for companies based in Spain, are prepared in accordance with the

Spanish General Chart of Accounts and, for foreign companies, in accordance with their local regulations. Any and all significant adjustments needed to adapt them to International Financial Reporting Standards and/or to make them uniform with the Group's accounting criteria have been considered in the consolidation process.

Changes in the scope of consolidation

Appendix V shows the changes that have taken place in 2015 and 2014 in the group of companies consolidated by full consolidation and using the equity method. The profit/loss of these companies is included in the consolidated income statement as of the effective acquisition date or up to the effective disposal date, as appropriate.

In the corresponding Notes to this consolidated Annual Report, under the section entitled “Change in the scope”, the effects of additions and removals of companies to and from the scope of consolidation are shown.

d) Valuation standards

The valuation standards applied in preparing the consolidated financial statements for the FCC Aqualia Group are detailed below:

d. 1 Service concession arrangements

Concession arrangements are arrangements between a public sector concession grantor and FCC Aqualia Group companies to provide public services consisting in the distribution of drinking water, construction and operation of water and other infrastructures. Revenue from performing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for service provision.

The concession right generally entails a monopoly on the provision of the service granted for a certain period of time, after which time, the infrastructure related to the concession required to provide the service is handed over to the concession grantor, generally without remuneration. The concession agreement must necessarily include the management or operation of the said infrastructure. Another common characteristic is the existence of obligations to purchase or build all the elements that are needed to provide the concession service throughout the duration of the contract.

These concession arrangements are accounted for in accordance with the terms of IFRIC 12, “Service concession arrangements”, which highlights two clearly distinguished phases: the first one, in which the concession operator provides construction or enhancement services, recognised according to the degree of progress as per IAS 11 “Construction Contracts”, with a balancing entry in intangible or financial assets, and the second phase, in which a series of maintenance or operation services regarding the said infrastructure are provided, recognised as per IAS 18 “Revenue”.

An intangible asset is recognised when the demand risk regarding the service is borne by the concession operator. Otherwise, if the demand risk regarding the service is borne by the concession

grantor, a financial asset is registered. Amounts paid as a fee for the award of the concession are also recognised as intangible assets.

In concessions classified as intangible assets, at the start of the concession, provisions for dismantling, removal or renovation and any actions intended to enhance or increase capacity, the income from which is foreseen in the initial contract, are recognised as the greater value of the asset and the depreciation of these assets, as well as the financial adjustments made to the said provisions, are taken to profit/loss. In turn, provisions in response to replacement and repair activities regarding the infrastructures are systematically taken to profit/loss as the obligation arises.

Interest deriving from financing the infrastructure is recognised in profit/loss, and interest accrued during construction, up to the time of commissioning of the infrastructure, is capitalised, exclusively under the intangible asset model.

Straight-line amortisation of the intangible assets takes place throughout the life of the concession.

Concessions classified as financial assets are recognised at the fair value of the construction or enhancement services provided. In accordance with the amortised cost method, the relevant income based on the effective interest rate resulting from cash flow forecasts and concession payments is taken to profit/loss.

d.2 Business combinations and goodwill

Assets and liabilities of companies and sub-groups acquired are stated in the consolidated statement of financial position at their fair value, disclosing the relevant deferred taxes. However, in accordance with regulations, the stated value and the allocations to different assets and liabilities items initially made can be adjusted within twelve months after the acquisition date, whenever new information arises that must be considered.

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

Goodwill is recognised as the gains occurring between a) the sum of the fair value of the remuneration transferred for the interests acquired and the fair value on the date control of previously held interests is taken over in the case of step acquisitions, and b) the percentage of the interests acquired in the identifiable assets and liabilities.

Non-controlling interests are measured as the proportion of the acquired company's assets and liabilities.

In the case of step acquisitions made in more than one transaction (through successive purchases), the difference between the fair value on the date control of previously held interests is taken over and the carrying amount of these interests is recognised as operating income/expense.

Once control over an investee is held, as long as such control is not lost, the difference between the amount for any purchases or sales of additional interests and their carrying amount is charged to equity.

Goodwill is not amortised but it is subjected, at least at year-end, to an impairment test in order to measure it as the lesser of its recoverable value, estimated based on expected cash flows, or its cost of purchase, reduced by any impairment that may have occurred in previous years. The accounting criteria applied to calculate impairment are explained in note 2.d.5.

d.3 Intangible assets

This standard applies to all the other intangible asset items that are not included in the aforementioned standards about service concessions and goodwill.

These assets include computer software, which is registered at cost of purchase less accumulated amortisation and impairment losses, if any. They are amortised using the straight-line method over an estimated useful life of 4 years.

d.4 Property, plant and equipment

Property, plant and equipment items are initially measured at purchase price and subsequently stated less the corresponding accumulated depreciation and impairment, if any. The cost of the assets also includes the estimated present value of dismantling or removal of the related elements and, in cases in which they have been provided by the acquired companies, they are initially measured at the purchase date fair value.

Expenses for preservation and maintenance of the property, plant and equipment items are stated in the consolidated income statement in the period in which they occur. On the other hand, the costs of investments made to improve the capacity and/or efficiency of the assets, or to prolong the useful life thereof, are capitalised.

For assets that require a period of more than one year to be fit for use, the capitalised costs include the finance costs that have accrued prior to commissioning of the asset and have been billed by the supplier or that correspond to loans or some other type of specific or general third-party financing directly attributable to the purchase or manufacturing of the asset.

The Group's capitalised expenses of in-house work on fixed assets are shown at the accumulated cost resulting from adding internal costs, determined on the basis of internal consumption of materials, to external costs, labour costs directly incurred and general manufacturing expenses calculated according to absorption rates similar to those applied for the purposes of measuring inventories.

The Group's property, plant and equipment depreciate according to the straight-line method, applying annual depreciation rates calculated on the basis of the years of estimated useful life of the respective assets, as follows:

ESTIMATED USEFUL LIFE YEARS

Buildings	33 – 50
Technical installations and machinery	10 – 25
Other installations, tools and furniture	7 – 10
Other property, plant and equipment items	4 – 6

Periodically, the residual value, useful life and depreciation method of the Group’s property, plant and equipment are reviewed to guarantee that the depreciation model applied is coherent with the profit deriving from operation of the assets.

The companies assess at least at the end of each year whether there is evidence of impairment of any asset or set of assets of property, plant and equipment in order to proceed, as the case may be, to their impairment or the reversal thereof in order to adjust their net carrying value to the value in use, without the reversals in any case exceeding the previous impairment performed.

d.5 Impairment of non-financial assets subject to amortisation or depreciation

Intangible assets with a defined useful life and property, plant and equipment items undergo an impairment test when there are signs of impairment losses in order to adjust their carrying amount to their value in use, when the latter is lower.

Goodwill and intangible assets with an indefinite useful life must undergo an impairment test at least once a year in order to discern any possible impairment losses.

Impairment losses recognised in previous periods on assets other than goodwill can be reversed if the estimates used in the impairment tests show that their value has recovered. The carrying amount of the assets whose value has recovered shall not under any circumstances exceed that which they would have had, had no impairment been recorded in previous years.

Impairment and reversal of impairment of assets is taken to profit/loss under “Impairment and profit/loss from disposal of assets”.

In order to determine the recoverable value of assets subjected to impairment tests, the present value of net cash flows generated by the Cash Generating Units (CGU) associated with them has been estimated, except for flows related to payments or collections from financing transactions and income tax payments, as well as payments deriving from scheduled future renovations or enhancements for the assets in the aforementioned cash generating units. In order to adjust the cash flows, a pre-tax discount rate has been used that includes current market assessments of the time value of money and the specific risks of each cash generating unit.

The estimated cash flows have been attained from the forecasts made by Management at each of the CGU which, in general, span periods of five years, except when the nature of the business suggests longer periods are preferable, and which include growth rates based on approved business plans that are periodically reviewed. Zero growth is considered for periods in excess of the amount of time forecasted in these plans. In addition, it must be noted that sensitivity analyses are

conducted in relation to the growth of income, operating margins and discount rates, in order to predict the impact of future changes in these variables.

The cash flows from CGU abroad have been calculated in the functional currencies of these cash generating units and they are adjusted using discount rates that take the relevant risk premiums relating to these currencies into account. The present value of net cash flows thus attained has been converted at the closing exchange rate of each currency.

d.6 Leases

Leases are classified as finance leases whenever one can infer from the conditions thereof that the risks and rewards inherent to ownership of the asset that is the subject-matter of the agreement are substantially transferred to the lessee. All other cases are classified as operating leases.

Finance leasing

In finance leasing transactions, the Group acts exclusively as lessee. The cost of the leased assets is stated on the consolidated statement of financial position according to the nature of the subject-matter of the contract and simultaneously, a liability is shown for the same amount. This amount shall be the lesser of the fair value of the leased asset and the present value of the minimum amounts agreed at the start of the lease, including the purchase option, when there is no reasonable doubt as to the exercise thereof. Contingent payments, service charges and taxes to be paid by and reimbursed to the lessor shall not be included in the calculation. The total finance charge of the contract is recognised on the consolidated income statement for the period in which it accrues, applying the effective interest method. Contingent payments are recognised as expenses in the period in which they are incurred.

Leased assets are depreciated, based on their nature, using similar criteria to those applied to the items of property, plant and equipment taken as a whole.

At the end of the finance lease, the Group companies generally exercise their purchase option as there are no kinds of restrictions to exercising such option in the contracts. There are no renewal agreements in the duration of the contracts or price adjustments either.

Operating leases

The expenses derived from operating lease agreements are stated in the consolidated income statement in the period in which they accrue.

Any amounts that may be collected or paid when entering into an operating lease shall be treated as an advance payment or collection stated on the income statement throughout the lease period, to the extent that the benefits of the leased asset are transferred or received.

d.7 Investments in associates

Interests are initially measured at cost of purchase and, subsequently, they are adjusted by the portion of the interests in the profits generated by said companies which are not paid as dividends. Likewise, the value of the interests is adjusted to reflect the proportion of changes in the equity of these companies that have not been recognised in their profit/loss.

The required valuation adjustments are made whenever there are signs of impairment; in other words, if the recoverable value of the interests is lower than the carrying amount.

d.8 Financial assets

The financial assets owned by the Group are classified into the following categories:

- Loans and receivables: Financial assets derived from the sale of goods or the rendering of services relative to the Group companies' trade operations, or which, while not of a commercial nature, are not equity instruments or derivatives, provide specific or determinable returns and are not traded on an active market. This category includes collection rights arising in application of IFRIC 12, "Service concession arrangements" (Note 2.d.1).
- Held-to-maturity investments: debt securities with a fixed maturity date and determinable collection amounts that are traded on an active market, regarding which the Group declares its intention and capacity to hold them until the maturity date.
- Financial assets available for sale: debt securities and equity instruments of other companies that have not been classified in any of the previous categories are included here.

Initial measurement

Financial assets are initially measured at the fair value of the consideration received plus any directly attributable transaction costs.

Subsequent measurement

- Loans, receivables and held-to-maturity investments are measured at amortised cost.
- Available-for-sale financial assets are measured at fair value, and the result of changes in this fair value is recorded in Equity until the asset is disposed of or experiences stable or permanent impairment. At that time, this accumulated sum previously recognised in Equity is transferred to the consolidated income statement. In this regard, permanent impairment is deemed to exist if the listed value of the asset has dropped by more than 40% during a period of one and a half years without its value being recovered.

- At least at year-end, the Company conducts an impairment test of the financial assets that are not stated at fair value. Objective evidence of impairment is considered to exist if the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recorded in the consolidated income statement.
- In particular, regarding valuation adjustments made in relation to trade and other receivables:
 - 1) The Parent Company calculates the relevant valuation adjustments as follows:
 - For private customers with balances due more than one year prior, a provision is made for the entire amount.
 - For private customers with balances due less than one year prior, a provision is made for a percentage based on past debts.
 - Provisions for public customer receivables are allocated on the basis of a specific analysis.
 - 2) The rest of the Group companies calculate any valuation adjustments that may arise based on a specific analysis of the bad debt risk of each account receivable.
- Interest received from financial assets is recognised by using the effective interest method, and dividends are recognised when the shareholder's right to receive them is established. In any case, interest and dividends from financial assets accrued subsequent to the time of acquisition are recognised as income on the consolidated income statement.

Classification

Current and non-current assets are classified based on their due dates at the reporting date, and those assets that are due within twelve months after the end of the period are considered current, whereas those that exceed this period are non-current.

Derecognition of financial assets:

The Group derecognises financial assets when they expire or the rights to cash flows of the corresponding financial asset have been assigned and the risks and rewards inherent to ownership thereof have been substantially transferred, such as final sales of assets, transfers of commercial credits in factoring transactions in which the company does not retain any significant credit or interest risk, sales of financial assets with a repurchase agreement at fair value or securitisation of financial assets in which the assigning entity does not keep subordinated funding or grant any kind of guarantee or assume any other kind of risk.

However, the Group does not derecognise financial assets, and instead recognises a financial liability for an amount equal to the consideration received, in assignments of financial assets in which the risks and rewards inherent to ownership thereof are substantially retained, such as discounted bills, recourse factoring, sales of financial assets with repurchase agreements at a fixed price or at the sale price plus interest and securitisation of financial assets in which the assigning

company retains subordinated funding or another type of guarantee which substantially absorbs all the expected losses.

d.9 Inventories

Inventories are measured at purchase price, production cost, or net realisable value, whichever is the lowest. Commercial discounts, rebates or other similar items and interest added to the nominal amount of the debits are deducted from the purchase price.

Production cost includes the cost of materials directly used and, where appropriate, direct labour costs and general manufacturing expenses.

Net realisable value represents the estimated selling price less all estimated costs for completion and costs incurred in the marketing, sale and distribution process.

The Group makes the necessary value adjustments, recognising them as an expense on the consolidated income statement when the net realisable value of the inventories is lower than the purchase price or production cost thereof.

d.10 Foreign currency

The FCC Aqualia Group's functional currency is the Euro.

Translation differences

The financial statements of foreign companies stated in other currencies have been converted to euros at the closing exchange rate, except for:

- Capital and reserves, which have been converted at historical exchange rates.
- Items in the income statements of foreign companies that have been converted by applying the average exchange rates during the year.

The translation differences generated through the application of the closing exchange rate method are included, net of tax, in Equity in the attached consolidated statement of financial position.

Exchange differences

Balances receivable or payable in foreign currency are measured in euros by applying the exchange rates that are valid on at the consolidated statement of financial position date, taking any differences generated to profit/loss.

The differences that arise as a result of changes in exchange rates between the time of collection or payment and the date on which the transactions take place or the value is adjusted are taken to profit/loss for the year.

In turn, any exchange differences that take place in relation to investment financing in foreign companies, when both the investment and the financing is stated in the same currency, are recognised directly in equity as translation differences.

d.11 Grants

Grants are accounted for depending on their nature.

Capital grants

Capital grants are those that entail the acquisition or construction of assets. They are measured at the amount received or the fair value of the assets received and stated as deferred income in the liabilities section of the attached consolidated statement of financial position, then taken to profit/loss as the related assets depreciate.

Operating grants

Operating grants differ from the previous ones in that they are not directly related to an asset or set of assets. The amount received at the time the grant is awarded is accounted for as operating income.

d.12 Provisions and contingencies

In preparing the financial statements, the Directors of the Group have distinguished between:

- a) Provisions: payable balances covering present obligations arising as a result of past events, settlement of which is likely to result in an outflow of resources, but their amount and/or time of settlement are unknown.
- b) Contingent liabilities: these are possible obligations arising as a result of past events whose confirmation is subject to the occurrence or non-occurrence of one or more future events not within the Group's control.

The financial statement contains all the provisions for which it is estimated to be more likely than not that the obligation must be settled. Contingent liabilities are not recognised in the financial statement, but rather are reported in the notes to the annual report as long as they are not considered remote.

Provisions are measured at the present value of the best possible estimate of the amount needed to cancel or transfer the obligation, taking into account the available information regarding the event and consequences thereof, and recording any adjustments arising from the revaluation of the provision as a finance cost as they accrue.

The compensation to be received from a third party at the time the obligation is settled is stated as an asset, provided that there is no uncertainty that such repayment will be received, except in cases in which there is a legal relationship whereby a portion of the risk has been outsourced, in virtue

of which the Group is not required to respond; in such a situation, the compensation shall be taken into account to estimate the amount, where applicable, shown in the relevant provision.

Provisions for dismantling, removal or renovation and those related to the environment are recognised by increasing the value of the related asset by the present value of the expenses to be incurred when operation of the asset ceases. The effect on profit/loss takes place by depreciating the asset in accordance with that indicated in the preceding sections of this note and the financial adjustment mentioned in the previous paragraph.

They are classified as current or non-current in the attached consolidated statement of financial position depending on the estimated time period for maturity of the obligations they cover; those with an estimated maturity that is longer than the average cycle for the activity that gave rise to the provision are considered non-current.

d.13 Financial liabilities

Financial liabilities are initially measured at the fair value of the consideration received, adjusted for directly attributable transaction costs. Subsequently, these liabilities are measured at amortised cost.

Finance costs are recorded in the consolidated income statement in accordance with the accrual criterion, using the effective interest method, and added to the instrument's carrying amount as long as they are not settled during the period in which they accrue.

Bank borrowings and other current and non-current liabilities are classified based on their due dates at the reporting date, and those assets that are due within twelve months after the end of the period are considered current, whereas those that exceed this period are non-current.

d.14 Financial derivatives and hedge accounting

A financial derivative is a financial instrument or some other contract whose value changes in response to changes in certain variables, such as interest rates, the price of a financial instrument, the exchange rate, a rating or credit index or based on some other variable.

Financial derivatives, besides generating profits or losses, can, under certain conditions, offset all or part of the currency, interest or value risks related to balances and transactions. Hedging is accounted for as described below:

- Cash flow hedges. In this type of hedge, changes in the value of the hedge are temporarily recognised in Equity, and taken to the consolidated income statement when the hedged transaction takes place.
- Hedging of net investments in foreign businesses. This type of hedging transaction is intended to hedge the currency risk and is accounted for like a cash flow hedge.

According to IAS 39 "Financial instruments: Recognition and measurement", in order to be considered a hedge, a financial derivative must meet the following requirements:

- Formal identification and documentation at the start of the hedging relationship, as well as the purpose thereof and the company's strategy regarding hedging.
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- Prospective proof of the effectiveness of the hedge.
- Ex post measurements that are objective and verifiable.

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

Financial derivatives are appraised by experts in this field that are independent from the Company and the entities that finance it.

In the valuation of the derivative, the implicit rates in the zero coupon yield curve have been used, estimating the settlements in each period and discounting them based on this zero curve.

After IFRS 13 entered into force on 1 January 2013, the guidelines for fair value measurement are now explicit and, specifically, for an adjustment in the credit risk to be considered part of the fair value measurement of the derivative instrument. Therefore, the counterparty credit risk and the company's own credit risk have been adjusted using techniques that simulate future scenarios.

In turn, effectiveness is measured by conducting a test that verifies whether the changes in fair value of the cash flows from the derivative offset the changes in fair value of the hedged risk, both retrospectively and prospectively.

In order to quantify the hedged risk, hypothetical derivative simplification is used, in which the risk is modelled by isolating the hedged risk from the other factors that affect forecasted cash flows.

At year-end, the changes in the fair value of the cash flows from the derivative identified as a hedging instrument are retrospectively compared with the hypothetical derivative that models the hedged risk, and the following ratio is calculated:

$$\text{Hedge ratio} = \frac{\text{VR (Real Derivative)}_i - \text{VR (Real Derivative)}_0}{\text{VR (Hypothetical Derivative)}_i - \text{VR (Hypothetical Derivative)}_0}$$

Hedging is considered to be highly effective when the changes in fair value of the cash flows from the real derivative offset the cash flows from the hypothetical derivative within a range of 80 to 120 %.

The same analysis is done prospectively by simulating two scenarios of changes in the estimated interest rate curve.

Scenario 1: - 25 basis points.
Scenario 2: +100 basis points.

Although certain hedging instruments have been recognised as non-hedging, this is merely for accounting purposes, given that, for financial and management purposes, all the Company' hedging contracts are, in principle, backed by an underlying financial transaction and are intended exclusively to hedge the transaction.

This occurs when the hedge does not pass the effectiveness test, which requires that the changes in fair value or in the cash flows from the hedged item that are directly attributable to the hedged risk be offset by the changes in fair value or in the cash flows of the hedging instrument within a range of 80%-120%. When this does not happen, the changes in value are taken to the income statement.

In Note 22 of this consolidated Annual Report, the financial derivatives held by the FCC Aqualia Group and other issues related to them are detailed.

d.15 Income tax

Pursuant to record 18/89, the FCC Group, to which Grupo FCC Aqualia belongs, files its taxes under the consolidated taxation system for corporate income tax, and all the group companies that meet the requirements set forth under tax legislation pertain to this system.

The expense or income deriving from income tax includes both current income tax expenses or income and deferred tax expenses or income.

Current tax is the amount that each company in the Group must pay as a result of income tax settlements for the present year, applying the relevant tax rates depending on the legislation in each jurisdiction. Deductions and other tax advantages applied to the tax rate, not including withholdings and on-account payments, as well as tax losses carried forward from previous years and effectively applied this year, reduce the current tax amount.

The deferred tax expense or income corresponds to the recognition and derecognition of deferred tax assets or liabilities. These include temporary differences, which are identified as any amounts envisaged as payable or recoverable arising from the difference between the carrying amount of assets and liabilities and their fiscal value, as well as the tax losses carried forward and credits on account of tax deductions not levied as tax. Such amounts are stated by applying the tax rate at which they are expected to be recovered or settled to the temporary difference or relevant credit.

Income tax expense accrued by the companies that pertain to the consolidated taxation system is calculated by taking the following parameters into consideration, in addition to those mentioned above to be followed for separate taxation:

- The temporary and permanent differences arising as a result of the elimination of profit/loss from transactions carried out between companies within the tax group, which derives from the process of establishing the consolidated taxable profit.
- The deductions and credits that correspond to each company in the consolidated tax group; for these purposes, the deduction and credits are allocated to the company that performed the activity or earned the profit needed to attain the right to the tax deduction or credit.
- As regards tax losses from some of the companies in the tax group, which have been offset by other companies in the tax group, a reciprocal credit or debit arises between the relevant companies and the companies that offset the loss. If there are tax losses that cannot be offset by the rest of the companies in the tax group, these credits for tax losses carried forward are recognised as deferred tax assets, following the criteria established for recognition thereof and considering the tax group as the taxpayer.
- The Parent Company of the FCC Group registers the total amount of consolidated income tax to be paid (refunded) as a charge (payment) to Credits (Borrowings) with the tax group companies.

Deferred tax liabilities are recognised for all temporary tax differences, except when the temporary difference is the result of the initial recognition of goodwill or of other assets and liabilities in a transaction that does not affect either the tax profit or the accounting profit and is not a business combination.

In turn, deferred tax assets are only recognised if it is considered likely that the Group will have future tax benefits against which to offset them.

At the end of each year, deferred tax assets are restated, making the relevant adjustments thereto if there is doubt as to their future recovery. In addition, on each closing date, the deferred tax assets not recorded on the consolidated statement of financial position are evaluated and recognised to the degree that their recovery with future fiscal gains becomes probable.

Furthermore, in December 2014, the companies that pay tax in Spain took into account the change in the Income Tax rate introduced under Corporate Income Tax Law 27/2014, which took effect on 1 January 2015. According to this law, the tax rate will drop from the current 30 % to 28 % in 2015 and to 25 % starting in 2016 and therefore, the deferred tax assets and liabilities at 31 December 2014 and 2015 have been measured using the new rates.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, regardless of the expected performance or settlement date, and no financial adjustments are made under any circumstances.

d.16 Operating income and expense

In its water supply contracts, the Group recognises the amounts corresponding to cubic metres supplied to consumers, valued at sale price, as income. This sale price is established for each contract based on the rates passed by each City Council and published in the Official Journals of the relevant province.

In construction activities, the Group recognises profit/loss according to the degree of progress, established by measuring the work executed during the period and the costs thereof, which are accounted for as they accrue. Income is recognised at the sale price of the executed work, which is governed by a contract signed by the customer.

Regarding service concession arrangements, the FCC Group recognises income from interest deriving from collection rights under the financial assets model as profit from operations, given that the value of the financial asset includes both construction services and maintenance and upkeep services which, from an operational perspective, are identical to those represented by the intangible assets model and, consequently, it is deemed that the true and fair view is best represented in this way, since both models are related to the Group's operating activities (see Note 2.d.1).

Other income and expenses are stated in accordance with the accrual criterion, i.e., when the actual flow of goods and services occurs, regardless of when the financial or monetary flow thereof takes place.

d.17 Estimates made

Estimates have occasionally been used in the Group's consolidated financial statements for 2015 to quantify some of the assets, liabilities, income, expenses and commitments stated therein. Basically, these estimates refer to:

- The breakdown of the cost of business combinations (Notes 2.d.2 and 4)
- The impairment losses of certain assets (Notes 4, 5, 7, 9, 10 and 11)
- The useful life of tangible and intangible assets (Notes 4 and 5)
- The sums of certain provisions (Note 15)
- The market value of certain derivatives (Note 22)
- The recoverability of deferred tax assets (Note 17)
- The Company's taxable profit/loss, which will be submitted to the authorities, will be settled in the future and have been used as the basis for accounting for certain balances relating to income tax in these financial statements (Note 17).
- The degree of progress of construction activities. (Note d.16)

While these estimates were made on the basis of the best information available regarding the events analysed at the reporting date of these consolidated financial statements, events could take place in the future that would require these amounts to be increased or decreased in future periods, which would be done in a prospective manner.

d.18 Related-party transactions

The Group makes all its related-party transactions at market values.

d.19 Pension commitments and similar obligations

In general, the Spanish companies in the Group have no supplementary pension plans in place in addition to Social Security. However, pursuant to the terms of the consolidated text of the Pension Plan and Fund Regulatory Act, in specific cases in which there are similar obligations, the companies outsource the pension commitments and other similar obligations regarding employees.

In turn, certain foreign companies in the Group have agreed to supplement the retirement benefits and other similar obligations for their employees. The valuation of the obligations accrued and, where applicable, the related assets has been done by independent actuaries using generally accepted actuarial techniques and methods and where appropriate, these amounts are shown in "Non-current provisions" of the attached consolidated statement of financial position under the heading "Obligations for long-term employee benefits", in accordance with the criteria set forth under IFRS (Note 15).

d.20 Fair value hierarchy.

The valuation of assets and liabilities measured at fair value is broken down into different levels according to the following hierarchy established in IFRS 7:

Level 1: (Unadjusted) quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. price derivatives).

Level 3: Inputs for the asset or liability that are not based on observable market inputs.

At 31 December 2015 and 2014 the Group only has Level 2 assets and liabilities corresponding to financial instruments measured as indicated in section d.14 Financial derivatives and hedge accounting.

d.21 Activities relating to the environment

In general, any operations whose main purpose is to prevent, reduce or repair damage to the environment are considered environmental activities.

In this regard, investments deriving from environmental activities are measured at the cost of purchase and capitalised as the greater cost of the asset in the period in which they are incurred.

Expenses deriving from actions designed to protect and improve the environment are carried as expenses in the period in which they are incurred.

d.22 Consolidated statements of cash flows

In the consolidated statement of cash flows, which is prepared using the indirect method, the following terms are used with the following meanings:

- Cash flows: inflows and outflows of cash and cash equivalents, defined as alterations in the value of highly liquid short-term investments.
- Operating activities: the Group's usual activities, as well as other activities that cannot be classified as investing or financing.
- Investing activities: the acquisition, sale or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that cause changes in the size and composition of equity and liabilities but are not part of the operating activities.

d.23 Termination benefits

According to current regulations, the group companies are required to pay compensation to employees with whom, under certain conditions, labour relations are terminated.

The Parent Company Directors estimate that the liabilities that would accrue for termination benefits in the event of termination of permanent staff members that could under normal circumstances occur in the future and the amounts to be paid for such would not be significant, and therefore no provision has been allocated for this item in the financial statements for 2015.

d.24 Earnings per share

For the purposes of IAS 33, basic earnings per share are calculated as the result of dividing net profit for the year attributable to the Parent Company by the weighted average number of ordinary shares in circulation during the period, not including the average number of Parent Company shares held in Group company portfolios. In turn, diluted earnings per share are calculated as the result of dividing net profit for the year attributable to ordinary shareholders, adjusted for the effect of dilutive potential ordinary shares, by the weighted average number of ordinary shares in circulation during the period, adjusted for the weighted average number of ordinary shares that would be issued if all the potential ordinary shares were converted into Parent Company ordinary shares. For these purposes, the conversion is deemed to take place at the beginning of the year or when the potential ordinary shares are issued, if they are issued during the period.

It must be noted that the scope of IAS 33 involves consolidated financial statements whose parent meets one of the following requirements:

- Ordinary shares or potential ordinary shares that are publicly traded (in a domestic or foreign stock exchange or in an OTC market, including local and regional markets), or
- Entities that file, or are in the process of filing, their financial statements with a securities commission or other regulatory organisation for the purpose of issuing some sort of instrument in a public market.

The Parent Company Directors consider that, at 31 December 2015 and 2014, the basic earnings per share coincide with the diluted earnings per share, since these circumstances have not occurred.

3. PARENT COMPANY PROFIT-SHARING

The proposed distribution of the Parent's profit for the year that will be submitted for approval by the shareholders at the Annual General Meeting is as follows:

<i>(Amounts in thousands of euros)</i>	
<u>Profit for the year</u>	53,521
Distribution:	
To reserve for goodwill	4,138
To voluntary reserves	18,933
To Dividends:	
Interim dividend	30,450

On November 2015, the Parent's directors resolved to distribute an interim dividend totalling EUR 30,450 thousand. This agreement and the corresponding liquidity statement submitted by the Directors of the Parent Company are reflected in Appendix VI of this consolidated report.

4. INTANGIBLE ASSETS

The composition of intangible assets at 31 December 2015 and 2014 is as follows:

(thousands of euros)	Cost	Accumulated depreciation	Impairment	Net value
2,015				
Concessions (Note 6)	1,332,816	(512,307)	(11,812)	808,697
Goodwill	85,331	-	(25)	85,306
Other intangible assets	19,866	(13,839)	(1,036)	4,991
TOTAL	1,438,013	(526,146)	(12,873)	898,994
2,014				
Concessions (Note 6)	1,302,526	(457,966)	(10,152)	834,408
Goodwill	85,331	-	(25)	85,306
Other intangible assets	18,701	(12,594)	(1,037)	5,070
TOTAL	1,406,558	(470,560)	(11,214)	924,784

None of the intangible assets stated was generated internally and, except for goodwill, they all have a finite useful life and are therefore subject to straight-line amortisation over the period during which they are estimated to generate income, detailed as follows:

	<u>Estimated useful life</u>
Concessions	5 - 50 years
Other intangible assets	4 years

The intangible assets located outside of Spanish territory come to EUR 78,138 thousand at 31 December 2015 (EUR 66,599 thousand at 31 December 2014).

There are no investment commitments other than those stated, which have been allocated provisions under “Non-current provisions” in the attached consolidated statement of financial position (see Note 13).

Details of intangible assets

Details of this item of the consolidated statement of financial position during 2014 and 2015 are as follows:

(thousands of euros)	Concessions	Goodwill	Other intangible assets	Amortisation	Impairment	TOTAL
Balance at 31/12/2013	1,234,544	85,331	15,008	(420,644)	(8,355)	905,884
Inflows	67,344	-	3,484	-	-	70,828
Allocations	-	-	-	(52,566)	(4,101)	(56,667)
Reversals	-	-	-	-	434	434
Outflows	(8,768)	-	(14)	7,948	-	(834)
Transfers	-	-	13	(13)	-	-
Translation differences	-	-	(74)	65	-	(9)
Change in the scope of consolidation	9,406	-	284	(5,350)	808	5,148
Balance at 31/12/2014	1,302,526	85,331	18,701	(470,560)	(11,214)	924,784
Inflows	28,629	-	1,093	-	-	29,722
Allocations	-	-	-	(54,911)	(2,168)	(57,079)
Reversals	-	-	-	-	516	516
Outflows	(156)	-	(125)	137	-	(144)
Transfers	63	-	-	(6)	-	57
Translation differences	-	-	197	(172)	-	25
Change in the scope of consolidation	1,754	-	-	(634)	(7)	1,113
Balance at 31/12/2015	1,332,816	85,331	19,866	(526,146)	(12,873)	898,994

Administrative concessions

Administrative concessions are defined as those by which a concession grantor awards a concession operator (FCC Aqualia Group), for a period of time, a contract for the construction and operation, or only the operation of infrastructures that can be operated and are needed for the provision of public services of a financial nature.

The concession operator executes the construction and operation of the public works under concession at its own risk, assuming the financial risks involved in such construction and operation processes.

The Group records the amounts furnished in accordance with the specifications and agreed to upon signature of the concession agreements and any other costs incurred in attaining the water supply and sanitation service concessions as administrative concessions.

At 31 December 2015 and 2014, the main administrative concessions are as follows:

2015

CONTRACT	Administrative concessions			Intangible assets, concession agreement			Adv. on Intangible Assets Concess. Agreement	TERM
	COST	DEPREC. AM.	IMPAIRMENT	COST	DEPREC. AM.	IMPAIRMENT		
Alcalá de Henares (Madrid)	8,040	(3,718)	-	8,434	(3,262)	-	-	25 years
Algeciras (Cádiz)	460	(256)	-	15,619	(4,852)	-	-	50 years
Almansa (Albacete)	5,754	(692)	-	57	(57)	-	-	25 years
Almería (Almería)	10,780	(6,035)	-	17,838	(5,377)	-	-	40 years
Arcos de la Frontera (Cádiz)	7,937	(1,032)	-	3,250	(268)	-	-	25 years
Badajoz (Badajoz)	15,436	(8,479)	-	37,359	(13,761)	-	-	50 years
Calahorra (Rioja)	6,391	(3,043)	-	106	(79)	-	-	20 years
Cabezo Torres (Murcia)	-	-	-	6,314	(3,646)	-	-	40 years
Denia (Alicante)	-	-	-	10,995	(4,912)	-	-	35 years
Ingenio (Gran Canaria)	6,138	(3,225)	-	-	-	-	-	35 years
Jaén (Jaén)	9,135	(5,643)	-	57	(54)	-	-	30 years
L' Ametlla de Mar (Tarragona)	8,415	(3,685)	-	592	(278)	-	-	25 years
La Línea de la Concepción (Cádiz)	8,712	(6,271)	-	-	-	-	-	40 years
La Nucia (Alicante)	29	(29)	-	21,804	(7,712)	-	-	30 years
Llanera (Asturias)	1,248	(1,218)	(30)	12,513	(2,930)	(3,829)	-	25 years
Lleida (Lleida)	38,098	(3,077)	-	11,179	(959)	-	-	25 years
Lloret de Mar (Girona)	22,253	(8,901)	(3,616)	299	(163)	-	-	25 years
Los Alcázares (Murcia)	7,946	(5,253)	-	312	(251)	-	-	20 years
Mérida (Badajoz)	15,642	(7,539)	-	3,619	(1,817)	-	-	30 years
Moguer (Huelva)	5,739	(1,261)	-	1,674	(344)	-	-	30 years
Oviedo (Asturias)	17,945	(6,779)	-	19,131	(6,306)	-	-	50 years
Puente Genil (Córdoba)	3,324	(3,160)	-	2,016	(143)	-	-	30 years
Salamanca (Salamanca)	6,961	(2,001)	-	43	(13)	-	-	25 years
Ronda (Málaga)	4,584	(2,442)	-	257	(12)	-	-	25 years
Sanlúcar de Barrameda (Cádiz)	17,268	(3,609)	-	-	-	-	-	40 years
Santander (Cantabria)	72,632	(28,239)	-	13,718	(5,272)	-	-	25 years
Santa María de Guía (Gran Canaria)	-	-	-	5,682	(5,136)	-	-	20 years
Sant Feliu (Gerona)	5	(5)	-	6,791	(3,907)	-	137	50 years
Sant Josep (Ibiza)	-	-	-	11,576	(4,569)	-	-	28 years
Soller (Majorca)	68	(13)	-	6,571	(1,685)	-	-	30 years
Talavera de la Reina (Toledo)	16,985	(10,776)	-	11,838	(2,812)	-	-	25 years
Valverde del Camino (Huelva)	5,701	(741)	-	500	(65)	-	-	25 years
Vélez – Málaga (Málaga)	6,750	(2,978)	-	208	(9)	-	-	20 years
Vigo (Pontevedra)	16,353	(15,048)	-	71,278	(57,046)	-	-	30 years
Adeje (Tenerife)	53,467	(27,187)	-	63,658	(27,336)	-	-	2 years
Écija (Seville)	9,560	(5,504)	-	-	-	-	-	25 years
Jerez de la Frontera (Cádiz)	83,406	(9,056)	-	18,580	(2,018)	-	-	25 years
Cartaya (Huelva)	8,521	(630)	-	176	(65)	-	-	25 years
La Línea de la Concepción (Cádiz)	9,880	(829)	-	-	-	-	195	12 years
Puerto de Santa María (Cádiz)	2,000	(127)	-	-	-	-	-	25 years
Alcázar de San Juan (Ciudad Real)	1,855	(97)	-	10,843	(1,954)	-	-	25 years
Municipal WWTP (Teruel)	-	-	-	16,618	(5,401)	-	-	21 years
Costa Tropical Granada Municipalities	501	(213)	-	19,795	(9,041)	-	-	25 years
Abrantes (Portugal)	-	-	-	9,851	(2,405)	-	-	25 years
Campo Maior (Portugal)	-	-	-	4,032	(1,054)	-	-	30 years
Elvas (Portugal)	-	-	-	5,783	(1,285)	-	-	30 years
Cartaxo (Portugal)	10,177	(1,926)	-	10,143	(1,448)	-	-	35 years
Fundao (Portugal)	2,000	(311)	-	5,132	(540)	-	-	30 years
Caltanissetta (Italy)	-	-	-	24,387	(8,398)	-	23,245	30 years
Rest less than 5 million	187,626	(86,776)	(4,195)	102,689	(35,861)	(142)	200	5 - 50 years
TOTAL	715,722	(277,804)	(7,841)	593,317	(234,503)	(3,971)	23,777	

In relation to the Adeje concession, although the maturity in force is set for 2017, there are renewals for 5-year periods, subject to agreement between the parties. In this regard, the Group considers that such

renewals will occur until at least 2032, having performed the recoverability tests of that concession and taking into account the aforementioned period of life.

In 2015, the Group recognised a total of EUR 29,722 thousand corresponding mainly under the following contracts:

- Caltanissetta Province (Italy) amounting to EUR 12,067 thousand for the execution of investments for the refurbishment of the network in the municipalities of the contract, mainly in the cities of Caltanissetta, Gela, Butera and San Cataldo.
- Municipalities of the Tropical Coast of Granada amounting to EUR 3,269 thousand for the refurbishment and modernization of the network of supply and sanitation in several of them, among which are mainly Motril and Almuñécar.
- Fundao (Portugal) amounting to EUR 2,666 thousand invested in improving the network of the municipality.
- Cangas de Morrazo (Pontevedra), for a total of EUR 2,464 thousand, for the agreement to make investments related to the end-to-end water supply and sanitation management contract in said town.
- Candelaria (Santa Cruz de Tenerife) for an amount of EUR 1,500 thousand for the investment commitments to be made in the water supply and sanitation networks of the municipality.
- Talavera de la Reina (Toledo), for a total of EUR 1,338 thousand, to make investments related to the end-to-end water supply and sanitation management contract in said town.
- Reinosa (Cantabria), for a total of EUR 1,050 thousand, for renovate the supply and distribution of drinking water service, as well as sewerage and treatment of waste water for 10 years. This contract has been provided by FCC Aqualia since 1998.

2014

A detail of the intangible assets figures for the main concession contracts operated by the Group is shown below:

	Administrative concessions			Intangible assets, concession agreement			Advances for Int. Assets, concession arrangements	TERM
	COST	DEPREC. DEPRECIATION	IMPAIRMENT	COST	DEPREC. DEPRECIATION	IMPAIRMENT		
Alcalá de Henares (Madrid)	8,040	(3,396)	-	8,434	(2,879)	-	-	25 years
Algeciras (Cádiz)	460	(249)	-	15,619	(4,543)	-	-	50 years
Almansa (Albacete)	5,754	(461)	-	34	(2)	-	-	25 years
Almería (Almería)	10,780	(5,756)	-	17,838	(4,644)	-	-	40 years
Arcos de la Frontera (Cádiz)	7,937	(718)	-	3,250	(268)	-	-	25 years
Badajoz (Badajoz)	15,436	(8,237)	-	37,359	(12,918)	-	-	50 years
Denia (Alicante)	-	-	-	10,995	(4,523)	-	-	35 years
Cabezo de Torres (Murcia)	-	-	-	6,314	(3,121)	-	-	40 years
Calahorra (Rioja)	6,391	(2,692)	-	106	(75)	-	-	20 years
Ingenio (Gran Canaria)	6,138	(2,981)	-	-	-	-	-	35 years
Jaén (Jaén)	9,135	(5,337)	-	57	(54)	-	-	30 years
L' Ametlla de Mar (Tarragona)	8,415	(3,347)	-	592	(256)	-	-	25 years
La Línea de la Concepción (Cádiz)	18,592	(6,020)	-	130	(67)	-	-	40 years
La Nucia (Alicante)	29	(29)	-	21,804	(6,772)	-	-	30 years
Llanera (Asturias)	1,248	(1,216)	(1,782)	12,513	(2,442)	-	-	25 years
Lleida (Lleida)	38,098	(1,472)	-	11,179	(458)	-	-	25 years
Lloret de Mar (Girona)	22,253	(8,011)	(3,858)	299	(153)	-	-	25 years
Los Alcázares (Murcia)	7,946	(4,833)	-	312	(241)	-	-	20 years
Mérida (Badajoz)	15,642	(6,990)	-	3,619	(1,696)	-	-	30 years
Moguer (Huelva)	5,739	(1,031)	-	1,674	(274)	-	-	30 years
Oviedo (Asturias)	17,945	(6,415)	-	19,131	(5,889)	-	-	50 years
Puente Genil (Córdoba)	3,324	(2,991)	-	43	(36)	-	897	30 years
Salamanca (Salamanca)	6,961	(1,550)	-	43	(9)	-	-	25 years
Ronda (Málaga)	4,567	(2,324)	-	79	(5)	-	-	
Sanlúcar de Barrameda (Cádiz)	17,268	(2,920)	-	-	-	-	-	40 years
Santander (Cantabria)	72,632	(25,328)	-	13,718	(4,718)	-	-	25 years
Santa Maria de la Guía (Gran Canaria)	-	-	-	5,682	(4,925)	-	-	20 years
Sant Feliu de Guixols (Girona)	6	(6)	-	6,791	(3,817)	-	-	50 years
Sant Josep (Ibiza)	-	-	-	11,576	(4,238)	-	-	28 years
Soller (Majorca)	27	(10)	-	5,851	(1,374)	-	639	30 years
Talavera de la Reina (Toledo)	16,985	(10,280)	-	10,500	(2,261)	-	-	25 years
Valverde del Camino (Huelva)	5,701	(513)	-	500	(45)	-	-	25 years
Vélez – Málaga (Málaga)	6,750	(2,721)	-	208	(9)	-	-	20 years
Vigo	16,353	(15,048)	-	70,983	(53,932)	-	-	25 years

(Pontevedra)								
Adeje (Tenerife)	53,467	(24,511)	-	63,658	(23,780)	-		3 years
Écija (Seville)	9,560	(5,121)	-	25	(17)	-		25 years
Jerez de la Frontera (Cádiz)	83,406	(5,714)	-	18,580	(1,274)	-		25 years
Cartaya (Huelva)	7,592	(304)	-	1,100	(44)	-		25 years
Puerto de Santa María (Cádiz)	2,000	(47)	-			-		25 years
Alcázar de San Juan (Ciudad Real)	1,855	(79)	-	12,552	(1,563)	-		25 years
Municipal WWTP (Teruel)	-	-	-	16,618	(4,528)	-		21 years
Costa Tropical Granada Municipalities	316	(203)	-	16,711	(8,683)	-		25 years
Abrantes (Portugal)	-	-	-	9,851	(2,068)	-		25 years
Campo Maior (Portugal)	-	-	-	4,032	(918)	-		30 years
Elvas (Portugal)	-	-	-	5,784	(1,092)	-		30 years
Cartaxo (Portugal)	10,177	(1,648)	-	10,143	(1,158)	-		35 years
Fundao (Portugal)	2,000	(244)	-	2,466	(258)	-		30 years
Caltanissetta (Italy)	-	-	-	20,746	(7,017)	-	14,820	30 years
Rest less than 5 million	182,922	(78,103)		96,133	(23,597)	(1,580)	691	5 - 50 years
TOTAL	709,847	(248,856)	(5,640)	575,632	(202,641)	(1,580)	17,047	

In 2014, the Group recognised a total of EUR 70,828 thousand corresponding to the activities developed in Spain, mainly under the following contracts:

- Aguas de Lleida (Lleida), for a total of EUR 22,730 thousand, for the supply and distribution of drinking water, as well as sewerage and treatment of waste water for 25 years. This contract was already being implemented by UTE Aqualia – FCCSA (Lleida), in which the Group has a 50 % interest.

On 30 January 2014 the contract that the temporary joint venture had was assigned to FCC Aqualia, for the latter to provide the service as of said date. This assignment was authorised by the City Council.

- La Línea de la Concepción (Cádiz), for a total of EUR 9,880 thousand, for the management of the town's municipal water supply service for 12 years. Thus, the FCC Aqualia Group continues to manage the water services end to end in this town, as it has been doing uninterruptedly since 1986.

- Callosa del Segura (Alicante), for a total of EUR 3,140 thousand, for end-to-end management of the public water services in said town for 20 years.

- Arcos de la Frontera (Cádiz), for a total of EUR 3,113 thousand, for the agreement to make investments related to the end-to-end water supply and sanitation management contract in said town.

- San Juan del Puerto (Huelva), for a total of EUR 2,242 thousand, for management of the public drinking water supply and sewerage services in this town for 25 years.

- Aguas de Alcalá de Henares (Madrid), for a total of EUR 1,547 thousand, for the purchase of a 12.50 % interest in UTE Aguas de Alcalá, in which the Group's interests have risen from 37.50 to 50 %. This

temporary joint venture is responsible for the municipal water supply and sanitation service in Alcalá de Henares for 25 years.

- Guijuelo (Salamanca) joint municipalities and the surrounding district, for a total of EUR 1,166 thousand for water supply and sewerage.

Other intangible assets

“Other intangible assets” includes mainly computer software purchased from third parties, which experiences straight-line amortisation over four years, and other asset items related to the concession contracts.

Goodwill

The breakdown of goodwill (net of impairment) at 31 December 2015 and 2014 in the attached consolidated statement of financial position is as follows:

Amounts in thousands of euros	31.12.2015	31.12.2014
Depurplan 11, S.A.	18	18
Aqualia Industrial Solutions, S.A. UNIP.	-	2,523
Aqualia Infraestructuras, S.A.	2,523	-
Merger goodwill	82,765	82,765
TOTAL	85,306	85,306

The merger goodwill arose in 2002 and 2011 when the parent company merged with several of its subsidiaries, giving rise to goodwill through the difference between the cost of purchase of these subsidiaries and the net value of their identifiable assets, considering the market value as the maximum limit, less any liabilities payable and provisions constituted.

On 21 March 2013, Aqualia Industrial Solutions, S.A. Unipersonal (formerly Graver Española, S.A.U.) merged, as the acquiring company, with Nilo Medioambiente, S.L. and Chemipur Químicos, S.L. (as the acquired companies).

On 23 November 2015, Aqualia Industrial Solutions, S.A. merged with Aqualia Infraestructuras, S.A., through the absorption by the latter of Aqualia Industrial Solutions, S.A. Unipersonal, both investee companies of FCC Aqualia. The absorption was performed by integrating all the elements and the block transfer of the assets of the absorbed to the absorber at consolidated values.

As regards the estimates made and the sensitivity analysis of the goodwill impairment tests, the main issues are mentioned below:

- Merger goodwill. For the hypotheses used in estimating cash flows, FCC Aqualia as a whole has been considered a cash generating unit, without considering the contracts furnished by the acquired companies at that time separately.

The main hypotheses used have been made with annual revenue growth estimates ranging from 1% to 2% and in calculating the constant income, it must be noted that a zero growth rate was

considered. Current cash flow forecasts are not highly sensitive, and can bear increases in the discount rate in excess of 9 percentage points, as well as a decrease in cash flows of 70% without incurring in impairment.

- Aqualia Industrial Solutions goodwill. In order to calculate the revenue and profit hypotheses, the sum of this company and Aqualia Infraestructuras has been taken as a cash generating unit because the two companies merged in 2015.

5. PROPERTY, PLANT AND EQUIPMENT

The net composition of property, plant and equipment at 31 December 2015 and 2014 is as follows:

(thousands of euros)	Cost	Accumulated depreciation	Net value
2015			
Land and buildings	50,243	(19,970)	30,273
Land and natural resources	6,366	(36)	6,330
Structures for internal use	43,877	(19,934)	23,943
Technical installations and other property, plant and equipment	684,214	(395,548)	288,666
Technical installations	500,749	(257,558)	243,191
Machinery and transport means	99,705	(79,514)	20,191
Assets in progress	11,533	-	11,533
Other property, plant and equipment	72,227	(58,476)	13,751
TOTAL	734,457	(415,518)	318,939
2014			
Land and buildings	49,417	(18,858)	30,559
Land and natural resources	6,203	(34)	6,169
Structures for internal use	43,214	(18,824)	24,390
Technical installations and other property, plant and equipment	649,718	(364,846)	284,872
Technical installations	471,778	(234,480)	237,298
Machinery and transport means	96,112	(74,756)	21,356
Assets in progress	13,039	-	13,039
Other property, plant and equipment	68,789	(55,610)	13,179
TOTAL	699,135	(383,704)	315,431

The details of the different property, plant and equipment accounts during 2014 and 2015 were as follows:

(in thousands of euros)	Land and natural resources	Property for own use	LAND AND BUILDINGS	Technical installations	Machinery and transport means	Fixed assets in progress	Other property, plant and equipment	TECH. INSTALLATIONS AND OTHER PROPERTY, PLANT AND EQUIPMENT	ACCUMULATED AMORTISATION	TOTAL
Balance at 31/12/2013	6,153	42,914	49,067	454,736	92,621	12,191	66,525	626,073	(360,641)	314,499
Inflows	7	28	35	2,092	1,034	17,855	1,920	22,901	-	22,936
Allocations	-	-	-	-	-	-	-	-	(25,848)	(25,848)
Outflows	(4)	(195)	(199)	(1,386)	(1,168)	(72)	(800)	(3,426)	2,408	(1,217)
Transfers	5	772	777	12,919	3,447	(16,885)	475	(44)	(733)	-
Translation differences	(55)	(305)	(360)	(4,185)	(690)	(119)	(73)	(5,067)	2,706	(2,721)
Change in the scope of consolidation	97	-	97	7,602	868	69	742	9,281	(1,596)	7,782
Balance at 31/12/2014	6,203	43,214	49,417	471,778	96,112	13,039	68,789	649,718	(383,704)	315,431
Inflows	-	17	17	1,415	1,319	16,440	4,418	23,592	-	23,609
Allocations	-	-	-	-	-	-	-	-	(26,291)	(26,291)
Outflows	(3)	(125)	(128)	(300)	(936)	(17)	(489)	(1,742)	1,618	(252)
Transfers	27	(43)	(16)	16,977	1,387	(17,805)	(556)	3	6	(7)
Translation differences	139	789	928	10,879	1,822	309	189	13,199	(7,266)	6,861
Change in the scope of consolidation	-	25	25	-	1	(433)	(123)	(556)	119	(412)
Balance at 31/12/2015	6,366	43,877	50,243	500,749	99,705	11,533	72,227	684,214	(415,518)	318,939

The Group companies enter into the insurance policies deemed necessary to cover the potential risks to which the property, plant and equipment items may be exposed.

At 31 December 2015 the property, plant and equipment items located outside of Spanish territory have a carrying amount of EUR 283,485 thousand, located mainly in the European Union and Mexico (EUR 277,428 thousand at 31 December 2014).

The sum of fully depreciated property, plant and equipment items that, however, are still in use in production activities, given that they are in good condition, comes to EUR 128,248 thousand at 31 December 2015 (EUR 116,958 thousand at 31 December 2014).

Capitalised interest in 2015 comes to EUR 26 thousand (EUR 93 thousand in 2014), and accumulated interest capitalised from the outset comes to EUR 3,835 thousand (EUR 3,809 thousand in 2014).

Assets with restrictions on title

Within the scope of its activities, the Group purchases or builds assets that are returned to the City Councils that granted the concessions at the end of the contracts.

The Group companies estimate that the periodic maintenance plans for their facilities, the cost of which is taken to expenses in the year they are incurred, are sufficient to ensure that the related assets are returned in good condition at the end of the concession period and that, therefore, no relevant expenses will be incurred as a result of the return.

Property, plant and equipment purchase commitments

In the course of its activities, all the companies in the FCC Aqualia Group that engage in the concession business have firm commitments to purchase property, plant and equipment items (see Note 6).

Group capitalised expenses of in-house work on assets

The FCC Aqualia Group, through its specialised companies, performs construction work and builds infrastructures related to water contracts, which are mainly provided in the Czech Republic and will not be returned to the city councils that awarded the contract. The amount capitalised for this item comes to EUR 19,471 thousand at 31 December 2015 (EUR 17,887 thousand at 31 December 2014).

Finance leasing

At year-end 2015 and 2014, the Company had transport items acquired under a finance lease, with a carrying amount of EUR 114 thousand at 31 December 2014 (EUR 33 thousand at 31 December 2014).

The reconciliation between the amount for minimum future lease payments and the carrying amount is as follows (in thousands of euros):

	31.12.2015	31.12.2014
Minimum future payments	116	33
Finance costs not yet accrued	(2)	-
Present value (Note 14.c)	114	33

At the end of the finance lease, the FCC Aqualia Group companies generally exercise their purchase option as there are no kinds of restrictions to exercising such option in the contracts.

The finance leasing agreements signed by the Group companies do not include fees for amounts determined on the basis of future economic events or indexes and therefore no expenses for contingent payments have been incurred during the year.

Operating leases

In its capacity as lessee, the operating lease payments recognised by the Group as an expense at 31 December 2015 come to EUR 24,999 thousand (EUR 18,090 thousand at 31 December 2014). These amounts correspond mainly to leases of machinery used in engaging in the Group's activities and leases on buildings for internal use.

6. SERVICE CONCESSION ARRANGEMENTS

This note gives an overall perspective on the investments that the Group makes in concession businesses, which are recognised in diverse items of the assets section of the attached consolidated statement of financial position.

The following chart shows the total amount of these assets that the Group companies have in service concession arrangements, which are contained in the intangible assets, non-current financial assets and investments in companies accounted for using the equity method sections of the attached consolidated statement of financial position at 31 December 2015 and 2014.

CONCESSIONS AT 31.12.2015 (thousands of euros)	Intangible assets (Note 4)	Non current collection rights – concession arrangements (Note 9.a)	Current collection rights – concession arrangements (Note 9.b)	Loans to concession operating joint ventures (Note 7)	Carrying amount, concession operating joint ventures (Note 7)	Total Investment
Cost	1,332,816	-	31,231	54,246	71,082	1,489,375
Depreciation	(512,307)	-	-	-	-	(512,307)
Impairment	(11,812)	-	(5,118)	-	-	(16,930)
TOTAL	808,697	-	26,113	54,246	71,082	960,138

CONCESSIONS AT 31.12.2014 (thousands of euros)	Intangible assets (Note 4)	Non current collection rights – concession arrangements (Note 9.a)	Current collection rights – concession arrangements (Note 9.b)	Loans to concession operating joint ventures (Note 7)	Carrying amount, concession operating joint ventures (Note 7)	Total Investment
Cost	1,302,526	25,251	5,273	51,989	78,206	1,463,245
Depreciation	(457,966)	-	-	-	-	(457,966)
Impairment	(10,152)	-	-	-	-	(10,152)
TOTAL	834,408	25,251	5,273	51,989	78,206	995,127

Furthermore, under the concession agreements, the concession operators controlled by the Group are required to purchase or build property, plant and equipment items related to the concessions, totalling EUR 57,866 thousand at 31 December 2015 (EUR 62,920 thousand at 31 December 2014).

7. INVESTMENTS IN ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES

This section contains the value of investments made in companies consolidated by applying the equity method, which includes both the interests and the non-current loans granted to these companies, as well as jointly operated entities which, as indicated in Note 2.c), have been accounted for using the equity method.

In the periods ended at 31 December 2015 and 2014, there have been no impairment losses because the market value is equal to or greater than the values attained as explained in the preceding paragraph.

The breakdown of interests held per company is shown in Appendix III, where the companies consolidated by the equity method are listed, and the detail for each period, per item, is as follows:

(thousands of euros)	Interests (Note 6)	Uncalled capital payments (Note 6)	LT Loans (Note 6)	ENDING BALANCE
Balance at 31/12/2013	66,345	(49)	49,395	115,691
Acquisitions	4,368	-	-	4,368
Profit-sharing	9,288	-	-	9,288
Dividends paid	(3,721)	-	-	(3,721)
Uncalled capital payments	-	(1)	-	(1)
Translation differences	2,428	-	-	2,428
Loans granted/ (repaid)	-	-	2,594	2,594
Impairment and other losses	-	-	-	-
Others	(452)	-	-	(452)
Balance at 31/12/2014	78,256	(50)	51,989	130,195
Acquisitions	1	-	-	1
Profit-sharing	3,466	-	-	3,466
Dividends paid	(7,835)	-	-	(7,835)
Sales	(469)	-	-	(469)
Uncalled capital payments	-	-	-	-
Translation differences	(3,128)	-	-	(3,128)
Loans granted/ (repaid)	-	-	4,817	4,817
Impairment and other losses	-	-	(2,560)	(2,560)
Others	838	3	-	841
Balance at 31/12/2015	71,129	(47)	54,246	125,328

During 2015, the acquisition of the group stood at EUR 1 thousand, corresponding to 15% of the share capital in the company Operadora del Realito S.A. de C.V.

The increase in the loans granted mainly relates to the transfer to non-current status of the loans to Constructora de Infraestructuras de Aguas Potosí, SACV and Constructora de Infraestructuras de Agua Querétaro, SACV by Aqualia Infraestructuras S.A.

In 2014, the main acquisition made by the Group comes to EUR 4,295 thousand, corresponding to 49 % of the share capital acquired in Aguas del Puerto Empresa Municipal, S.A., which ceases to be a municipal company, becoming a public-private entity.

The assets, liabilities, revenue and profit/loss for 2015 and 2014 corresponding to the Group's interests in the share capital of each associate and jointly-controlled entity, according to the information included in the respective financial statements, are shown below.

	(thousands of euros)	
	2015	2014
Financial Position		
Non-current assets	202,350	241,199
Current assets	69,919	80,220
Non-current liabilities	160,051	171,983
Current liabilities	51,768	73,328
Results		
Net revenues	88,809	88,290
Net profit from operations	10,834	22,879

In relation to investments accounted for using the equity method, the FCC Aqualia Group has constituted guarantees for a sum of EUR 2,843 thousand at 31 December 2015 (EUR 3,434 thousand at 31 December 2014) at financial institutions in order to secure maintenance of the interests in the capital of the related subsidiaries throughout the term of the loan agreement.

8. JOINT VENTURES

The Group companies engage in part of their activities by participating in businesses in which the FCC Aqualia Group exercises joint control with external partners, mainly through temporary joint ventures (TJV or UTEs, in Spanish) and Economic Interest Groupings (EIG or AIEs, in Spanish). These businesses have been consolidated using the proportionate method, as indicated in Note 2 of this consolidated Annual Report.

The main financial figures of the different joint ventures at 31 December 2015 and 2014 are shown below:

Unincorporated temporary joint ventures (UTEs)		
(Amounts in thousands of euros)		
	2015	2014
Net revenues	107,834	98,838
Gross profit from operations	26,638	19,273
Net profit from operations	20,681	14,015
Non-current assets	66,965	86,917
Current assets	25,183	7,619
Non-current liabilities	26,600	21,875
Current liabilities	54,900	69,027

Appendix II lists the proportionately consolidated companies and Appendix IV lists the businesses operated jointly with third parties outside the Group through contracts and temporary joint ventures.

These businesses managed through temporary joint ventures mean that the participating partners share the joint liability for the activities carried out.

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

The most significant items under “Non-current financial assets” and “Other current financial assets” in the attached consolidated statement of financial position are broken down as follows:

a) Other financial assets

Non-current financial assets are broken down as shown:

<i>(Amounts in thousands of euros)</i>	2015	2014
Financial assets available for sale	-	84
Non-current loans	123,721	142,041
Held-to-maturity assets	165	171
Total	123,886	142,296

Financial assets available for sale

Breakdown of the balance at 31/12/2014:

	% effective interests	(in thousands of euros)		Carrying amount
		Cost	Impairment loss	
Sevilla Seed Capital , S.A.	4.19	601	(517)	84
		601	(517)	84

In 2015, the general meeting of shareholders of Sevilla Seed Capital, S.A. agreed to the liquidation of the company.

Non-current loans

The scheduled due dates for the non-current loans that Group companies have granted to third parties and companies in the FCC group are as follows:

At 31 December 2015:

Amounts in thousands of euros	2,017	2,018	2,019	2,020	2021 and the following	Total
Non-commercial loans	16,834	11,662	6,602	1,728	71,055	107,881
Deposits and guarantees	645	6	-	8	15,181	15,840
Total	17,479	11,668	6,602	1,736	86,236	123,721

At 31 December 2014:

Amounts in thousands of euros	2,016	2,017	2,018	2,019	2020 and the following	Total
Non-commercial loans	12,459	9,456	8,661	8,631	87,772	126,979
Deposits and guarantees	612	1	1	-	14,448	15,062
Total	13,071	9,457	8,662	8,631	102,220	142,041

Non-commercial loans are categorised into the following types:

Amounts in thousands of euros	2015	2014
Non-current loans to FCC Group companies	15	764
Non-current loans to public entities	107,856	100,930
Non-current guarantees and deposits constituted	15,840	15,062
Non-current collection rights, concession agreement (Note 6)	-	25,251
Non-current loans to employees	10	34
TOTAL NON-COMMERCIAL LOAN BALANCE	123,721	142,041

At 31 December 2014 the Company recorded under “Non-current collection right - concession arrangements” an amount of EUR 25,251 thousand and an amount of EUR 5,273 thousand under “Current collection right - concession arrangements”, for the collection rights the Company had in the construction and operation of a seawater desalination plant in Santa Eulalia (Balearic Islands), based on a public works concession contract that was signed on 15 November 2005 by the Temporary Joint Venture FCC Aqualia - Aqualia Infraestructuras, S.A. and the Ministry of Environment of the Government of Spain, which in turn had established an agreement with the Government of the Balearic Islands so that, once the construction phase is completed, it would take over the concession during the operational phase as it was going to be the beneficiary of the supply.

The accounting for this contract as a financial asset originated in the fact that the terms and conditions document established a minimum guaranteed volume of cubic meters which the Company could invoice for the period of operation of the desalination plant (15 years). Since it was estimated that the fair value of the construction services would be recovered with the said volume of guaranteed revenues, this meant that it was not considered a demand risk for the concessionaire.

The construction phase ended in December 2011 with the signing of the declaration of conformity by the Ministry, giving rise to a warranty period of 2 years, during which the UTE concessionaire performed maintenance of the plant.

During 2014, given the breach that the Parent Company —based on its legal counsel— believes was being committed by the awarding body, the UTE concessionaire of the works requested the termination of the contract and demanded the payment thereof before the Directorate General for Water of the Ministry of Agriculture, Food and Environment.

At 31 December 2015, based on its expected outcome, the Company reclassified in the first quarter of 2016, the entire amount to "Current collection right - concession arrangements" (note 9.b) since on 4 December 2015, the Council of Ministers adopted a resolution on 2 concession contracts in the Balearic Islands, including the one relating to the desalination plant of Sta. Eulalia in Ibiza, authorizing the payment of EUR 26,113 thousand by way of compensation plus interest to the Concessionaire UTE. This amount was collected on 18 January 2016.

Given the resolution of the Council of Ministers, the Group recorded a financial impairment amounting to EUR 5,118 thousand for the difference with the amount recorded in the accounting, adjusting the amount recorded in the accounting and pending recovery at 31 December 2015 to EUR 26,113 thousand.

The non-current loans to public entities correspond mainly to amounts loaned to city councils to finance the implementation of work and facilities in the water system. These loans accrue interest at a floating rate based on the Euribor and are repaid mainly through the rates in the related concession agreements.

NON-CURRENT LOANS TO PUBLIC ENTITIES		
(Amounts in thousands of euros)		
	2015	2014
Adeje City Council	120	240
Agate City Council	174	294
Alboraya City Council	4,148	4,275
Aller City Council	327	373
Almería City Council	-	-
Ávila City Council	4,284	5,165
Baena City Council	707	707
Bell-Lloch City Council	64	70
Bollullos City Council	1,396	1,396
Calasparra City Council	340	382
Callosa del Segura City Council	1,615	1,693
Caravaca de la Cruz City Council	442	676
Chiclana City Council	-	373
Chipiona City Council	667	766
El Escorial City Council	3,686	3,735
El Vendrell City Council	208	227
Gáldar City Council	4,970	5,250
Güímar City Council	264	294
Hellín City Council	21	24
Hondón de los Frailes City Council	141	168
Jaén City Council	30,764	31,075
Albuera City Council	-	313
La Guardia City Council	417	452
La Línea de la Concepción City Council	1,530	1,675
Tordera City Council	126	171
Lepe City Council	10,597	8,502
Lora del Río City Council	860	1,025
Los Alcázares City Council	-	406
Magán City Council	257	280
Martos City Council	335	430
Matalascañas City Council	2,725	3,179
Medina del Campo City Council	97	104
Mula City Council	779	969
Ayuntamiento de Olivenza	680	-
Oviedo City Council	-	311
Puerto de la Cruz City Council	1,811	2,618
Quintanar de la Orden City Council	66	106
Ribera del Fresno City Council	341	379

NON-CURRENT LOANS TO PUBLIC ENTITIES		
(Amounts in thousands of euros)		
	2015	2014
Ronda City Council	3,028	3,164
San Pedro del Pinatar City Council	382	400
Sant Fost City Council	1,323	1,455
Segurilla City Council	4	7
Solana de Los Barros City Council	165	181
Talavera de la Reina City Council	66	218
Turcia City Council	11	10
Ubrique City Council	951	1,168
Vélez-Málaga City Council	8,252	3,187
Alcalá City Council	4,452	-
Campo de Gibraltar District	5,380	5,538
Llanos Villamartín Irrigation Community	700	333
Watering Community	31	41
Costa Tropical de Granada joint municipalities	8,152	7,124
TOTAL	107,856	100,929

Guarantees and deposits constituted correspond mainly to those set up by Group companies under legal or contractual obligations in the course of engaging in their activities. They are primarily made in relation to public entities for deposits received from customers for water supply services.

b) Other current financial assets

The composition of the balance at 31 December 2015 and 2014 is as follows:

Amounts in thousands of euros		
	2015	2014
Other borrowings	354,503	239,790
Current loans to equity method consolidated companies	4,824	9,451
Current loans to FCC Group companies	301,221	206,187
Current collection rights under concession agreement (Note 9.a)	26,113	5,273
Current loans to third parties not related to the group	18,784	17,897
Dividend receivable from joint ventures and associates	5	58
Dividends receivable from equity method consolidated companies	3,548	833
Dividends receivable from companies not related to the group	8	91
Deposits and guarantees constituted	11,699	16,813
TOTAL	366,202	256,603

The increase under the caption "Short-term loans to companies in the FCC Group" has its origin in the increase in the loan to Asesoría Financiera y de Gestión, S.A. by the Parent Company amounting to EUR 289,488 thousand at 31 December 2015 (EUR 65,162 thousand at 31 December 2014). On the other hand, there was a decrease of the loan granted by the Parent Company to FCC, S.A. which at 31 December 2015 amounted to EUR 7,243 thousand (EUR 129,209 thousand at 31 December 2014).

The average rate of return obtained in 2015 for these items was 0.25 % (4.25 % in 2014).

There are no restrictions on the availability of these amounts, except for “Deposits and guarantees constituted”, as these correspond to the same amounts furnished as a guarantee on certain contracts, which will be recovered when the guarantees expire.

10. INVENTORIES

The details of the "Inventories" balance at 31 December 2015 and 2014 are as follows:

<i>(Amounts in thousands of euros)</i>	2015	2014
Raw materials and other purchases	11,347	12,358
Advances on inventories	11,252	10,563
Impairment	(20)	(20)
Ancillary work	21	8
TOTAL	22,600	22,909

Raw materials and other purchases include replacements, fuel and other materials needed in the course of the business activities.

11. TRADE AND OTHER RECEIVABLES

a) Customer receivables – sales and service provision

The details of the "Customer receivables – sales and service provision" balance at 31 December 2015 and 2014 are as follows:

(thousands of euros)	2015	2014
Outstanding payments on certified production and receivables from sales	205,325	208,838
Non-recourse customer credit assignments, third parties	(100,717)	(86,902)
Production executed and pending certification	82,819	72,928
Withholdings as guarantee	1,717	1,512
Outstanding payments on production billed to FCC Group companies	32,749	39,206
Provision for bad debts	(45,221)	(41,038)
TOTAL CUSTOMER RECEIVABLES – SALES AND SERVICE PROVISION BALANCE	176,672	194,544

The “Outstanding payments on certified production and receivables from sales” item contains the amounts for certifications sent to customers on work executed and services rendered not yet collected at the consolidated statement of financial position date.

The difference between the amount for production registered for each of the projects, measured according to the criteria stated in Note d.16) “Operating income and expense” and the amount certified for each one is stated as “Production executed and pending certification”.

The “Non-recourse customer credit assignments, third parties” item corresponds to collection rights assigned without recourse at 31 December 2015 and 2014 to a bank syndicate in which Banco Santander acts as the agent bank, based on a contract signed on 15 July 2011 for an initial period of 3 years which was renewed in June 2014 so that it now expires on the same date as the FCC Group's refinancing agreement. According to the agreement, the Parent Company acts on its own behalf but also as agent of two subsidiaries: Entemanser, S.A. and Aigues Vallirana, S.A.U. During 2015, it has increased the joint assignment limit available from EUR 90,000 to 102,000 thousand.

The changes in the provisions for bad debt during 2015 and 2014 are as follows:

(thousands of euros)	2015	2014
Beginning balance	41,038	35,198
Net sums allocated	4,183	5,840
Ending balance	45,221	41,038

Net allocations during the period have been charged to “Other operating expenses” in the attached consolidated income statement for 2015.

b) Other receivables

The details of the "Other receivables" balance at 31 December 2015 and 2014 are as follows:

(thousands of euros)	2015	2014
Receivable from Government for grants awarded (Note 17)	20,892	47,095
Sundry receivables	20,487	20,184
Advance remuneration	28	53
TOTAL OTHER RECEIVABLES BALANCE	41,407	67,332

12. CASH AND CASH EQUIVALENTS

Through the administrative management of its cash resources, the Group's aim is to optimise such resources, controlling its liquidity and needs and endeavouring to maintain, through efficient fund management, a low balance in its bank accounts and, in the event of cash deficits, using financing facilities as profitably as possible in the Group's interests.

The cash management of subsidiaries that are fully controlled, directly or indirectly, by FCC Aqualia, is done centrally. The liquidity positions of these investees flow to the parent of the FCC Group, to which the FCC Aqualia Group pertains.

Details of the composition of this item at 31 December 2015 and 2014 are as follows:

(thousands of euros)	2015	2014
Cash on hand	96,943	120,558
Debt securities held to maturity	-	-
TOTAL	96,943	120,558

Per currency, the cash and cash equivalent position is as follows for 2015 and 2014:

CASH AND CASH EQUIVALENTS		
Breakdown per currency (thousands of euros)	2015	2014
Czech Koruna	24,677	15,915
US Dollars	76	-
Euros	62,829	104,487
Serbian dinar	384	-
Chilean peso	2,395	-
Mexican Pesos	2,638	73
Bosnian Marka	45	36
Saudi Arabian Riyal	393	47
Uruguayan peso	859	-
United Arab Emirates dirham	2,647	-
TOTAL	96,943	120,558

In 2015 and 2014, the Group's cash balances earned interest at market rates.

There are no unavailable cash or cash equivalent amounts at 31 December 2015 or 31 December 2014.

13. EQUITY

The consolidated statement of changes in equity at 31 December 2015 and 2014 shows the trends in equity attributed to the Parent Company's shareholders that took place in the respective years.

Equity attributable to Parent Company shareholders

a) Share capital

FCC Aqualia, S.A.'s share capital is made up of 145,000,000 ordinary bearer shares with a nominal value of EUR 1 each. All the shares have the same rights and are fully subscribed and paid out. The Company's shares are not listed.

The interests in the Parent Company's share capital are as follows:

	%
Fomento de Construcciones y Contratas, S.A.	99.99
Internacional Services, Inc. (100% FCC, S.A.)	0.01

b) Issue premium and reserves

The components of this heading at 31 December 2015 and 2014 are the following:

Amount in thousands of euros	2015	2014
Parent Company reserves	514,036	509,897
Consolidation reserve	55,518	22,586
	569,554	532,483

b.1) Parent Company reserves

A series of reserves set up by the Group's Parent, FCC Aqualia, S.A., in compliance with applicable legal provisions and, where applicable, with profits retained from previous years.

The details at 31 December 2015 and 2014 are as follows:

Amount in thousands of euros	2015	2014
Issue premium	112,019	112,019
Legal reserve	29,000	29,000
Voluntary reserves	344,444	344,444
Special reserves	76	76
Reserve for goodwill	28,497	24,358
	514,036	509,897

Issue premium

The Spanish Companies Law expressly permits the use of the issue premium balance to increase capital, and it does not establish any specific restrictions whatsoever regarding the availability of this balance for other purposes.

Legal reserve

Pursuant to the Spanish Companies Law, an amount equal to 10% of the Parent Company's profit for the year must be allocated to the legal reserve until this reserve reaches at least 20% of the capital. The legal reserve cannot be shared out to shareholders, except in the case of liquidation.

The part of the legal reserve balance that exceeds 10% of the already increased capital may be used to increase capital. Except for the aforementioned purpose, until it exceeds 20% of the share capital, this reserve may only be used to offset losses, provided that there are no other sufficient reserves available for such purpose.

Voluntary reserves

These are reserves that have been voluntarily allocated using profits from the Parent Company after sharing out dividends and allocating the relevant amounts to the legal reserve in accordance with current legislation, and there are no limitations or restrictions placed on the availability of this amount.

Goodwill Reserves

Pursuant to the terms of article 273.4 of the consolidated text of the Spanish Companies Law, the Parent Company is allocating a restricted reserve fund for the goodwill amount that appears in assets in the consolidated statement of financial position for a period of 20 years, the balance of which at 31 December 2015 is EUR 28,496 thousand (EUR 24,358 thousand at 31 December 2014). This reserve is restricted.

b.2) Consolidation reserve

This item of the attached consolidated statement of financial position includes the reserves in fully consolidated and equity method consolidated companies generated since they were acquired.

The amounts contained in this item for each of the most significant companies at 31 December 2015 and 2014 are as follows:

	(in thousands of euros)	2015	2014
FCC Aqualia, S.A.		8,121	(14,158)
Aqualia Industrial Solutions, S.A. Unipersonal		-	826
FCC América, S.A., Unipersonal		(1,144)	(1,349)
Abrantaqua, S.A.		190	147
Acque di Caltanissetta, S.p.A.		2,028	-
AISA Montenegro		779	737
Aguas de Campo Maior, S.A.		(660)	(573)
Aguas de Elvas, S.A.		(385)	(435)
Aigües de Vallirana, S.A.		1,246	910
Aquajerez, S.L.		(1,746)	(52)
Aqualia Mace LLC		(2,448)	77
Aquos el Realito, S.A. de CV		1,488	677
AIE Costa Tropical de Granada		(191)	(670)
AIE ITAM Delta de la Tordera		(8)	(11)
Aqualia Czech, S.L.U.		9,422	8,786
Aqualia Infraestructuras, S.A.		3,623	1,649
Aqualia Infraestructuras de México, S.A de C.V.		4,452	4,043
Aqualia Infraestructuras Inzenyring		(5,243)	(4,782)
Aqualia New Europe, B.V.		165	(895)
Colaboración, Gestión y Asistencia, S.A.		(33)	(116)
Constructora de Infraestructuras de Aguas de Queretaro SA de CV		(888)	(685)
Constructora de Infraestructuras de Aguas de Potosí SA de CV		(1,099)	(1,118)
Depurplan 11, S.A.		263	769
Entemanser, S.A.		(13,603)	(13,176)
FS Colaboración y Asistencia, S.A.		(14)	-
Girona, S.A.		1,530	1,463
Hidrotec Tecnología del Agua, S.L.U.		3,030	619
Infraestructura y distribución general del agua, S.L.U.		(1,373)	(1,296)
Inversora Riutort, S.L.		289	289
Orasqualia Construction, S.A.E.		281	601
Orasqualia DEVEL. Waste T.P.S.A.E.		5,082	5,076
Orasqualia O&M		322	110
HA Proyectos especiales Hidráulicos S.R.L. de C.V.		296	341
Proveïments d'aigua, S.A.		265	246

(in thousands of euros)	2015	2014
Shariket Tahlya Miyah Mostaganem	21,794	18,420
Shariket Miyeh Ras Djinet	6,405	5,320
SmVak	(6,405)	(1,663)
Sociedad Española de Aguas Filtradas, S.A.	2,355	2,443
Suministro de Aguas de Querétaro, S.A. de C.V.	218	195
Tratamiento Industrial de aguas, S.A.	17,207	9,907
Other companies	(93)	(86)
Total Consolidation Reserve	55,518	22,586

FCC Aqualia, S.A. records an amount of EUR 8,121 thousand at 31 December 2015 (-14,158 thousand at 31 December 2014) in the form of consolidation reserves due to the distribution each year of dividends from subsidiaries, which become Parent Company reserves the following year.

c) Adjustments for changes in value

This item includes changes, net of tax, in the fair value of available-for-sale financial assets (Note 9) and cash flow hedging derivatives (Note 22), as well as translation differences that arise when the financial statements of subsidiaries stated in other currencies are converted into euros, according to the criteria described in Note 2.d.10.

The detail at 31 December 2015 and 2014 is as follows (in thousands of euros):

	2015	2014
Valuation adjustments	(2,434)	(3,042)
Translation differences	(11,882)	(9,712)
	(14,316)	(12,754)

The amounts contained in Valuation adjustments for each of the most significant companies at 31 December 2015 and 2014 are as follows (in thousands of euros):

	2015	2014
Aquos el Realito, S.A. de C.V.	(1,571)	(1,993)
Depurplan 11, S.A.	(863)	(1,049)
	(2,434)	(3,042)

The amounts for translation differences for each of the subsidiaries with functional currencies other than the euro at 31 December 2015 and 2014 are:

Amounts in thousands of euros	2015	2014
Algeria	(4,392)	(1,612)
Shariket Tahlya Miyah Mostaganem S.p.a.	(3,232)	(1,214)
Shariket Miyeh Ras Djinet S.p.a.	(1,160)	(398)
Mexico	(1,315)	(792)
Aqualia Infraestructuras de México, S.A. de C.V.	(1,094)	(451)
Suministro Aguas de Querétaro, S.A. de C.V.	(20)	2
Constructora de Infraestructuras de Agua de Querétaro, S.A. de C.V.	16	(31)
Aquos El Realito, S.A. de C.V.	(543)	(344)
Operadora El Realito, S.A. de C.V.	(1)	-
HA Proyectos especiales Hidráulicos S.R.L. de C.V.	(20)	(12)
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	347	44
Egypt	(938)	(1,272)
Orasqualia Devel. Waste. T.P.	(606)	(884)
Orasqualia Construction S.A.E.	(351)	(349)
Orasqualia O&M	19	(39)
Czech Republic	(5,599)	(6,222)
Aqualia Czech, S.L.U.	2,303	3,309
Smvak	(8,011)	(9,705)
Aqualia Infraestructuras Inzenyring, s.r.o.	116	184
Ovod Spol, s.r.o.	(7)	(10)
USA	(5)	-
FCC Aqualia USA Corp.	(5)	-
Colombia	(2)	5
Sera. Q.A. Duitama E.S.P. S.A.	(2)	5
Serbia	(2)	-
Aisa D:O:O: Beograd-Vracar	(2)	-
Abu Dhabi	371	181
Aqualia Mace LLC	371	181
Total translation differences	(11,882)	(9,712)

The net investment abroad in currencies other than the euro has fallen at 31 December 2015 compared with the balance existing at 31 December 2014 due to the debentures issued in the company Severomoravské Vodovody a Kanalizace Ostrava during the year (see note 14). The main net investment balances abroad, grouped by geographic market and stated in thousands of euros, are listed below:

Amounts in thousands of euros	2015	2014
Mexico	1,040	2,244
Czech Republic	(124,170)	67,228
USA	274	-
Others	9	-
TOTAL	(122,847)	69,472

d) Consolidated profit attributed to the Parent Company per company.

The detail of consolidated profit attributed to the Parent Company per company is broken down as follows:

Amounts in thousands of euros	2015	2014
Abrantaqua, S.A.	79	43
Acque di Caltanissetta, S.p.A	(638)	2,028
Aguas de Alcázar Empresa Mixta, S.A.	53	-
Aguas de Archidona, S.L.	(12)	(13)
Aguas de Denia, S.A.	2	4
Aguas de las Galeras, S.L.	640	485
Aguas de Narixa, S.A.	(7)	(48)
Aguas de Priego, S.L.	(18)	5
Aguas de Ubrique, S.A.	(1)	(12)
Aguas del Puerto Empresa Municipal, S.A.	(487)	(365)
AIE Aquagest Medioambiente, S.A. - Aqualia	(10)	(26)
AIE Costa Tropical de Granada	191	670
AIE ITAM Delta de la Tordera	8	11
Aigües de Blanes, S.A.	16	16
Aigües de Girona Salt i Sarrià del Ter	52	33
Aigües de Vallirana, S.A.U.	73	336
Aigües del Tomoví, S.A.	34	152
Aqua Campiña, S.A.	(82)	(245)
Aqua Management Solutions B.V.	(8)	(31)
Aquacartaya, S.L.	386	559
Aquaelvas - Aguas de Elvas, S.A.	118	51
Aquafundalia – Agua do Fundão, S.A.	(23)	35
Aquajerez, S.L.	(1,528)	(1,418)
Aqualia Czech, S.L.	(2,665)	(4,607)
Aqualia Industrial Solutions, S.A.U.	-	(1,115)
Aqualia Infraestructuras de México, S.A. de C.V.	2,698	409
Aqualia Infraestructuras Inzenyring, s.r.o.	277	249
Aqualia Infraestructuras Montenegro	369	591
Aqualia Infraestructuras Beograd-Vracar	379	-
Aqualia Infraestructuras Mostar	7	16
Aqualia Infraestructuras Pristina, LLC	475	-
Aqualia Infraestructuras, S.A.	6,410	1,058
Aqualia MACE LLC	2,322	1,728
Aqualia New Europe B.V.	(210)	(185)
Aquamaior – Aguas de Campo Maior, S.A.	(119)	(87)
Aquos El Realito, S.A. de C.V.	9	810
Augas Municipais de Arteixo, S.A.	-	55
Cartagua – Aguas do Cartaxo, S.A.	18	(22)
Colaboración, Gestión y Asistencia, S.A.	(1)	(2)
Compañía de Servicios Medioamb. do Atlántico, S.A.	48	28
Concesionaria de Desalación de Ibiza, S.A.	409	270
Conservación y Sistemas, S.A.	1,009	1,658
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	(5,029)	18
Constructora de Infraestructuras de Aguas de Querétaro, S.A. de C.V.	(145)	(203)

Amounts in thousands of euros	2015	2014
Depurplan 11, S.A.	127	325
Depurtebo, S.A.	208	(2)
EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A.	1	2
Empresa Gestora de Aguas Linenses, S.L.	92	(47)
Empresa mixta Abastament en Alta Costa Brava, S.A.	52	52
Empresa Mixta d'Aigües de la Costa Brava, S.A.	76	47
Empresa mixta de Aguas de Jódar, S.A.	(34)	(32)
Empresa Mixta de Aguas de Langreo, S.L.	29	79
Empresa Mixta de Aguas de Ubrique, S.A.	(21)	37
Empresa Mixta de Aguas y Servicios, S.A.	47	46
Empresa Municipal Aguas de Algeciras, S.A.	19	229
Empresa Municipal Aguas de Benalmádena, S.A.	626	487
Empresa Municipal Aguas de Toxiria, S.A.	(8)	22
Empresa Municipal de Aguas de Linares, S.A.	482	(131)
Entemanser, S.A.	1,585	3,009
FCC Aqualia América, S.A.U.	198	202
FCC Aqualia USA CORP.	(236)	-
FCC Aqualia, S.A.	35,220	32,315
FS Colaboración Gestión y Asistencia, S.A.	103	168
Generávila, S.A.	-	(3)
Gestión de Servicios Hidráulicos de Ciudad Real AIE	39	40
Girona, S.A.	166	121
HA Proyectos Especiales Hidraulicos S.R.L. de CV	(72)	(45)
Hidrotec Tecnología del Agua, S.L.U.	3,313	2,411
Infraestructuras y Distribución General de Agua, S.L.	(61)	298
Inversora Riutort, S.L.	-	-
Nueva Sociedad de Aguas de Ibiza, S.A.	16	19
Operadora El Realito S.A. de C.V.	28	-
Orasqualia Construction, S.A.E.	24	(320)
Orasqualia Devel. Waste Treatment Plant S.A.E.	1,310	1,523
Orasqualia Operation and Maintenance, S.A.E.	272	286
Ovod spol, s.r.o.	84	98
Proveïments d'Aigua, S.A.	72	23
Severomoravske Vodovody a Kanalizace Ostrava a.s.	6,462	6,607
Shariket Miyeh Ras Djinet	325	1,085
Shariket Tahlya Miyah Mostaganem	2,299	3,374
Sociedad Española de Aguas Filtradas, S.A.	479	143
Sociedad Ibérica del Agua, S.A.U.	10	7
Suministro de aguas de Querétaro, S.A. de C.V.	66	57
Tratamiento Industrial de Aguas, S.A.	8,636	7,058
TOTAL	67,133	62,529

e) Non-controlling interests

This section of the attached consolidated statement of financial position contains the portion of equity and profit for the year after tax of those subsidiaries in which the Group's non-controlling shareholders have interests.

The details of the balance of these items at year-end for the main companies with non-controlling interests are as follows:

Amounts in thousands of euros	Net Equity	Translation differences	Results	Total
2015				
Abrantaqua, S.A.	254	-	53	307
Aguas de Alcazar Empresa Mixta S.A.	754	-	48	802

Aqua Campiña, S.A.	(1,079)	-	(9)	(1,088)
Aquajerez	(1,676)	-	(1,468)	(3,144)
Aqualia Czech S.L.U.	43,011	2,950	(2,561)	43,400
Aqualia infraestructuras Inzenyring	(4,758)	149	266	(4,343)
Aqualia New Europe B.V.	7,999	-	(201)	7,798
Acque di Caltanisseta, S.P.A.	66	-	(10)	56
Entemanser, S.A.	1,557	-	49	1,606
SmVak	(5,358)	4,437	6,378	5,457
Orasqualia Devel Waste T.P.S.A.E.	(1,197)	(11)	674	(534)
Aguas do Cartaxo, S.A.	744	-	12	756
Aqua Management Solutions B.V.	(84)	-	(17)	(101)
Others	371	-	124	495
TOTAL	40,604	7,525	3,338	51,467

Amounts in thousands of euros	Net Equity	Translation differences	Results	Total
2014				
Abrantaqua, S.A.	225	-	29	254
Aguas de Alcazar Empresa Mixta S.A.	755	-	-	755
Aqua Campiña, S.A.	(808)	-	(27)	(835)
Aquajerez	(49)	-	(1,362)	(1,411)
Aqualia Czech S.L.U.	42,400	4,239	(4,426)	42,213
Aqualia infraestructuras Inzenyring	(4,422)	262	239	(3,921)
Aqualia New Europe B.V.	6,980	-	(178)	6,802
Acque di Caltanisseta, S.P.A.	35	-	31	66
Entemanser, S.A.	1,570	-	93	1,663
SmVak	666	2,208	6,522	9,396
Aguas do Cartaxo, S.A.	758	-	(14)	744
Aqua Management Solutions B.V.	(14)	-	(70)	(84)
Others	364	-	108	472
TOTAL	48,460	6,709	945	56,114

During fiscal year 2015, the main changes in the year were caused by dividend payments to minority shareholders of Aqualia Czech, S.A. and Severomoravské Vodovody a Kanalizace Ostrava A.S.

14. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

In 2014, Fomento de Construcciones y Contratas, S.A. and a group of companies including the Parent Company signed a Refinancing Agreement with the Group's main lenders, replacing most of its bank borrowings with intra-group debt.

a) Current and non-current bank borrowings

The detail at 31 December 2015 and 2014 is as follows (in thousands of euros):

2015	NON-CURRENT	CURRENT	TOTAL
Credit facilities and loans	10,439	3,084	13,523
Limited recourse debts for project financing	6,400	550	6,950
	16,839	3,634	20,473

2014	NON-CURRENT	CURRENT	TOTAL
Credit facilities and loans	15,101	3,761	18,862
Limited recourse debts for project financing	21,333	108,091	129,424
	36,434	111,852	148,286

The changes in the heading "Non-current and current borrowings with financial institutions" originates mainly in the refinancing of Severomoravské Vodovody a Kanalizace Ostrava A.S. described later in this note.

At 31 December 2015, the limit on the credit policies and loans granted to the FCC Aqualia Group beyond the aforementioned Refinancing Agreement comes to a total of EUR 25,092 thousand (EUR 149,003 thousand at 31 December 2014), of which, EUR 4,619 thousand is available (EUR 717 thousand at 31 December 2013).

The average interest rate for the bank borrowings in 2015 has been basically the result of the conditions in the different interbank markets, indexed to the Euribor and the Pribor. Since 2016, it will basically be the Euribor since the debt of Severomoravské Vodovody a Kanalizace Ostrava A.S. Has been settled.

The following table shows a breakdown per currency of the non-current and current bank borrowings for credit facilities and loans drawn at 31 December 2015 and 2014:

2015

Amounts in thousands of euros	CZECH KORUNA	EUROS	TOTAL
Credit facilities and loans	-	13,523	13,523
Limited recourse debts for project financing	-	6,950	6,950
TOTAL	-	20,473	20,473

2014

Amounts in thousands of euros	CZECH KORUNA	EUROS	TOTAL
Credit facilities and loans	-	18,862	18,862
Limited recourse debts for project financing	107,433	21,991	129,424
TOTAL	107,433	40,853	148,286

In 2006 the Parent Company signed a loan agreement for a total of 4,800 million Czech Koruna with a bank syndicate that included HVB Bank Czech Republic a.s. as the agent bank. The amount of this loan was used for the purchase of 98.67 % of the capital of the Czech company Severomoravske Vodovody a Kanalizace Ostrava a.s. and it has been refinanced on several occasions, requiring, among other commitments, that the majority shareholder of FCC Aqualia grant the Parent Company a participating loan for EUR 149,250 thousand, which was considered shareholder equity for the purposes set forth in the financing agreement. The balance of the loan at 31 December 2015 amounted

to EUR 149,250 thousand (EUR 149,250 thousand at 31 December 2014) and continues granting to the parent company despite the fact that the funding of Severomoravské Vodovody a Kanalizace Ostrava A.S. has been settled as indicated below.

The interest rate of the participating loan has two components, one fixed and one variable. The first of these is EURIBOR and the second is calculated based on the evolution of the return on equity of the Company compared to the Profitability of the Sector in which the Company operates. The interest rate applied in 2015 was 7%. The loan is established for an indefinite term, although the lender may ask the borrower for the total or partial repayment at any time, providing at least one month's notice. The loan is presented in its entirety in the long term as the directors of the Parent Company do not expect that its total or partial cancellation will be requested over the next 12 months.

The loan for 4,800 million Czech Crown signed in 2006 was refinanced in previous years and finally fell due in December 2015, having been completely settled on the said date (at 31 December 2014 the amounts owed in relation to this loan amounted to 3,020 million Czech Crown, equivalent to EUR 107,433 thousand, which are classified as "Limited recourse debts for project financing" in current liabilities in the consolidated statement of financial position. The loan accrued interest at a rate indexed to the PRIBOR plus 4.25 basis points). The current funding for this project is included later in note 14b)

The remaining bank borrowings, totalling EUR 20,473 thousand at 31 December 2015, have the following conditions:

Company	Amount in 2015	Amount in 2014	Initial date	Expiry date	Interest rate
Credit facilities and loans					
AIE Costa Tropical de Granada	5,312	4,847	3.01.2014	3.01.2024	4M EURIBOR + 4%
Abrantaqua, S.A.	2,400	4,000	10.05.2010	9.05.2017	6M EURIBOR + 5,750%
Aquafundalia – Agua do Fundão, S.A.	1,500	1,240	17.01.2014	17.01.2020	3M EURIBOR + 4,800%
Aquamaior – Aguas de Campo Maior, S.A.	1,913	1,975	28.08.2014	28.05.2021	6M EURIBOR + 4,000%
Entemanser, S.A.	1,647	6,650	20.05.2014	26.06.2018	3.66%
Empresa Mixta d'aigües de la Costa Brava	572	-	20.05.2014	26.06.2018	3.66%
Interest	179	150			
Total credit facilities and loans	13,523	18,862			
Limited recourse debts for project financing					
Aguas de las Galeras, S.L.	-	7,500	01.06.2014	1.06.2019	9.00%
Aquacartaya, S.L.	-	4,450	13.12.2013	13.12.2018	9.00%
Depurplan 11, S.A.	6,950	10,041	24.04.2008	1.12.2026	2.83%
Total limited recourse debts for project financing	6,950	21,991			
Total	20,473	40,853			

b) Debt instruments and other marketable securities

The current liabilities relate at 31 December 2014 to the company Severomoravské Vodovody a Kanalizace Ostrava A.S.

In November 2015, the issuance of non-convertible debentures performed in November 2005 for 2,000 million Czech Crown reached maturity (EUR 72,573 thousand in Current financial liabilities at 31 December 2014). These obligations were listed on the Prague Stock Exchange (Czech Republic) and bore a fixed interest rate of 5% per annum.

In July 2015, the company Severomoravské Vodovody a Kanalizace Ostrava a.s. has performed a new issuance of non-convertible debentures amounting to 5,300 million Czech Crowns maturing in 2022 and bearing a fixed annual interest of 2.625%. These debentures are listed on the Prague Stock Exchange (Czech Republic) and are classified as non-current liabilities in the amount of EUR 197,027 thousand and current liabilities in the amount of EUR 2,390 thousand corresponding to accrued interest outstanding.

These bonds traded at 96.20% of par at 31 December 2015 according to Bloomberg.

c) Other non-current financial liabilities

The details of this item of the consolidated statement of financial position are as follows:

Amounts in thousands of euros	2015	2014
FCC, S.A. participating loan (Note 14.a)	149,250	149,250
FCC, S.A. loan	234,446	249,296
Guarantees and deposits received	27,992	26,447
Non.cur.loan.non.recourse lim.p/end.project, third.	42,577	34,316
Non-current accounts payable for purchases	1,034	2,213
Non-current obligations under finance leases	76	21
Others	34,481	36,008
TOTAL	489,856	497,551

c.1) The long-term debts with Fomento de Construcciones y Contratas, S.A. at 31 December 2015 and 2014 show the following breakdown:

	(thousands of euros)	
	31.12.2015	31.12.2014
Participation in the refinancing agreement of the FCC Group	229,946	225,412
Participating loan	149,250	149,250
Financing of the construction of Llanera sports facilities	4,500	4,500
Loan to finance UTEs transferred to FCC Aqualia	-	19,384
TOTAL	383,696	398,546

In 2012, the FCC Aqualia Group received a loan from its parent for a total of EUR 4,500 thousand, which matures in 2026 and accrues interest at 8.6%. This balance remains unchanged at 31 December 2015 and 2014.

Based on the Restructuring Framework Agreement and the Financing Agreement signed by a group of companies led by FCC, S.A., including the Parent Company and other FCC Aqualia Group Companies,

and almost all their lenders, on 26 June 2014 a loan agreement was signed between FCC and the aforementioned companies in FCC Aqualia Group.

This loan was implemented through FCC's express, irrevocable and unconditional acceptance of the position of borrower, but acting in a cumulative and joint and several manner with the companies that were previously financed, the liabilities held by the companies of the FCC Aqualia Group with FCC, S.A. coming to EUR 229,946 at 31 December 2015 (EUR 225,412 thousand at 31 December 2014).

The loan contracts mature on the same date as the Financing Agreement for FCC, S.A., in other words, final maturity in June 2018. Therefore, the companies have stated this loan as non-current financial debt.

The rate of interest was 4.55% in 2015 and 6.95% in 2014.

Finally, the Parent Company stated a total of EUR 19,384 thousand in financial debt at 31 December 2014 which was cancelled in 2015 and arose from for the assignment of interests in UTEs jointly held in 2014, mainly the one that managed the Lleida contract, which is now executed by FCC Aqualia, S.A.

c.2) In 2013, the FCC Aqualia Group established Aquajerez, S.L. to execute the contract in Jerez de la Frontera (Cádiz). The non-controlling shareholder of this company granted the company financing totalling EUR 29,069 thousand as a participating loan, which earns interest at a fixed rate of 3% plus floating interest based on free cash flows, with an aggregate limit of 10% annually. The balance of this loan at 31 December 2015 and 2014, totalling EUR 28,760 thousand and EUR 30,092 thousand, is included in the "Others" item.

c.3) In 2014, FCC Aqualia Group obtained a loan from the TCI investment fund ("The Children's Investment Fund) to finance payment of the fee on a concession contract, which accrues 9 % interest annually and matures in 2019. The aforementioned loan was drawn down in the amount of EUR 34,316 thousand at 31 December 2014 and is classified under "Non-current provisions with limited recourse for project finance, third parties", together with the debt of the same nature in the amount of EUR 8,100 thousand contracted by the Group company Aguas de las Galeras, S.L. (Note 14.a).

d) Other current financial liabilities

The detail is as follows:

Amounts in thousands of euros	2015	2014
Borrowings with FCC Group companies for Income Tax	20,438	26,215
Other current financial debt with FCC Group companies	37,755	8,010
Current bills payable	400	73
Current accounts payable for purchases	4,489	7,719
Guarantees and deposits received	1,839	2,582
Current financial debt, third parties	6,756	4,625
Current obligations under finance leases	39	11
Liabilities from current speculative int. fin. deriv.	-	450
TOTAL	71,716	49,685

Current financial debts with FCC Group Companies accrue market interest, except for the financial debt arising as a result of certain companies in the FCC Aqualia Group that are members of the FCC Tax Group.

At 31 December 2014 the Group has registered a liability for interest rate financial derivatives because the financial derivatives taken out by Aqualia Czech, S.A. for hedging purposes could not be considered as such and therefore, they are measured at fair value and stated as finance costs for current financial derivative valuation totalling EUR 450 thousand. This liability has expired in 2015.

The item "Other short-term financial debts with FCC Group companies" basically includes the balances generated by the Group Companies with FCC, S.A. as a result of the system of cash pooling they have agreed and which leads to regular cash sweeps with that company.

e) Due dates on bank borrowings and other non-current financial liabilities.

The scheduled due dates at 31 December 2015 and 2014 are as follows:

2015

Amounts in thousands of euros	2017	2018	2019	2020	2021 AND LATER	TOTAL
Debt instruments and other marketable securities	-	-	-	-	197,027	197,027
Non-current bank borrowings	2,562	3,376	1,826	3,920	5,155	16,839
Other non-current financial liabilities	7,642	374,404	35,910	3,982	67,918	489,856
TOTAL	10,204	377,780	37,736	7,902	270,100	703,722

2014

Amounts in thousands of euros	2016	2017	2018	2019	2020 AND LATER	TOTAL
Non-current bank borrowings	2,576	2,645	7,358	6,338	17,517	36,434
Other non-current financial liabilities	7,418	2,423	369,448	2,102	116,160	497,551
TOTAL	9,994	5,068	376,806	8,440	133,677	533,985

f) Other disclosures

Regarding the financial liabilities contracted by the Group, mandatory ratios do exist, without there being at 31 December 2015 any breaches that could affect the main financing contracts of the Group. These financing contracts include the contract signed with Talos Capital Limited (note 14.c.3) to finance Aquajerez which creates pledges on the holding of the Parent Company in this company, in the same way as with pledges on credit rights with third parties and bank accounts.

15. CURRENT AND NON-CURRENT PROVISIONS

The detail of provisions at 31 December 2015 and 2014 is as follows (in thousands of euros):

	2015	2014
Non-current		
Obligations for long-term staff benefits	1,671	1,599
Lawsuits	1,516	1,856
Guarantees and legal or contractual obligations	5,351	6,379
Activities that enhance or increase concession capacity	57,863	62,920
Other risks and expenses	42,251	27,802
TOTAL NON-CURRENT PROVISIONS	108,652	100,556
Current		
Settlement and losses on projects	12,901	20,414
Termination benefits for project employees	69	121
Other provisions	1,291	1,540
TOTAL CURRENT PROVISIONS	14,261	22,075

The details in 2015 and 2014 in the different provisions is as follows:

(Amounts in thousands of euros)	Non-current provisions	Current provisions
Balance at 31/12/2013	89,113	19,416
Allocations	31,690	9,357
Reversals	(5,873)	(6,699)
Allocation	(14,362)	-
Translation differences	(12)	1
Balance at 31/12/2014	100,556	22,075
Allocations	15,824	8,040
Transfers	10,229	(10,229)
Reversals	(3,331)	(4,225)
Allocation	(14,672)	(1,395)
Translation differences	46	(5)
Balance at 31/12/2015	108,652	14,261

Transfers in 2015 include the Group's reconsideration regarding the expiry of certain contractual commitments which it foreseeably must face.

In fiscal year 2015, there have been net provisions amounting to EUR 23,864 thousand, the most important being the provision made for FCC Aqualia's liability in the delivery of assets pertaining to a contract at the end of the same amounting to EUR 1,400 thousand and corresponding to investment commitments signed by the Parent Company in the renewal of the contracts of Cangas de Morrazo amounting to EUR 2,464 thousand, Fundao amounting to EUR 2,336 thousand and Candelaria amounting to EUR 1,500 thousand, among others.

In 2014, net allocations have been registered for a total of EUR 28,475 thousand, the most important of which correspond to Lleida investment commitments totalling EUR 5,323 thousand for assignment of the water supply contract that was previously managed by UTE Aqualia FCC, Alcázar de San Juan for a total of EUR 4,500 thousand, Arcos de la Frontera for a total of EUR 3,007 thousand and San Juan del Puerto for a total of EUR 800 thousand, Chiclana de la Frontera for a total of EUR 775 thousand and EUR 1,953 thousand for financial adjustments to the provision.

Furthermore, in 2014 the Company allocated the estimated amounts for contractual liability that could entail likely payment obligations in the future as regards two Spanish local administrations, for EUR 4,400 thousand and EUR 4,800 thousand, respectively. Both amounts were charged to “Other operating expenses – Other current administrative expenses” in the attached consolidated income statement for 2014 and at 31 December 2015 they have not yet been applied.

In turn, provisions applied in 2015 for a total of EUR 16,067 thousand include the investment commitments implemented in 2014 in Vigo for a total of EUR 3,633 thousand, Abrantes for EUR 1,250 thousand, Cartaya for EUR 1,078 thousand, Barbate for EUR 863 thousand, Lleida for EUR 669 thousand, Lepe for EUR 530 thousand and San Juan del Puerto for EUR 426 thousand, to name a few.

In 2014, the investment commitments applied for a total of EUR 14,362 thousand relate to Vigo for a total of EUR 2,547 thousand, Abrantes for EUR 523 thousand, Elvas for EUR 532 thousand, Cartaxo for EUR 634 thousand, Fundao for EUR 647 thousand, Fraga for EUR 1,087 thousand and Barbate for EUR 918 thousand, to name a few.

The expected payment schedule at 31 December 2015 and 2014 deriving from obligations covered with non-current provisions is as follows:

2015 (thousands of euros)	UP TO 5 YEARS	MORE THAN 5 YEARS	BALANCE AT 31/12/2015
Obligations for long-term staff benefits	107	1,564	1,671
Lawsuits	1,497	19	1,516
Guarantees and legal or contractual obligations	5,345	6	5,351
Activities that enhance or increase concession capacity	11,448	46,415	57,863
Other provisions for risks and expenses	41,766	485	42,251
TOTAL	60,163	48,489	108,652
2014 (thousands of euros)	UP TO 5 YEARS	MORE THAN 5 YEARS	BALANCE AT 31/12/2014
Obligations for long-term staff benefits	-	1,599	1,599
Lawsuits	1,837	19	1,856
Guarantees and legal or contractual obligations	4,012	2,367	6,379
Activities that enhance or increase concession capacity	22,811	40,109	62,920
Other provisions for risks and expenses	27,598	204	27,802
TOTAL	56,258	44,298	100,556

Obligations for long-term staff benefits

This item of non-current provisions contains provisions that cover pension and similar commitments, such as medical and life insurance, by Group companies.

Lawsuits

These cover the risks of companies in FCC Aqualia Group that are involved in lawsuits as defendants in certain proceedings for liability arising from the activities they engage in.

Guarantees and legal or contractual obligations

This item contains provisions to cover expenses for obligations that arise from contractual and legal obligations that are not of an environmental nature, such as the dismantling of facilities upon completion of certain contracts and expenses earmarked to guarantee service quality.

Activities that enhance or increase concession capacity

These are allocated when the Group is required to perform activities that improve the infrastructure when such activities do not give rise to increased revenue from the concession in exchange. They have a balancing entry in "Intangible assets under concession arrangements".

Other risks and expenses

This item contains likely risks that are not included in the previous sections.

16. OTHER PAYABLES

The details of the "Other payables" balance at 31 December 2015 and 2014 are as follows (in thousands of euros):

	2015	2014
Government - Tax payables for VAT (Note 17)	7,179	12,208
Government - Payable to Social Security Authorities (Note 17)	4,971	6,366
Government - Payable for withholdings (Note 17)	5,061	9,114
Government - Payable for other items (Note 17)	55,376	58,277
Remuneration payable	4,159	3,766
Customer advances	25,115	26,334
Other non-commercial debts and payables	136,211	130,804
Current tax liabilities	3,637	1,185
TOTAL OTHER PAYABLES BALANCE	241,709	248,054

“Government - Payable for other items” contains the amounts collected by FCC Aqualia Group companies from their customers on behalf of government authorities for fees, currently pending payment (Note 17).

“Other non-commercial debts and payables” contains outstanding balances payable by the Group for services provided.

17. TAX MATTERS

This note describes the sections in the attached consolidated statement of financial position and consolidated income statement that are related to the tax obligations of each of the companies pertaining to the Group, such as deferred tax assets and liabilities, tax payables and receivables and income tax expense.

FCC Aqualia, S.A. and the subsidiaries that meet the requirements set in Spanish taxation regulations are included in record 18/89, under which the FCC Group files incomes taxes under the consolidated taxation system, with Fomento de Construcciones y Contratas, S.A. acting as the parent of the group.

FCC Aqualia, S.A. and the subsidiaries that are part of the FCC Aqualia Group, as well as the temporary joint ventures therein, have all the periods that have not been statute-barred available for tax inspections on all the applicable taxes. In this respect, at 31 December 2015, the Parent Company is subject to a tax audit from 2010 to 2013 for Corporations Tax and from 2012 to 2013 for the value added tax. Regarding the periods that have been inspected in Group companies, in certain cases, the aforementioned tax authorities have applied different criteria, leading to claims proceedings, in relation to which the corresponding Group companies have filed for appeal.

The criteria that the tax authorities may adopt in relation to the periods open to inspection could result in contingent tax liabilities not subject to objective quantification. The Directors of the Parent Company estimate that any liabilities that could arise, in relation to both the periods open for inspection and the claims filed, would not significantly affect the Group's equity. In this sense, in these financial statements no amount is recorded as provisions for the tax assessments currently underway for these inspections, since the Directors believe that if different criteria exist for interpreting the tax and accounting regulations, they will not lead to significant liabilities arising for the Group.

No significant amounts have been recognised in equity for taxes in 2015 and 2014.

a) Deferred tax assets and liabilities

Deferred tax assets correspond mainly to provisions that are not tax deductible during the year, time limits on deducting depreciation of assets carried forward and tax losses from TJVs that recognise their profits in the following year, whereas deferred tax liabilities are mainly related to non-returnable grants, tax gains from TJVs that are taken to profit in the following year and capitalisation of concession arrangement finance charges.

DEFERRED TAX ASSETS		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
Provisions	17,935	18,516
Pension Plans	513	414
Amortisation	5,799	6,282
TJV profits recognised in following year and adjustments thereto	3,667	2,683
Intra-group asset purchase and sale transactions	4,213	3,162
Translation differences	6,128	5,046
- Non-deductible finance costs	1,950	580
Due to cancellation of the financial activation of the concession agreement in IFRS	3,798	4,425
Other differences	5,020	3,575
TOTAL	49,023	44,683

DEFERRED TAX LIABILITIES		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
TJV profits recognised in following year and adjustments thereto	4,145	3,014
Finance leases	10	10
Free depreciation	20,130	20,059
Translation differences	5,526	5,145
Assignment of goodwill	15,734	17,249
Other adjustments	6,152	5,382
TOTAL	51,697	50,859

The scheduled due dates for deferred taxes are shown below:

	Amounts in thousands of euros						TOTAL
	2016	2017	2018	2019	2020	2021 AND LATER	
Deferred tax assets	5,120	1,785	1,785	1,785	1,780	36,768	49,023
Deferred tax liabilities	5,093	1,671	1,667	1,667	1,667	39,932	51,697

b) Government

The detail of current assets and liabilities held with Government at 31 December 2015 and 2014 is as follows:

Current assets

	2015	2014
Tax receivables Tax receivables for grants awarded (Note 11)	20,892	47,095
	20,892	47,095

Current liabilities

	2015	2014
Personal income tax and corporate income tax (income from work and income from personal property) withholdings (Note 16)	5,061	9,114
Value Added Tax (Note 16)	7,179	12,208
Payable to Social Security Authorities (Note 16)	4,971	6,366
Other Government liabilities (Note 16)	55,376	58,277
	72,587	85,965

The “Other Government liabilities” item contains outstanding taxes and fees in which the Group handles collection on behalf of the government authority for the services provided to customers.

c) Income tax expense

The income tax expense accrued during the period comes to EUR 28,253 thousand, as stated in the attached consolidated income statement (EUR 19,783 thousand in 2014). The reconciliation between the accounting profit and the taxable profit is shown below (amounts in thousands of euros):

2015

Consolidated pre-tax accounting profit for the year			
	Increases	Decreases	98,724
Consolidation adjustments and eliminations	5,828	(9,143)	(3,315)
Permanent differences	5,076	(513)	4,563
Offsetting of previous years' losses			(286)
Adjusted consolidated accounting profit			99,686
Temporary differences:			
- Provisions	12,672	(10,148)	2,524
- Repayments	302	(3,506)	(3,204)
- TJV profits transferred to following year	15,460	(15,873)	(413)
- Other adjustments	5,645	(783)	4,862
- Translation differences and Fair value assets	6,563	-	6,563
- Adjustment for tax advances on intra-group profits	2,440	(890)	1,550
Consolidated taxable profit (fiscal income)			111,568
Adjusted consolidated accounting profit		99,686	
Income tax rate		26,775	
Deductions and credits		(66)	
Other adjustments		1,544	
Corporate Income Tax accrued		28,253	

At 31 December 2015, a net decrease of EUR 3,315 thousand in Consolidation adjustments and eliminations corresponds mainly to equity method consolidated companies.

2014

Consolidated pre-tax accounting profit for the year				83,257
	Increases	Decreases		
Consolidation adjustments and eliminations	1,175	(10,463)	(9,288)	
Permanent differences	7,949	(5,180)	2,769	
Adjusted consolidated accounting profit			76,738	
Temporary differences:				
- Provisions	15,254	(6,632)	8,622	
- Repayments	13,233	-	13,233	
- TJV profits transferred to following year	18,483	(11,804)	6,679	
- Other adjustments	6,653	-	6,653	
- Translation differences and Fair value assets	6,439	-	6,439	
- Adjustment for tax advances on intra-group profits	1,083	(839)	244	
Consolidated taxable profit (fiscal income)			118,608	
Adjusted consolidated accounting profit				76,738
Income tax rate				21,083
Deductions and credits				(936)
Other adjustments				(364)
Corporate Income Tax accrued				19,783

At 31 December 2014, a net decrease of EUR 9,288 thousand in Consolidation adjustments and eliminations corresponds mainly to equity method consolidated companies.

Deductions and credits are related to environmental protection, foreign investments, R&D and reinvestment of profits from the sale of assets.

Companies with offices in Spain and belonging to the tax group of Fomentos Construcciones y Contrata (group number 18/89) have a tax debt with the parent of the said Group amounting to EUR 20,438 thousand at 31 December 2015 (EUR 26,215 thousand at 31 December 2014).

18. GRANTS

The details of this section for each year are as follows (in thousands of euros):

	2015	2014
Balance at 1 January	30,061	27,997
Additional amounts recognised during the year	15,144	3,333
Outflows	(59)	(402)
Grants for tangible and intangible assets taken to profit/loss	(3,032)	(1,174)
Changes in scope	-	307
Balance at 31 December	42,114	30,061

FCC Aqualia Group has recognised EUR 15,144 thousand in 2015 (EUR 3,333 thousand in 2014), the most important item being the amounts in Italy, totalling EUR 14,371 thousand. In 2014, the most important were those also obtained in Italy amounting to EUR 1,470 thousand.

In turn, the Group recognised EUR 10,353 thousand (EUR 10,933 thousand in 2014) in the consolidated income statement for operating grants (Note 20), grants awarded by the city councils of towns in which the Group provides end-to-end water management services and in recognition of concession operators with operating deficits in said concessions, as set forth in the respective specifications and contracts.

The outstanding amounts receivable at 31 December 2015 and 2014 for this item as indicated in Notes 11 and 17.

19. GUARANTEES WITH THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2015, FCC Aqualia, along with other companies in the FCC Group, is listed as the guarantor in syndicated loans signed by the Parent Company, Fomento de Construcciones y Contratas, S.A., for a total of EUR 3,701,675 thousand (EUR 3,678,000 thousand at 31 December 2014).

At 31 December 2015, the Group has provided guarantees to third parties, mainly public entities and private customers, to secure the performance of construction and contracting work, for a total of EUR 221,985 thousand (EUR 173,039 thousand at 31 December 2014).

FCC Aqualia, S.A. and subsidiaries in the Group are involved in lawsuits as defendants in certain proceedings for liability arising from the different activities in which they engage, in the performance of the contracts awarded and provisions have been allocated in relation thereto (see Note 15). It is estimated that the liabilities that could arise therefrom, taking into account the existing provisions, would not significantly affect the Group's equity.

As indicated in Note 8, participation by Group companies in joint arrangements managed under temporary joint operations, equity accounts, economic interest groupings and other entities with similar legal status entail that the participants share the joint and several liability for the activities conducted.

The Directors of the Parent Company estimate that no significant liabilities will arise as a result of these joint and several guarantees.

20. INCOME AND EXPENSES

Profit from operations

The Group companies state their profit from operations in the “Net Revenue” section, except for operating grants, which are recognised as “Other profit from operations” in the consolidated income statement.

Revenue comprises two main items:

- Sales of water. This is the amount corresponding to the number of cubic metres supplied to consumers, valued at sale price. The sale price is established for each contract based on the rates passed by the relevant public entity in each case.
- Sales of works and services. This is the amount corresponding to construction work and activities that the Group performs in relation to the provision of end-to-end water services in the towns in which contracts have been awarded.

The amount for sales of work is calculated by applying the degree of progress criterion, consisting in assessing the units of work performed during the period at sale price, which is set forth in the contract, and at the same time recognising the expenses incurred in such work.

The difference between the amount for production of each of the contracts and the amount billed for each one up to the reporting date of the consolidated statement of financial position, for both water and work, is stated as “Production executed and pending certification” under “Customer receivables – sales and service provision” (Note 11).

Revenue is broken down per type of business activity as shown in the following table:

REVENUES PER BUSINESS ACTIVITY		
<i>(Amount in thousands of euros)</i>		
	31.12.2015	31.12.2014
Water supply	523,582	514,785
Sanitation	138,696	129,429
Treatment	95,937	89,415
Water works	176,660	104,523
Other income	60,821	71,824
TOTAL	995,696	909,976

The Group's revenue is broken down by geographic location as follows:

GEOGRAPHIC LOCATION			
	(Amounts in thousands of euros)	31/12/2015	31/12/2014
Spain			
Andalusia		232,521	229,661
Aragon		8,701	10,038
Asturias		38,342	33,732
Balearic Islands		32,081	34,677
Canary Islands		62,823	52,313
Cantabria		22,450	22,447
Castile-La Mancha		57,911	56,716
Castile-Leon		43,205	42,263
Catalonia		63,582	62,468
Region of Valencia		34,055	34,295
Extremadura		37,960	37,675
Galicia		49,444	45,922
La Rioja		17,059	4,332
Madrid		30,260	19,145
Murcia		1,774	32,579
Navarre		5,221	1,857
Basque Country		4,567	8,047
International			
Saudi Arabia		21,929	5,855
Algeria		12,307	8,432
Bosnia		116	2017
Chile		14,549	7,628
Egypt		234	209
United Arab Emirates		435	256
Italy		48,567	36,590
Mexico		42,784	14,832
Montenegro		1,898	3,966
Poland		1,531	
Portugal		14,201	14,556
Czech Republic		85,985	83,883
Romania		4	61
Serbia		2,576	-
Tunisia		1,971	1,871
Uruguay		4,653	1,653
TOTAL		995,696	909,976

The details of “Other profit from operations” are as follows:

Amounts in thousands of euros	2015	2014
Income from operating grants (Note 18)	10,353	10,933
Income from diverse services	6,395	6,441
Surplus provisions for risks and expenses	3,302	5,851
TOTAL	20,050	23,225

Purchases

The details of the Purchases balance are as follows:

Amounts in thousands of euros	2015	2014
Work performed by subcontractors and other companies	144,842	105,807
Materials and services purchased	247,642	221,992
TOTAL	392,484	327,799

Employee benefits expense

The details of employee benefits expenses are shown below:

Amounts in thousands of euros	2015	2014
Wages and salaries	182,676	176,920
Accrued social security taxes	53,502	52,790
Other employee benefits expenses	2,924	3,220
TOTAL	239,102	232,930

The average number of employees in the Group, divided by job category, is as follows:

CATEGORIES	AVERAGE NO. OF EMPLOYEES	
	2015	2014
Management and advanced degree holders	201	294
Technicians and intermediate degree holders	771	1,136
Administrative and similar staff	713	816
Other staff on payroll	5,644	4,744
TOTAL	7,329	6,990

At year-end 2015, the Group employs 7,463 workers (6,978 workers at year-end 2014), broken down by job category and gender as follows:

CATEGORIES	No. of employees		Male		Female	
	2015	2014	2015	2014	2015	2014
Management and advanced degree holders	292	297	242	250	50	47
Technicians and intermediate degree holders	771	1,140	546	739	225	401
Administrative and similar staff	1,145	832	454	292	691	540
Other staff on payroll	5,255	4,709	4,641	4,178	614	531
TOTAL	7,463	6,978	5,883	5,459	1,580	1,519

Other operating expenses

The details of other operating expenses are shown below:

Amounts in thousands of euros	2015	2014
Outsourced services	145,975	144,495
Taxes	23,768	20,846
Losses, impairment and changes in trade provisions	1,798	14,057
Other current operating expense	17,166	15,426
TOTAL	188,707	194,824

Under "Losses, impairment and changes in trade provisions" at 31 December 2014, explaining the variation between years, the parent company recorded provisions for risks arising from certain concessions in the amount of EUR 4,481 thousand and EUR 4,811 thousand, respectively, which have not been recurrent during 2015.

Finance income and costs

The detail of finance income is as follows:

Amounts in thousands of euros	2015	2014
Interest earned on loans to third parties	8,022	15,092
Other finance income	833	1,222
TOTAL	8,855	16,314

The reduction in interest on loans to third parties relates basically to the lower profitability in the short-term loans to FCC Group companies (Note 9.b)

The detail of finance costs is as follows:

Amounts in thousands of euros	2015	2014
Interest paid on loans to FCC Group companies	20,091	14,063
Interest paid on borrowings with third parties	29,310	35,522
TOTAL	49,401	49,585

21. INFORMATION ABOUT THE ENVIRONMENT

The activities that FCC Aqualia engages in are directly linked to protection of the environment, given that the underlying theme of our actions is efficient end-to-end water management, in conjunction with the different public authorities, endeavouring to guarantee the availability of water resources in a manner that enables sustainable growth for the populations where we provide services.

In the performance of our activities, a series of actions have been identified that lead to better protection of the environment, endeavouring to meet efficiency goals as part of our responsibility as public service providers. Among these actions, the following can be spotlighted:

- During 2015, the company calculated the carbon footprint of the activity related to the design and construction of treatment, purification and desalination plants and their ancillary facilities, developed by its subsidiary Aqualia Infraestructuras, recording it in the Carbon Footprint Registry of the Ministry of Agriculture, Food and Environment, with registration date of 21 April 2015 and code 2015_00_a062.
- Also during 2015, the company concluded the stage of calculating the greenhouse gas emissions, with the calculation of the carbon footprint corresponding to the entire activity of "Management of the complete water cycle" (adduction, distribution, client management, sewerage and purification)", performed by the company FCC Aqualia. This calculation was verified by AENOR and registered in the Registry established by the MAGRAMA for that purpose, dated 9 July 2015 and code 2015_00_a149.
- One of the fundamental aims of FCC Aqualia is continuous improvement through an Integrated Management System that includes both the quality management of the processes, products and services such as environmental management, publishing such reports in order to facilitate the verification of the GHG inventory and transparently report them to its stakeholders.
 - The main aim pursued with this initiative is to understand and assess the GHG emissions of the organization in order to identify opportunities to reduce and/or offset the carbon footprint.
 - Participation in voluntary GHG programmes.
 - Make available corporate information on GHG.
 - Improve the position with stakeholders, maintaining a responsible commitment to continuous improvement.
- Similarly, and in response to the entry into force on 5 December 2015 of EU Directive 2012/27/EU on Energy Efficiency, during the current year we have agreed with AENOR an ambitious three-year plan to adapt towards compliance with the latter, allowing us to certify the entire organization in the ISO 50001 standard. Accordingly, during 2015, 15 contracts have been certified, foreseeing the certification of another 30 in 2016 and as many more in 2017. The contracts selected were those whose consumption is greater than 1,300,000 kWh/year, which cover more than 80% of the total consumption.
- To meet the foreseen targets, we expect to conduct an exhaustive control of energy monitoring, controlling the installed capacity and the evolution of energy consumption at our production facilities. To do this, our actions should be aimed at improving the measurement, calculation of energy performance of pumps, optimization and improvement of processes, facilities and production equipment, etc.

- The CSR Report of FCC Aqualia reached its ninth edition in 2015, maintaining the editorial line of 2014, but providing a brief "vision" at the beginning of each relevant chapter and emphasizing the new international territorial strategy of the company, which it illustrated with interviews with the new "Area Managers" where they shared their forecasts in their respective areas.
- The report also highlighted the participation of the company in all the forums organised around human rights, as well as our participation in Smart Cities, innovation projects, the Water Footprint of Cantabria, the carbon footprint of Aqualia Infrastructure and the energy efficiency of Lleida.
- Water quality control at the uptake as well as in distribution. To this end, the technical and human capabilities of a network of drinking water quality control laboratories are fostered. The vast network of laboratories available to the company includes the lead laboratories accredited by the ENAC in Jerez de la Frontera, Lérida, Ávila, Oviedo and the Canary Islands. Through the use of Lims and GesLAB software tools, which are connected in real time to the National Consumer Water Information System (SINAC in Spanish) within the Ministry of Health, both consumers and the public authorities are informed of the quality of the water supplied.
- Eliminating the environmental impact of wastewater dumping by implementing and properly using the latest technology applicable at the wastewater treatment stations that FCC Aqualia operates. The aim of these techniques is not only to minimise the impact of treated wastewater that is dumped into natural streams but also to minimise the impact arising from sludge extraction by recovering it for other purposes, as well as minimising the effect of odours and noise generated in the treatment process. Last year, more than 497 Hm³ of wastewater were treated before being released into natural streams in optimal conditions so that they had no impact on the environment.
- Developing R&D&i projects focusing mainly on enhancing water treatment options. Work continued in this field with the development of projects already underway for the incorporation of advanced sludge treatment, the use of membrane technology in wastewater treatment, application of ultrasound to enhance the wastewater digestion processes and the use of ozone in the treatment process. R&D&i projects that study new treatment possibilities in the industrial water field through the use of membranes, reverse osmosis, anaerobic reactors and advanced oxidation have also been developed. With these goals in mind, we are starting to participate in projects such as the use of micro-algae for nutrient elimination and biofuel production, the application of biofiltration and ultra-violet rays for industrial reuse of water or generation of energy using wastewater.

22. FINANCIAL RISK MANAGEMENT POLICY

The concept of financial risk refers to variations that may occur in the financial instruments taken out by the Group due to political, market and other factors and the repercussions of these changes on the consolidated financial statements.

The FCC Aqualia Group's risk management philosophy, in harmony with the philosophy followed by the FCC Group, is consistent with its business strategy, seeking maximum efficiency and solvency at all times. To this end, strict financial risk control and management criteria have been established, consisting in identifying, measuring, analysing and controlling the risks incurred in the course of the Group's operations, and the risk policy is appropriately integrated into the organisation.

Capital risk management

FCC Aqualia Group, following the guidelines set by its majority shareholder, manages its capital to ensure that the companies in the Group will be able to continue as profitable businesses while at the same time maximising shareholder returns by maintaining an optimal balance between debt and shareholder equity.

The Group's joint strategy continues to focus on geographic diversification, opening up markets in Western Europe, Eastern Europe, Algeria and Mexico, primarily.

The Group's capital structure includes debt (comprising the loans and credit facilities detailed in Note 14), cash and cash equivalents (Note 12) and shareholder equity, which includes capital, reserves and profits not shared out, as mentioned in Note 13.

The Group's Finance Department, responsible for financial risk management, periodically reviews the capital structure, solvency and liquidity ratios as part of the FCC Group finance policy.

The capital costs and associated risks in each investment project are analysed by the Operations Department and the Finance Division for subsequent approval or denial by the relevant Committee, or by the Parent Company Board of Directors, with any reports required from other functional divisions of the Group.

One of the aims of investment analysis is to keep the net debt to EBITDA ratio at a reasonable level and within the levels agreed upon with financial institutions.

Currency risk

FCC Aqualia Group's current position in the international markets (see Note 13.c) makes the concept of currency risk, for the Group as a whole, moderately relevant.

However, regardless of the significance of the risk, the Aqualia Group's policy is to reduce the negative effect that such risk could have on its consolidated financial statements, as regards changes due to transactions and assets, as much as possible.

The Group actively manages its currency risk by contracting financial transactions in the same currency as the asset is stated in. In other words, every effort is made to get the financing required for local activities by the company within the country of origin of the investment in the local currency in order to naturally hedge, or match, the cash flows generated and the financing.

Interest rate risk

Given the nature of activities in which working capital management plays a key role, the Group's standard practice is to establish the index that most accurately reflects trends in inflation as the benchmark for its financial debt. Therefore, the Group's policy is to attempt to link its current financial assets, which to a great extent provide natural hedging for its current financial liabilities, and its debt to floating interest rates. In operations with long time horizons, whenever the financial structure so requires, the debt is indexed to a fixed interest rate for a term that coincides with the maturity cycle of the corresponding operation, all within the possibilities offered in the market.

Solvency risk

At 31 December 2015, FCC Aqualia Group's net financial debt comes to EUR 318,317 thousand (EUR 324,405 thousand in 2014), as shown in the following table, which represents 40% (41% in 2014) of the equity at said date:

	2015	2014
Bank borrowings (Note 14)	20,473	148,286
Debt instruments and other marketable securities (Note 14)	199,417	72,573
Non-current financial debt with group companies (Note 14)	441,889	398,546
Other interest-earning financial debt	119,683	82,161
Other current financial assets (Note 9)	(366,202)	(256,603)
Cash on hand and cash equivalents (Note 12)	(96,943)	(120,558)
Net interest-bearing debt	318,317	324,405

The most representative ratios for measuring solvency are as follows:

	31 December 2015
Net Debt / EBITDA ratio	1.54
Finance income/cost / EBITDA ratio	19.12%
	31 December 2014
Net Debt / EBITDA ratio	1.66
Finance income/cost / EBITDA ratio	22.18%

Liquidity Risk

This risk is caused by temporary lags between the resources generated by the activity and the need for funds to pay debts, working capital needs, etc.

At 31 December 2015, the Company had a working capital of EUR 189,355 thousand.

As indicated in Note 19 “Guarantees to third parties and other contingent liabilities”, FCC Aqualia, S.A. acts as guarantor in the syndicated loans signed by its parent, “Fomento de Construcciones y Contratas, S.A.”

Financial derivatives for risk hedging

The main financial risk that is hedged by FCC Aqualia Group using derivatives is related to changes in the floating interest rates that the group companies' financing is indexed to.

At 31 December 2015 and 2014, FCC Aqualia Group has the following interest rate hedges in place, which qualify as cash flow hedges:

Amounts in thousands of euros	2015 Fair value	2015 Notional	2014 Fair value	2014 Notional	Maturity
Fully consolidated companies					
Depurplán, S.A.	(1,154)	5,914	(1,344)	6,187	2025
Companies consolidated using the equity method					
Aquos el Realito, S.A. de C.V.	(2,254)	27,066	(2,254)	27,066	2025

To a lesser extent, as mentioned above, the Group actively manages its currency risk by contracting financial transactions in the same currency as the asset is stated in. In other words, every effort is made to get the financing required for local activities by the company within the country of origin of the investment in the local currency in order to naturally hedge, or match, the cash flows generated and the financing.

As indicated in Note 13.c), the most significant net assets stated in a currency other than the euro held by the FCC Aqualia Group at 31 December 2015 are located in the Czech Republic. To hedge the currency risk of these assets, FCC Aqualia Group has taken out borrowings in the same currency (Czech Koruna) broken down as shown in Note 14.a).

Changes in fair value of the cash flow hedges are stated, net of tax effects, in “Adjustments for changes in value” in equity and are recognised in profit/loss for the year to the extent that the hedged item affects the consolidated income statement.

The financial derivatives have been appraised by experts in this field that are independent from the Group and the entities that finance it, using generally accepted methods and techniques.

23. INFORMATION ON RELATED-PARTY TRANSACTIONS

The Parent Company has a Board of Directors, whose members have not received any remuneration in 2015, in their role as directors of the Parent Company (nor in 2014). Moreover, no advances, loans or any other type of guarantees have been granted to such Board of Directors, nor are there any obligations in place regarding pensions or life insurance for such members.

Members of senior management of the Parent Company (11 men and 2 women) as a whole have received total remuneration of EUR 2,415 thousand. (EUR 1,789 thousand received by 10 men and 2 women in 2014)

At year-end 2015, none of the members of the Board of Directors of FCC Aqualia, S.A. or the parties related to them as defined in the Spanish Companies Law have reported any conflicts of interest to the other members of the Board of Directors.

Neither the directors of FCC Aqualia, S.A. nor any parties acting on their behalf have performed other operations with the Group during the year beyond the scope of ordinary trade for each company or under conditions other than normal market conditions.

No relevant transactions have taken place that entail the transfer of resources or obligations between the Parent Company or other Group companies and the directors or senior management thereof.

Furthermore, FCC Aqualia Group has established the required mechanisms to detect, determine and resolve any possible conflicts of interest between Group companies and their board members, senior management and significant shareholders, as indicated in article 25 of the Board Regulations.

The transactions performed with FCC group companies, joint ventures and associates are as follows (in thousands of euros):

a) Revenue

(thousands of euros)	2015	2014
ABASTECIMIENTO ALTA COSTA BRAVA EMPRESA MIXTA	26	18
AGUAS DE ARCHIDONA, S.L.	470	584
AGUAS DE DENIA	15	-
AGUAS DE LANGREO, S.L.	104	109
AGUAS DE NARIXA, S.A.	415	537
AGUAS DE PRIEGO, S.L.	200	282
AGUAS DE UBRIQUE, S.A.	882	590
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	4,106	2,365
AIE AQUAGEST-AQUALIA	36	33
AIE COSTA BRAVA ABASTAMENT AQUALIA-SOREA	42	45
AIE COSTA TROPICAL DE GRANADA	432	645
AIGÜES DE TOMOVI, S.A.	772	818
AQUALIA MACE LLC	435	256
CIA. DE SERVICIOS MEDIOAMBIENTALES DO ATLANTICO, S.A.	216	219
CONCESIONARIA DESALACION DE IBIZA, S.A.	321	311
CONST. DE INFRAESTRUCTURAS DE AGUAS DE POTOSÍ, SACV	(71)	403
ECOPARQUE MANCOMUNIDAD DEL ESTE S.A.	1	1
EMP. MIXTA MUNICIPAL DE AGUAS DE NIJAR, S.A.	3,878	4,423
EMP.MUNICIPAL AGUAS DE LINARES, S.A.	3,966	4,079
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	8,982	9,097
EMPRESA MIXTA DE AGUAS DE JODAR, S.A.	530	556
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	39	39
EMPRESA MPAL. AGUAS DE BENALMADENA, S.A.	3,999	4,203
EMPRESA MUNICIPAL AGUAS DE TOXIRIA, S.A.	892	944
ENERSTAR VILLENA S.A.	4	34
FAST CONSTRUCTION LLC	17,039	-
FCC ÁMBITO, S.A.	632	1,099
FCC CONSTRUCCION, S.A.	1,110	2,000
FCC MEDIO AMBIENTE, S.A.	2	2
FCC SERVICIOS INDUSTRIALES Y ENERGÉTICOS	176	169
FCC, S.A.	11,702	11,017
GENERAVILA, S.A.	-	82
GESTION Y VALOR INT.CENTRO, S.L.	8	71
HA PROY. ESPEC. HIDR.	1,387	807
MANTENIMIENTO DE INFRAESTRUCTURAS, S.A.	-	18
NUEVA SOCIEDAD DE AGUAS DE IBIZA, S.A.	2	2
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	147	107
ORASQUALIA O&M	87	102
RAMALHO ROSA COBETAR SOC. DE CONST., S.A	2	-
SHARIKET MIYEH RAS DJINET, S.P.A.	6,047	4,155
SHARIKET TAHLYA MIYAH MOSTAGANEM, S.P.A.	6,219	4,246
TOTAL GROUP COMPANIES AND ASSOCIATES	75,252	54,468

The largest turnover with Fast Construction LLC originates in the works and works made for the Riyadh Metro (Saudi Arabia).

b) Materials and other services purchased

(thousands of euros)	2015	2014
FCC AMBITO, S.A.	9	(13)
FCC, S.A.	345	422
FCC CONSTRUCCIÓN, S.A.	22	-
SISTEMAS Y VEHICULOS DE ALTA TECNOLOGIA,,S.A	-	1
FCC MEDIO AMBIENTE, S.A.	2	2
HORMIGONES Y MORTEROS PREP., S.A. UNIP.	(21)	8
ARRIBERRI, S.L.	-	1
HORMIGONES PREMEZCLADOS DEL NORTE, S.A.	-	1
HORMIGONES REINARES, S.A.	1	1
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	2,257	1,862
NUEVA SOCIEDAD DE AGUAS DE IBIZA, S.A.	112	107
EMPRESA MIXTA MUNICIPAL DE AGUAS DE NIJAR	983	851
AIGÜES DE TOMOVI, S.A.	38	24
ABAST. ALTA COSTA BRAVA EMPRESA MIXTA	-	1
PREFABRICADOS DELTA	9	29
HORMIGONES CALAHORRA, S.A.	6	5
TOTAL GROUP COMPANIES AND ASSOCIATES	3,763	3,302

c) Outsourced work

(thousands of euros)	2015	2014
FCC AMBITO, S.A.	31	99
FCC CONSTRUCCION, S.A.	5	21
FCC, S.A.	768	636
FCC SERVICIOS INDUSTRIALES Y ENERGÉTICOS, S.A.	51	95
SERVÍÁ CANTÓ, S.A.	-	87
COMPAÑÍA DE CONTROL DE RESIDUOS	45	124
GAMASUR GIBRALTAR, S.L.	22	2
ECOACTIVA DE MEDIO AMBIENTE, S.A.	14	10
FCC MEDIO AMBIENTE, S.A.	18	10
EMPRESA MUNICIPAL AGUAS DE TOXIRIA, S.A.	(2)	2
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	5	-
TRATAMIENTOS Y RECUPER. INDUSTRIALES, S.A.	-	2
HORMIGONES Y MORTEROS PREP., S.A. UNIP.	-	2
EMPRESA MIXTA DE AGUAS Y SERVICIOS, S.A.	12	16
PROVEIMENTS D´AIGUA, S.A.	25	62
RAMALHO ROSA COBETAR SOC. DE CONST., S.A	1	-
AIGÜES DE TOMOVI, S.A.	1	9
TOTAL GROUP COMPANIES AND ASSOCIATES	996	1,177

d) Other operating expenses

(thousands of euros)	2015	2014
AGUAS DE ARCHIDONA, S.L.	1	1
AGUAS DE DENIA, S.A.	256	256

AGUAS DE LANGREO, S.L.	22	22
AGUAS DE PRIEGO, S.L.	-	1
AIE COSTA TROPICAL DE GRANADA	7	-
AIE ITAM DELTA DE LA TORDERA	15	15
AIGÜES DE TOMOVI, S.A.	-	2
Aqualia MACE	14	-
ÁRIDOS Y CANTERAS DEL NORTE, S.A.	-	(3)
COMPAÑÍA DE CONTROL DE RESIDUOS	1	-
EMP.MUNICIPAL AGUAS DE LINARES	18	18
EMPR.MUNICIPAL DE AGUAS DE ALGECIRAS, SA	135	50
FCC AMBITO, S.A.	72	42
FCC CONSTRUCCION, S.A.	24	26
FCC EQUAL CEE, S.L.	10	-
FCC MEDIO AMBIENTE, S.A.	3	1
FCC VERSIA, S.A.	-	4
FCC, S.A.	22,316	21,514
FEDEMES, S.L.	159	84
FCC Environment (UK) Group	2	-
ORASQUALIA DEVEL.WASTE T.P. S.A.E.	18	1
PROVEIMENTS D'AIGUA, S.A.	5	8
SERVICIOS ESPECIALES DE LIMPIEZA, S.A.	16	18
SHARIKET MIYEH RAS DJINET	(9)	-
TOTAL GROUP COMPANIES AND ASSOCIATES	23,085	22,060

e) Finance income

(thousands of euros)	2015	2014
FCC, S.A.	571	4,958
ASESORIA FINANCIERA Y DE GESTION, S.A.	488	1,429
EMPRESA MUNICIPAL DE AGUAS DE ALGECIRAS	44	60
AIE COSTA TROPICAL DE GRANADA	243	173
COMPAÑÍA DE SERVICIOS MEDIOAMBIENTALES DO ATLANTICO	13	11
EMPRESA MUNICIPAL DE AGUAS DE BENALMADENA,S.A.	103	206
EMPRESA MUNICIPAL DE AGUAS DE TOXIRIA, S.A.	7	10
EMPRESA MUNICIPAL DE AGUAS DE NIJAR, S.A.	78	99
EMPRESA MIXTA AGUAS DE LANGREO, S.A.	260	276
AIGUES DEL TOMOVI, S.A.	4	9
EMPRESA MUNICIPAL DE AGUAS DE LINARES, S.A.	2	3
AGUAS DE NARIXA, S.A.	319	327
AGUAS DE PRIEGO, S.L.	189	194
AGUAS DEL PUERTO EMPRESA MUNICIPAL, S.A.	562	205
CONST.DE INFRAEST.DE AGUAS POTOSI, SACV	585	304
EMPRESA MIXTA DE AGUAS DE JODAR, S.A.	73	74
AGUAS DE ARCHIDONA, S.L.	36	40
EMPRESA MIXTA DE AGUAS DE UBRIQUE, S.A.	27	-
CONSTRUCTORA DE INFRAESTRUCTURA AGUAS DE QUERETARO, SACV	-	298
TOTAL GROUP COMPANIES AND ASSOCIATES	3,604	8,676

f) Finance costs

At 31 December 2015, finance costs with FCC group companies come to EUR 20,91 thousand, corresponding entirely to Fomento de Construcciones y Contratas, S.A. (EUR 14,050 thousand at 31 December 2014). In 2015 there were no financial expenses with associated companies (EUR 13 million at 31 December 2014, corresponding to Orasqualia Construction SAE).

24. FEES PAID TO THE ACCOUNTS AUDITORS

The fees relating to accounts auditing services and other professional services provided during the year to the different companies pertaining to Aqualia Group by the main auditor and other auditors participating in the auditing of the different group companies, as well as by entities related to them, are shown in the following table:

<i>Amounts in thousands of euros</i>	2015			2014		
	Main auditor	Other auditors	Total	Main auditor	Other auditors	Total
Audit services	351	71	422	267	161	428
Other attest services	70	1	71	6	42	48
Total	421	72	493	273	203	476
Other services	-	1	1	-	4	4
Total professional services	-	1	1	-	4	4
TOTAL	421	73	494	273	207	480

25. OTHER DISCLOSURES

a) Information about deferrals on payments made to suppliers. Additional provision three “Duty of disclosure” of Law 15/2010, of 5 July.

Regarding the resolution of the Spanish Institute of Accounting and Auditing (ICAC) of 29 January 2016, issued pursuant to Final Provision Two of Act 31/2014, of December 3, and amending Additional Provision Three of Act 15/2010, of 5 July, on measures to combat late payment in commercial transactions, it should be noted with respect to fiscal year 2015 that the Company operates mainly in Spanish territory with public clients, such as the State, regional governments, local corporations and other public bodies which settle their payment obligations in time-frames that exceed the provisions of the Law on Public Sector Contracts, as well as Act 3/2004, of 29 December 2004, establishing measures to combat late payment in commercial transactions.

It should be noted that the contracts and supplies with third parties arising from contracts entered into by the Company with the various Public Authorities applies to the provisions of paragraph 5 of Article 228 of the current Consolidated Text of the Law on Public Sector Contracts (TRLCSP), which allows the contractor to agree with the suppliers time-frames that are longer than those established by the regulation, subject to certain conditions.

Owing to this circumstance, and with a view to adapting the Company’s financial policy to reasonable levels of efficiency, suppliers’ usual payment periods to suppliers in the sectors in which the Company operates have been maintained throughout 2015.

The Company's supplier payment policy described in the two preceding paragraphs is thus supported by a) Payments to suppliers of agreements entered into by the Company with the public authorities: in Article 228.5 of the TRLCSP (all the requirements of which were met) 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.

In addition, the Company recognises and pays its suppliers, always in agreement with them, the default interest agreed in the contracts, providing them with negotiable means of payment that carry with them an exchange action. 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.

Additionally, the Company has signed similar agreements for reverse factoring lines with financial institutions to facilitate the advance payment to suppliers, according to which the supplier may enforce its collection right in respect of the latter, obtaining the invoiced amount net of financial discount costs and the fees charged by these institutions. The total amount of the lines contracted amounts to EUR 597 thousand, with the drawn down balance being EUR 545 thousand at 31 December 2015. Such agreements do not alter

the main conditions of payment thereof (interest rate, term or amount), and as such they are classified as trade liabilities.

In compliance with the Decision mentioned above, we set out below a table with information on the average payment period to suppliers for those business operations accrued from the date of entry into force of the said Act 31/2014, i.e. 24 December 2014:

Average payment period to suppliers (thousands of euros)	
	2015
	Days
Average payment period for suppliers	78
Ratio of payments made	73
Ratio of outstanding payments	94
	Sum
Total payments made in the year	260,810
Total payments outstanding	88,131

For the purpose of the said Decision, these financial statements are described as initial, and therefore no comparative figures for the previous year are presented.

b) Earnings per share

Diluted earnings per share coincides with basic earnings per share, detailed as follows:

Amounts in thousands of euros	2015	2014
Net profit for the year (thousands of euros)	70,471	63,474
Weighted average number of shares in circulation	145,000	145,000
Basic earnings per share (euros)	0.49	0.44

26. EVENTS AFTER REPORTING DATE

At the reporting date, no relevant events have occurred that would entail significant changes to the information shown in the notes herein.

APPENDIX I

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) SUBSIDIARIES (CONSOLIDATED BY FULL CONSOLIDATION)

COMPANY	GROUP INTERESTS %	AUDITOR
Acque di Caltanissetta, S.p.A Viale Sicilia 176 93100 Caltanissetta - ITALY	98.46%	DELOITTE SL
Aguas de Alcázar Empresa Mixta, S.A. C/ Rondilla Cruz Verde, 1 - Alcázar de San Juan (CIUDAD REAL)	52.38%	CENTIUM AUDITORES SL
Aguas de las Galeras, S.L. Avda. Camino de Santiago, 40 – MADRID	100.00%	DELOITTE SL
Aigües de Vallirana, S.A.U. C/ Conca de Tremp, 14 – Vallirana (BARCELONA)	100.00%	-
Aqualia Infraestructuras D.O.O. Beograd-Vracar Resavska 23 Belgrado Vracar - Belgrado-SERBIA	100%	-
Aqualia Infraestructuras Montenegro Bulevar Svetog Petra Centinjskog 1 A – 81000 Podgorica - MONTENEGRO	100%	-
Aqualia Infraestructuras Pristina LLC Bulevardi Nëna Terezë No 47/5B -Pristina- KOSOVO REPUBLIC	100%	-
Aquaelvas - Aguas de Elvas, S.A. Rua Paco Bandeira, 14 - Assunção - Elvas - PORTUGAL	100.00%	DELOITTE SL
Aquamaior – Aguas de Campo Maior, S.A. Rua Mayor Talaya, 28 – Nossa Senhora de Expectação – Campo Maior – PORTUGAL	100.00%	DELOITTE SL
Abrantaqua, S.A. Parque Lena – Alferrarede Abrantes – PORTUGAL	60.00%	OLIVEIRA, REIS & ASOCIADOS
Aqua Campiña, S.A. C/Blas Infante, 6 – Écija (SEVILLE)	90.00%	AUDINFOR SL
Aqua Management Solutions B.V. Prins Bernhardplein 200 – Amsterdam - THE NETHERLANDS	30.60%	DELOITTE SL
Aquacartaya, S.L. Avda. San Francisco Javier, 27 – SEVILLE	100.00%	DELOITTE SL
Aquafundalia – Agua do Fundão, S.A. Rua Fernando Pessoa, 195 6230 479 Fundao - PORTUGAL	100.00%	DELOITTE SL
Aquajerez, S.L. C/ Cristalería, 24 - CÁDIZ	51.00%	ERNST & YOUNG SL
Aqualia Infraestructuras, S.A. Avda. Camino de Santiago, 40 – MADRID	99.99%	DELOITTE SL
Aqualia Infraestructuras Inzenyring, s.r.o. Marienské Hory, Slavnikovcu 571/21 Ostrava - CZECH REPUBLIC	100.00%	ABC AUDIT SRO
Aqualia Infraestructuras de México, S.A. de C.V. Carrizal, 33 - Santiago de Queretaro - Queretaro - MEXICO	100.00%	DELOITTE SL
Aqualia Infraestructuras Mostar Dr. Ante Estarcevic BB – MOSTAR (SERBIA)	100.00%	-
Aqualia Czech, S.L. Avda. Camino de Santiago, 40 – MADRID	51.00%	DELOITTE SL
Aqualia Industrial Solutions, S.A.U. C/ Federico Salmón, 13 – MADRID	100.00%	DELOITTE SL
Aqualia New Europe B.V. C/Calude Debussylann, 24 – Amsterdam (THE NETHERLANDS)	51.00%	DELOITTE SL
Cartagua – Aguas do Cartaxo, S.A. Zona Industrial do Cartaxo, Lote 20 – Cartaxo - PORTUGAL	60.00%	OLIVEIRA, REIS & ASOCIADOS
Colaboración, Gestión y Asistencia, S.A. C/ Federico Salmón, 13 – MADRID	100.00%	-
Compañía Onubense de Aguas, S.A. C/Martín Alonso Pinzón, 8 – HUELVA	60.00%	-
Conservación y Sistemas, S.A. C/ Federico Salmón, 13 – MADRID	100.00%	DELOITTE SL
Depurplan 11, S.A. C/ Madre Rafols, 2 – ZARAGOZA	100.00%	AUDINFOR SL
Depurtebo, S.A. C/ San Pedro, 57 - Zuera – ZARAGOZA	100.00%	-

Empresa Gestora de Aguas Linenses, S.L. C/ Federico Salmón, 13 – MADRID	100.00%	-
Empresa Mixta de Butarque, S.A. C/Princesa, 3 - (MADRID)	70.00%	-
Entemanser, S.A. C/Castillo, 13 – ADEJE (SANTA CRUZ DE TENERIFE)	97.00%	DELOITTE SL
FCC Aqualia América, S.A.U. C/ Uruguay, 11 – Vigo (PONTEVEDRA)	100.00%	-
FCC Aqualia USA Corp. 2711 Centerville Road, Suite 400. Wilmington (New Castle -Delaware-USA)	100.00%	-
FS Colaboración Gestión y Asistencia, S.A. Avda, Camino de Santiago, 40. MADRID	100.00%	-
SEVEROMORAVSKE VODOVODY A KANALIZACE OSTRAVA a.s. Varenská 2723/51 70200 Ostrava – CZECH REPUBLIC	50.47%	DELOITTE SL
Hidrotec Tecnología del Agua, S.L.U. C/Pincel, 25 – SEVILLE	100.00%	DELOITTE SL
Infraestructuras y Distribución General de Agua, S.L. C/La Presa, 14 – Tijoco Bajo-ADEJE (SANTA CRUZ DE TENERIFE)	100.00%	-
Inversora Riutort, S.L. C/ Alfonso XIII – Sabadell (BARCELONA)	100.00%	-
Ovod spol, s.r.o. Jaselská 47 - Opava - CZECH REPUBLIC	100.00%	ABC AUDIT SRO
Sociedad Ibérica del Agua, S.A.U. C/ Federico Salmón, 13 – MADRID	100.00%	-
Sociedad Española de Aguas Filtradas, S.A. C/ Jacometrezo, 4 – MADRID	100.00%	DELOITTE SL
Tratamiento Industrial de Aguas, S.A. C/ Federico Salmón, 13 – MADRID	100.00%	DELOITTE SL

Note: This appendix forms an integral part of the attached notes to the consolidated financial statements.

APPENDIX II

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)

ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONSOLIDATED BY PROPORTIONATE METHOD)

COMPANY	GROUP INTERESTS %	AUDITOR
AIE Costa Tropical de Granada Plaza Aurora, s/n - Motril (GRANADA)	51.00%	ATTEST AUDITORES, S.L
AIE ITAM Delta de la Tordera Travesera de Gracia, 58 – BARCELONA	50.00%	-
AIE Aquagest Medioambiente, S.A. - Aqualia C/Condado de Jaruco, s.n. – Lloret de Mar (GIRONA)	37.50%	-
Empresa mixta Abastament en Alta Costa Brava, S.A. Plaza Josep Pla, 4 - GIRONA	26.00%	-
Gestión de Servicios Hidráulicos de Ciudad Real AIE C/ Ramírez de Arellano, 15 – MADRID	75.00%	-
Empresa Mixta de Aguas y Servicios, S.A. Alarcos, 13 - CIUDAD REAL	41.25%	CENTIUM AUDITORES SL
Empresa Mixta d'Aigües de la Costa Brava, S.A. Plaza Josep Pla, 4 - GIRONA	25.00%	ERNST & YOUNG SL
AIE Costa Brava Abastecimientos Aqualia-Sorea C/ Sector Carlit, s/n. Castelló d'Empuries - GIRONA	50.00%	-

Note: This appendix forms an integral part of the attached notes to the consolidated financial statements.

APPENDIX III

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONSOLIDATED BY EQUITY METHOD)

COMPANY	INTERESTS %	2015 change (Note 7)	2014 change (Note 7)	AUDITOR
Aguas de Priego, S.L. Plaza Constitución, 3. Priego de Córdoba (CORDOBA)	49.00%	(18)	5	AUDINFOR SL
Aguas de Archidona, S.L. Plaza Ochavada, 1 – 29300 Archidona - MALAGA	48.00%	60	59	CENTIUM AUDITORES SL
Aguas del Puerto Empresa Municipal, S.A. C/ Aurora 1 - 11500 - EL PUERTO DE SANTA MARÍA (CÁDIZ)	48.98%	3,808	3,930	-
Aqualia MACE LLC P.O. Box 105547 – Abu Dhabi, U.A.E.	24.99%	385	2,062	DELOITTE SL
Compañía de Servicios Medioamb. do Atlántico, S.A. Carretera de Cedeira, km1 - Narón (LA CORUÑA)	49.00%	342	322	AUDINFOR SL
Girona, S.A. Travesía del Carril, 2 – GERONA	33.61%	1,800	1,688	CATAUDIT AUDITORS ASSOCIATS SL
Aguas de Denia, S.A. Pedro Esteve, 17 - Denia (ALICANTE)	33.00%	401	403	-
Aguas de Ubrique, S.A. Avenida España, 9 - Ubrique (CÁDIZ)	49.00%	(1)	(12)	-
Aguas de Narixa, S.A. C/Málaga, 11 – Nerja (MÁLAGA)	50.00%	293	252	AUDINFOR SL
Aigües de Blanes, S.A. Canigó, 5. Blanes - GIRONA	16.47%	56	55	CD AUDITORS
Aigües de Girona Salt i Sarrià del Ter Ciutadans, 11 - GIRONA	26.88%	214	195	CATAUDIT AUDITORS ASSOCIATS SL
Aigües del Tomoví, S.A. c/ Vella, 1 – El Vendrell (TARRAGONA)	49.00%	524	642	GM AUDITORS SL
Constructora de Infraestructuras de Aguas de Querétaro, S.A. de C.V. C/ Minería Edificio B Ciudad de Méjico, Distrito Federal (MEXICO)	24.50%	(1,012)	(929)	DELOITTE SL
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V. Bulevar Manuel Avila Camacho, 36 Méjico, Distrito Federal (MEXICO)	24.50%	(5,665)	(1,040)	-
Concesionaria de Desalación de Ibiza, S.A. Rotonda de Sta. Eulalia, s/n – Ibiza (BALEARIC ISLANDS)	32.00%	1,327	1,072	BDO AUDITORES S.L.
EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A. Plaza de la Glorieta, 1 – Níjar (ALMERÍA)	49.00%	220	220	CENTIUM AUDITORES SL
Empresa Municipal Aguas de Algeciras, S.A. C/Virgen del Carmen, s/n - Algeciras (CÁDIZ)	49.00%	186	229	ABANTE UNICONTROL AUDITORES SLP
Empresa Municipal Aguas de Benalmádena, S.A. Exp. Ap.Tívoli, s/n - Arroyo de la Miel (MÁLAGA)	50.00%	1,936	1,797	AUDINFOR SL
Empresa mixta de Aguas de Jódar, S.A. Plaza de España, 1- Jódar (JAEN)	49.00%	(34)	(32)	CENTIUM AUDITORES SL
Aguas de Langreo, S.L. C/Alonso del Riesgo, 3 – Langreo (ASTURIAS)	49.00%	857	828	AUDINFOR SL
Empresa Municipal Aguas de Toxiria, S.A. Plaza de la Constitución – Torredonjimeno (JAÉN)	49.00%	76	84	CENTIUM AUDITORES SL
Empresa Municipal de Aguas de Linares, S.A.	49.00%	482	(131)	CENTIUM AUDITORES SL

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONSOLIDATED BY EQUITY METHOD)

COMPANY	INTERESTS %	2015 change	2014 change	AUDITOR
C/ Cid Campeador, 7 - Linares (JAEN)				
Empresa Mixta de Aguas de Ubrique, S.A. C/JUZGADO S/N - 11600 - UBRIQUE (CÁDIZ)	49.00%	52	110	DELOITTE SL
Generávila, S.A. Plaza de la Catedral, 11 – ÁVILA	36.00%	-	71	-
Aquos El Realito, S.A. de C.V. San Luis Potosí (MÉXICO)	44.00%	4,910	4,745	DELOITTE MÉXICO
Orasqualia Devel. Waste Treatment Plant S.A.E. 2112 South Tower – El Cairo (EGYPT)	45.00%	19,779	20,149	DELOITTE SL
Orasqualia Construction, S.A.E. 2112 South Tower – El Cairo (EGYPT)	50.00%	(147)	(168)	KPMG
Orasqualia Operation and Maintenance, S.A.E. Nile City Towers – El Cairo - EGYPT	50.00%	668	855	DELOITTE SL
Operadora El Realito S.A. de C.V. Tomas Alva Edison 176- San Rafael-Distrito Federal (MEXICO)	15.00%	27	-	
HA Proyectos Especiales Hidraulicos S.R.L. de CV Neucalpán – MEXICO CITY	50.00%	200	283	GRANT THORNTON SC
Nueva Sociedad de Aguas de Ibiza, S.A. C/Bartolomé Rosselló, 18 - (IBIZA)	40.00%	61	85	-
Proveïments d'Aigua, S.A. Asturias, 13 - GIRONA	15.12%	396	331	ANTONI RIERA AUDITORS
Sera.Q.A. Duitama, S.A. (COLOMBIA)	30.60%	43	51	-
Shariket Tahlya Miyah Mostaganem Cit� Abdoni Ilot, 36 – Dar el Beida (ALGERIA)	25.50%	28,090	28,482	MUSTAPHA HEDDAD
Shariket Miyeh Ras Djinet Cit� Abdoni Ilot, 36 – Dar el Beida (ALGERIA)	25.50%	10,371	11,063	MUSTAPHA HEDDAD
Suministro de aguas de Quer�taro, S.A. de C.V. Santiago de Quer�taro – Quer�taro Arteaga (MEXICO)	25.00%	441	437	DELOITTE MEXICO
Augas Municipais de Arteixo, S.A. Pza. Alcalde Ram�n Dopico – Arteixo (LA CORU�A)	51.00%	0	61	-
Prestadora de Servicios Acueducto El Realito SACV Bvd. Manuel Avila Camacho, 36. MIGUEL HIDALGO (MEXICO)	24.50%	1	2	-
Total		71,129	78,256	

Note: This appendix forms an integral part of the attached notes to the consolidated financial statements.

APPENDIX IV

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP) TEMPORARY JOINT VENTURES

NAME	PARTICIPANTS	GROUP INTERESTS %
UTE Abastecimiento Villalón	FCC Aqualia, S.A. – FCC Construcción, S.A.	80%
UTE Abastecimiento Zaragoza	FCC Aqualia, S.A. – Ingeniería de Instrumentación y Control, S.A.	70%
UTE Abu Rawash Construcción	Aqualia Infraestructuras-Orascom Cons.Industries	50%
UTE Agnita Eptisa - aisa	Aqualia Infraestructuras S.A - EPTISA	50%
UTE Agua Santo Domingo	FCC Aqualia, S.A. - Agua y energía	70%
UTE Aguas de Alcalá	FCC Aqualia, S.A. – Canal de Isabel II – SUFI, S.A.	50.00%
UTE Aguas del Doramás	FCC Aqualia, S.A. – Eicoh Explot. S.L. – Eléct. Maspalomas, S.A.	50%
UTE Aguas Tomelloso	FCC Aqualia, S.A. - FCC, S.A.	80%
UTE Aigües Els Poblets	FCC Aqualia, S.A. – HIDROSAL	95%
UTE Alkhorayef-FCC Aqualia	FCC Aqualia -Alkhorayef Water&Power	51%
UTE Ampliación EDAR Lleida	Aqualia Infraestructuras, S.A. – FCC Construcción, S.A.	50%
UTE Ampliación IDAM Sant Antoni	FCC Aqualia, S.A. – Infilco, S.A.	50%
UTE Ampliación ITAM Delta de la Tordera	Aqualia Infraestructuras, S.A. - FCC Construcción, S.A.	33.34%
UTE aqualia Infilco	FCC Aqualia, S.A. – Infilco, S.A.	50%
UTE aqualia Inima (Depuración poniente almeriense)	FCC Aqualia, S.A. – Inima, S.A.	75%
UTE aqualia Intagua	FCC Aqualia, S.A. – Intagua.	50%
UTE aqualia Riofabar Piloña	FCC Aqualia, S.A.	100%
UTE aqualia-FCC-Myasa	FCC Aqualia, S.A. - FCC, S.A. – Myasa	74%
UTE Aseos EMT	Conservación y Sistemas, S.A. - FCC, S.A.	50%
UTE Bombeo Valmojado	FCC Aqualia, S.A. – FCC, S.A.	80%
UTE C-17 Servei	Conservación y Sistemas, S.A. – ETRA CATALUÑA, S.A.	50%
UTE Camí Sa Vorera	FCC Aqualia, S.A. – FCC, S.A.	80%
UTE Cangas	FCC Aqualia, S.A. - FCC, S.A.	50%
UTE Cap Djinet	Aqualia Infraestructuras, S.A. – Inima	50%
UTE CC. Clot Arago	Conservación y Sistemas, S.A. – APLEIN INGENIEROS	60%
UTE Centro Deportivo Granadilla de Abona	FCC Aqualia, S.A. – FCC, S.A.	80%
UTE Colectores A Guarda 2012	FCC Aqualia, S.A. – DEMAIN, S.L.	50%
UTE Conducción el Viso y Depósitos	FCC Aqualia, S.A. – Juan Nicolás Gómez e Hijos, S.A.	70%
UTE Conservación de Galerías	Conservación y Sistemas, S.A. - FCC, S.A.	50%
UTE Conservación Getafe	Conservación y Sistemas, S.A. -FCC, S.A.	80%
UTE Conservación y Sistemas	Conservación y Sistemas, S.A. - FCC, S.A.	40%
UTE Consorcio Louro	FCC Aqualia, S.A. – Civis Global, S.L.	70%
UTE Contenedores Mostoles	Conservación y Sistemas, S.A. - FCC, S.A.	70%
UTE Control Calidad Agua Huesca	FCC Aqualia, S.A. - Sociedad Española Aguas Filtradas, S.A.	100%
UTE Costa Tropical	FCC Aqualia, S.A. – Acciona Agua, S.A.	51%
UTE Costa Tropical II	FCC Aqualia, S.A. – Acciona Agua, S.A.	51%
UTE Costa Tropical III	FCC Aqualia, S.A. – Acciona Agua, S.A.	51%
UTE del Aeropuerto de Lanzarote	S.E. Aguas Filtradas, S.A. - Jaime e Isaac Rguez., S.A.	60%
UTE Denia	FCC Aqualia, S.A.	100%
UTE Depósito Hervencia	FCC Aqualia, S.A. – Aqualia Infraestructuras, S.A.	100%
UTE Desaladora Bajo Almanzora	FCC Aqualia, S.A. – FCC, S.A. –FCC Construcción, S.A. – aqualia infraestructuras, s.a.	30%
UTE EDAM Oeste	Aqualia Infraestructuras, s.a. – FCCCO – Transformaciones y Servicios	50%
UTE EDAM Santa Eulalia	FCC Aqualia, S.A. – Aqualia Infraestructuras, S.A.	100%
UTE EDAR A Guarda 2012	FCC Aqualia, S.A. – DEMAIN, S.L.	50%
UTE EDAR A Guarda 2013	FCC Aqualia, S.A. – DEMAIN, S.L.	50%
UTE Edar Albuñol	FCC Aqualia- FCC Construcción, S.A.	50%
UTE EDAR Almansa	FCC Aqualia, S.A. - FCC, S.A.	95%
UTE EDAR Avila	Aqualia Infraestructuras, S.A. – Volconsa	100%

**FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
TEMPORARY JOINT VENTURES**

NAME	PARTICIPANTS	GROUP INTERESTS %
UTE EDAR Baeza	Aqualia Infraestructuras, S.A. – Explotaciones las Misiones, S.L.- Martín Casillas, S.L.	50%
UTE EDAR Chipiona	FCC Aqualia, S.A. – Sociedad Española Aguas Filtradas, S.A.	100%
UTE EDAR Ciudad Valdeluz	FCC Aqualia, S.A.	100%
UTE EDAR Cuerva	FCC Aqualia, S.A. - FCC, S.A.	95%
UTE EDAR Gijón	Aqualia Infraestructuras, S.A. – FCCCO – Degremont, S.A.	30%
UTE EDAR La Ranilla	FCC Aqualia, S.A. – Aqualia Infraestructuras, S.A. - FCC,S.A. – FCC Construcción,SA.	50%
UTE EDAR Reinosa	FCC Aqualia, S.A. - FCC, S.A.	95%
UTE EDAR San Vicente de la Barquera	FCC Aqualia, S.A. - FCC, S.A.	95%
UTE EDAR Valdepeñas	FCC Aqualia, S.A. – Aqualia Infraestructuras, S.A. – FCC Construcción, S.A.	50%
UTE Eix-Llobregat	Conservación y Sistemas, S.A. – ISTEM, S.L.	50%
UTE ETAP Las Heras	Aqualia Infraestructuras, S.A. – TECONSA	50%
UTE ETAPS Este	FCC Aqualia, S.A. – Iragaz Watin S.A.	65%
UTE Explotación ITAM Tordera	FCC Aqualia, S.A. – Acciona Agua, S.A.	50%
UTE Explotación Piscinas Vigo	FCC Aqualia, s.a – Idonea CYS, S.L:	50%
UTE Explotación Presas del Segura	FCC Aqualia, S.A. – Explotación y control	60%
UTE FS Badajoz	FCC Aqualia, S.A. – FS Colaboración y Asistencia, S.A.	100%
UTE Gestión Cangas	FCC Aqualia, S.A. – Civis Global, S.L.	70%
UTE Gestión de Fangos Menorca	FCC Aqualia, S.A. - third parties	55%
UTE Gestión Piscina de Mula	FCC Aqualia, S.A. – FCC, S.A.	80%
UTE Gestión Piscinas Vigo	FCC Aqualia, S.A. – Idonea Cys, S.L.	50%
UTE Groupement Solidaire Jerba	FCC Aqualia, S.A. Aqualia Infraestructuras, S.A. – Inima, S.A.	50%
UTE Guadiana	FCC Aqualia, S.A. - FCC, S.A.	80%
UTE HIDC-HIDR-INV. Do centr ACE	FCC Aqualia, S.A. – Lena Ambiente	50%
UTE Ibiza	FCC Aqualia, S.A. – Acciona Agua, S.A.	50%
UTE IDAM Sant Antoni	FCC Aqualia, S.A. – Infilco Española, S.A.	50%
UTE IDAM Sant Antoni II	FCC Aqualia, S.A. – Infilco Española, S.A.	50%
UTE La Canda	Conservación y Sistemas, S.A. - FCC, S.A.	70%
UTE La Sagra	FCC Aqualia, S.A.	100%
UTE Limpieza Carril Bus	Conservación y Sistemas, S.A. - FCC, S.A.	70%
UTE Lotes A y B Fuenlabrada 2010	Conservación y Sistemas, S.A. - FCC, S.A.	50%
UTE Louro	FCC Aqualia, S.A. - Movexvial	65%
UTE Mancomunidad de Órbigo	FCC Aqualia, S.A. – FCC, S.A.	80%
UTE Mantenimiento Presas del Segura	FCC Aqualia, S.A. – Ing. De Instrumentación y Control	80%
UTE Mantenimiento Protecciones Conf. Hidro. del Tajo	FCC Aqualia, S.A. – S.E. Aguas Filtradas, S.A.	100%
UTE Mejora Abastecimiento Seseña	FCC Aqualia, S.A. – Juan Nicolás Gómez e Hijos, S.L.	50%
UTE Mérida	FCC Aqualia, S.A. - FCC, S.A.	90%
UTE Mieres Pico Seana	Aqualia Infraestructuras, S.A.	100%
UTE Molina	FCC Aqualia, S.A. - FCC, S.A.	95%
UTE Mostaganem	Aqualia Infraestructuras, S.A. – Inima	50%
UTE Nigrán	FCC Aqualia, S.A. - FCC, S.A.	90%
UTE Níjar	FCC Aqualia, S.A. – Aqualia Infraestructuras, S.A. – FCC, S.A.	80%
UTE Obras de Alcalá	FCC Aqualia, S.A. – Sufi, S.A.	55%
UTE Oviedo	FCC Aqualia, S.A. - Seafsa, S.A.	100%
UTE OYM Cap Djinet	FCC Aqualia, S.A. – Inima	50%
UTE OYM Mostaganem	FCC Aqualia, S.A. – Inima	50%
UTE Pavimento Zona I	Conservación y Sistemas, S.A. - FCC, S.A.	50%
UTE Potabilizadora de Els Poblets	FCC Aqualia, S.A. – Hidrosal	70%
UTE Ranilla Construcción	Aqualia Infraestructuras, S.A. – FCC Construcción, S.A. – CODESA	42.50%
UTE Redes CABB	FCC Aqualia, S.A. – Iragaz Watin S.A.	65%
UTE Redondela	FCC Aqualia, S.A. - FCC, S.A.	90%

**FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
TEMPORARY JOINT VENTURES**

NAME	PARTICIPANTS	GROUP INTERESTS %
UTE Reforma Plaza del cristo	FCC Aqualia, S.A. – FCC, S.A.	80%
UTE Regantes Río Adaja	FCC Aqualia-Conservación y Sistemas	100%
UTE Repostado Entrevías	Conservación y Sistemas, S.A. - FCC, S.A.	50%
UTE Salamanca	FCC Aqualia, S.A. - FCC, S.A.	95%
UTE San Mateo	Aqualia Infraestructuras, S.A.	100%
UTE Saneamiento Canet y L'Almardá	FCC Aqualia, S.A. – Aqualia Infraestructuras, S.A. – FCC Construcción, S.A.	50%
UTE Santomera	FCC Aqualia, S.A. - FCC, S.A.	40%
UTE SCC Sice	Conservación y Sistemas, S.A. – SICE	50%
UTE Sentinas	SEAFSA – Sampol	50%
UTE SGVV	Conservación y Sistemas, S.A. - ACISA	50%
UTE Simón Hernández	Conservación y Sistemas, S.A. - FCC, S.A.	50%
UTE Sistema Integral Alacantí Sur	Aqualia Infraestructuras, S.A. – FCC Construcción, S.A. – third parties	33%
UTE Tablada	FCC Aqualia, S.A. - FCC, S.A.	80%
UTE Terciario Quart Benagert	Aqualia Infraestructuras, S.A. – FCC Construcción, S.A.	50%
UTE Tunel Puerto Algeciras	Conservación y Sistemas, S.A. - FCC, S.A.	70%
UTE Ussa A	FCC Aqualia, S.A. – Iragaz Watin S.A.	65%
UTE Vigo	FCC Aqualia, S.A. - FCC, S.A.	50%
UTE Vigo Piscinas	FCC Aqualia, S.A. – Idonea CYS, S.L:	50%
UTE Villalón de Campos	FCC Aqualia, S.A. - FCC, S.A.	80%

Note: This appendix forms an integral part of the attached notes to the consolidated financial statements.

APPENDIX V
2015

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
CHANGES IN THE SCOPE OF CONSOLIDATION

NAME	ADDRESS	GROUP INTERESTS %
A) Full Consolidation additions		
Aqualia Infraestructuras D.O.O. Beograd-Vracar	SERBIA	100%
Aqualia Infraestructuras Pristina LLC	REP. OF KOSOVO	100%
FCC Aqualia USA Corp.	USA	100%
B) Additions consolidated by equity method		
Operadora El Realito S.A. de C.V.	MEXICO	15.00%
C) Removed from equity method consolidation		
Generávila, S.A.	SPAIN	36.00%
Augas Municipais de Arteixo, S.A.	SPAIN	51.00%

2014

FCC AQUALIA AND SUBSIDIARIES (CONSOLIDATED GROUP)
CHANGES IN THE SCOPE OF CONSOLIDATION

NAME	ADDRESS	GROUP INTERESTS %
A) Full Consolidation additions		
Aguas de Alcázar Empresa Mixta, S.A.	SPAIN	52.38%
Empresa Gestora de Aguas Linenses, S.L.	SPAIN	100.00%
Aguas de las Galeras, S.L.	SPAIN	100.00%
B) Removed from Full Consolidation		
Chemipur Químicos, S.L.	SPAIN	100.00%
Conservación de Infraestructuras Urbanas, S.A.	SPAIN	100.00%
Nilo Medioambiente, S.L.	SPAIN	100.00%
C/ Change from equity to proportionate method		
AIE Costa Tropical de Granada	SPAIN	51.00%
AIE ITAM Delta de la Tordera	SPAIN	50.00%
AIE Aquagest Medioambiente, S.A. - Aqualia	SPAIN	37.50%
Empresa mixta Abastament en Alta Costa Brava, S.A.	SPAIN	26.00%
Gestión de Servicios Hidráulicos de Ciudad Real AIE	SPAIN	75.00%
Empresa Mixta de Aguas y Servicios, S.A.	SPAIN	41.25%
Empresa Mixta d'Aigües de la Costa Brava, S.A.	SPAIN	25.00%
AIE Costa Brava Abastecimientos Aqualia-Sorea	SPAIN	50.00%
C) Additions consolidated by equity method		
Empresa Mixta de Aguas de Ubrique, S.A.	SPAIN	49.00%
Aguas del Puerto Empresa Municipal, S.A.	SPAIN	48.98%
D) Removed from equity method consolidation		
Proactiva, Aguas de Montería, S.A.	SPAIN	2.00%

Note: This appendix forms an integral part of the attached notes to the consolidated financial statements.

ANNEX VI

REPORT OF THE BOARD OF FCC AQUALIA S.A. FOR DISTRIBUTION OF AN INTERIM DIVIDEND FOR THE YEAR 2015

In accordance with Article 277 of the Spanish Limited Liability Companies Law, which lays down the obligation of the directors of the Company to present a financial statement which states that there is sufficient liquidity for the distribution of an interim dividend, it is worth noting:

1. The net result of the taxes generated by **FCC AQUALIA S.A.** on 31 October 2015 is **EUR 42,324,530**, higher than the proposed interim dividend of **EUR 30,450,000**.
2. The liquid assets available to the Company at 31 October 2015, amounting to **EUR 219,644,942**, demonstrate the existence of sufficient funds for the interim dividend distribution.

Therefore, and considering that on the date of this report, there have been no significant changes compared to the data presented, we believe that there is sufficient liquidity for the distribution of a dividend against profit for 2015 amounting to **EUR 30,450,000**.

For this reason, it is proposed to approve the following interim dividend from the results for the year 2015:

21% on the nominal gross rate of **€0.21** for each of the 145,000,000 shares entitled to a dividend.

Total amount.	€30,450,000
Gross interim dividend per share.	€0.21
Liquid amount to be received per share.	€0.21

Liquid dividend to be received per share: This coincides with the gross dividend, since under the provisions of Art. 140, paragraph 4, letter c) of Legislative Royal Decree 4/2004, of 5 March, no withholding may be made on ... "c) Dividends or shares in profits and interest paid between companies forming part of a group that is taxed according to the corporate groups regime", therefore, as all shareholders of **FCC Aqualia SA** form part of Consolidated Taxation Group 18/1989, the dividends are not subject to withholding.

The Board unanimously approves an interim dividend from the profit for 2015 in the amount indicated in the previous report, which will be paid according to the method that will be announced at the appropriate time.

2015 DIRECTORS' REPORT

SPAIN

In 2015, for the first time since the start of the financial crisis, the domestic market has experienced a slight increase in water revenues, especially in coastal areas, which had seen sustained shrinkage in recent years.

In June 2015, the new Municipal Corporations, Councils, County Councils and Regional Governments were formed in fourteen communities. The election result has caused a significant change in the political affiliation in many local corporations, with the incorporation of new parties under various electoral lists which, at times, are ideologically opposed to outsourcing the management of public services. This, together with certain European trends advocating the return of management of public services to the public sector (initiative of the European Parliament Right2Water), has generated significant reporting in the media relating to initiatives requesting the return of public services to the municipalities, with the most notable being Alcázar de San Juan, El Puerto de Santa María, Girona etc. At the date of preparation of this report, no proceedings have been initiated to recover contracts in 2015, and we do not expect them to take place in the future, except in exceptional cases.

As usual in years when municipal elections are held, and taking into account the legal terms during which the powers of the outgoing corporations are reduced, as well as the creation of the new ones, the bidding for new contracts has been very limited at the local level.

Neither the Central Administration nor the Regional Governments are tendering relevant investment projects in water infrastructure, in this case mainly due to the process of fiscal consolidation and debt reduction that these Agencies continue to apply, which increases the deficit in renovation and expansion of infrastructures. By way of example, in the field of waste water treatment, the average rate of water purified using tertiary treatment (which allows subsequent reuse) in Europe reached 67%, while in Spain, the country with the highest level of water stress in Europe due to its climate and hydrological characteristics, should have a much higher level and only reaches 60%.

On the other hand, the actions taken by the national government with the aim of establishing a fast and efficient regulatory framework for this sector are worth highlighting. The Ministry of Agriculture, Food and the Environment drafted the first Draft of the Sectoral Water Act, although it has been put on hold due to the General Elections. Similarly, March saw the approval of the Act on the De-indexation of the Economy, while the Draft Law on Public Sector Contracts is in the public consultation phase. These will affect the sector primarily as regards the solvency required of tenderers, the adaptation of the concession time-frames, the review of the causes of claims of concessionary economic imbalances and the regulation of the tariff revision system in the contracts. It is expected that these regulatory measures enhance the increasingly necessary investments in the renovation of distribution networks and treatment facilities which will lead to an increase in private water management in Spain, an activity that increasingly displays a higher technological level, accompanied by an excellent quality of service, aimed at ensuring a supply of clean, healthy water for human consumption.

The possibilities of future growth are focused around several vectors. It is expected that small national and especially regional operators will initiate divestment processes, due to being unable to provide the

technological and financial resources to this activity, given their small size. It is also expected that in the next three years opportunities will emerge to participate in bidding for concessions currently managed by other operators. Likewise, the sector of the operation and maintenance of facilities (EDARs and ETAPs) will maintain a high level of tenders, since it is not subject to the electoral cycle and generally falls to a regional jurisdiction, rather than municipal. Finally, given the improvement in the economic situation of the municipalities and public operators, a slight upturn is expected in the tendering of works for small sums where our territorial presence allows us to be very competitive. Finally, we will continue to devote efforts to the development of Smart Water models (already under development in cities managed by FCC Aqualia such as Almería, Salamanca, Santander), which affords us a competitive differentiation with respect to other operators.

In 2015, FCC Aqualia has restructured its organization in Spain, giving it a National Directorate and three Areas or regional structures, grouping under territorial criteria all the activity conducted in the complete water cycle (concessions, operation and urban and industrial maintenance, networks and technology). This will lead to a concentration of efforts and an improvement in our market position.

INTERNATIONAL MARKETS

Within the international sphere, FCC Aqualia is focusing its commercial activities in Europe, North Africa, the Middle East, India, North America and Latin America and there are currently contracts underway in Portugal, Italy, the Czech Republic, Serbia, Bosnia, Montenegro, Kosovo, Poland, Algeria, Tunisia, Egypt, Saudi Arabia, Abu Dhabi, Qatar, India, Mexico, Uruguay and Chile.

In Italy, the emergence of the national regulator to determine rates following the principle of *full-cost recovery*, is improving how the business is perceived by investors present in the market and will act as a spur to new opportunities for public-private partnership with Local and Regional Authorities. Compliance with Community legislation on sewage treatment will speed up the implementation of EU funds to implement new infrastructure, or rehabilitate or increase the capacity of existing infrastructure.

In Portugal, although the privatization of the state water company appears to have been ruled out over the coming years, as had been announced in previous years, local corporations are looking for solutions for improvements to their infrastructures of distribution of potable water and sewerage. Among them, the administrative concession emerges as a suitable formula to be applied for this purpose in a regulated legal framework with extensive experience. Our presence in Portugal puts us at the forefront for participation in the public tenders that are expected this year.

In North Africa, the desalination of seawater and wastewater treatment are emerging as business opportunities in the countries in which Aqualia already has a presence. Such is the case of Tunisia and Egypt. In particular, this year Aqualia has been awarded the contract for the design, construction, operation and financing of the Abu Rawash wastewater treatment plant, which with a capacity of 1,600,000 m³/day is the largest plant in the African continent. Water scarcity in Egypt has caused the Ministry of Defence to tender large desalination plants to supply the population in the Mediterranean and the Red Sea. And the expansion of the Suez Canal and the creation of new industrial and mining areas suggests that water demand for the development thereof will continue to rise.

In the Middle East, where population growth is reaching up to 8% per year in some countries and where the standards of living and service quality are on the increase, important water infrastructure projects have been announced but are progressing slowly. Here, at least in the short term, restrictions due to the drop in oil prices are not expected. In Saudi Arabia, the SWCC —responsible for the production of water in the kingdom— will address a new desalination plan and the NWC —responsible for the distribution of drinking water to major cities— will complete one of the concession projects that it has been designing for a number of years. Oman will continue developing its desalination plan through public-private initiatives and in the UAE it is expected that operation and maintenance service contracts will be launched which, with the experience acquired in developed in those developed in Saudi Arabia and Abu Dhabi, will be good business opportunities.

In India, one of the top goals of regional governments has been to improve the water supply and sanitation systems, greatly fostering infrastructure construction and operation contracts that guarantee a constant supply. In conjunction with an important local partner, FCC Aqualia has already garnered two contracts of this kind, which will enable us to create a platform to enhance our knowledge of the country and take on projects of a greater magnitude.

In North America, FCC Aqualia aims to consolidate its position in the Mexican market, where it already carries out significant activities. In this country, the national government will be undertaking a series of actions aimed at enhancing municipal water supplies, which will surely enable the company to increase its revenues. New desalination projects will emerge in Baja California. The industrial sector —both of mining companies and PEMEX itself— may also play an important role in Aqualia's development in Mexico, a sector in which Aqualia has recently started to operate two contracts. In turn, FCC Aqualia has opened offices in the United States, as a bridgehead for its entry into a market that, in some states, has the same problems as in Spain: obsolete infrastructures, periods of drought, indebted municipal administrations that lack financing capacity and strict environmental requirements. An agreement has been signed with a construction partner in the state of Texas for the development of desalination projects.

Finally, the possibilities for FCC Aqualia's growth in Central and South America have multiplied significantly since FCC no longer holds interests in the capital of Proactiva, a subsidiary of the French operator Veolia. In the short term, Colombia, Peru and Chile are the countries that offer the most opportunities, although the group is also keeping close tabs on certain infrastructures programmes in Paraguay and Panama. In this market, along with the opportunities detected in Mexico for the oil company PEMEX, the construction and operation contracts for water treatment at mining and oil & gas companies are of particular interest. In Brazil, plans for supply and sanitation network coverage to all inhabitants of the municipalities, will act as a catalyst for new projects which, together with the exit from the water management market of one of the operators belonging to Brazil's largest construction firm, will allow us to position ourselves in the country in the short term.

SUSTAINABLE MANAGEMENT

Continuing with the commitment assumed in 2014, during 2015, the company calculated the carbon footprint of the activity related to the design and construction of treatment, purification and desalination plants and their ancillary facilities, developed by its subsidiary Aqualia Infraestructuras, recording it in the Carbon

Footprint Registry of the Ministry of Agriculture, Food and Environment, with registration date of 21 April 2015 and code 2015_00_a062.

The Greenhouse Gas report prepared was done according to the requirements of the Standard UNE-EN ISO 14064-1: "Greenhouse Gases. Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals" and the sector benchmark of the European Network of Construction Companies for Research and Development (hereinafter, ENCORD) in its edition of May 2012: "Protocol on CO measurement in construction". Such reference has obtained the logo "Built on GHG Protocol", which makes it the sector guideline for GHG in construction.

Also during 2015, the company concluded the stage of calculating the greenhouse gas emissions, with the calculation of the carbon footprint corresponding to the entire activity of "Management of the complete water cycle" (adduction, distribution, client management, sewerage and purification)", performed by the company FCC Aqualia. This calculation was verified by AENOR and registered in the Registry established by the MAGRAMA for that purpose, dated 9 July 2015 and code 2015_00_a149.

One of the fundamental aims of FCC Aqualia is continuous improvement through an Integrated Management System that includes both the quality management of the processes, products and services such as environmental management, publishing such reports in order to facilitate the verification of the GHG inventory and transparently report them to its stakeholders.

The main aim pursued with this initiative is:

- Understand and assess the GHG emissions of the organization in order to identify opportunities to reduce and/or offset the carbon footprint.
- Participation in voluntary GHG programmes.
- Make available corporate information on GHG.
- Improve the position with stakeholders, maintaining a responsible commitment to continuous improvement.

In this regard, during 2015 and as a result of the collaboration with FCC Aqualia, Botín Foundation, Universidad Complutense de Madrid, Polytechnic University of Madrid, University of Cantabria and the Ministry of Environment of the Government of Cantabria, we have performed the Water Footprint of Cantabria, the first of its kind conducted in Spain.

The new paradigms of planning and integrated management of resources and the possible exchanges between the various uses and qualities are conducive to performing a conceptual and segregated analysis, a departure from that conventionally applied. The virtual water and water footprint approaches enable this analysis and the determination of the most efficient and sustainable options for water supply to citizens. Virtual water includes free water and water linked to the processes of producing goods or services. The water footprint of a territory is the entire real and virtual water used in that territory.

The aim of this project has been—in addition to the development and implementation of a specific work methodology—to conduct a study of the water footprint of Cantabria, establishing the impact of the use of water resources both at the level of the water basin and that of the municipalities and autonomous community. Relevant distinctions have been made between green and blue water, seeking to identify

possible trends of interest. Thus, it has been possible to ascertain the impact of the consumption of water included in the goods and services produced and exchanged by Cantabria, to determine the water footprint generated in the region, based on the calculation of the virtual water consumed in each product, service or activity.

The study addresses a comprehensive view of water and the territory to clarify the relationship between blue and green water, and between internal water, virtual water and water footprint, determining the values for each concept in the region and their flows.

The work carried out shows that water is not only a major natural capital for the region, but also an economic and social asset of the highest order. This is suggested by the predominant role of green water and its importance in maintaining ecosystems, and the clearly export character of virtual water in the Autonomous Community of Cantabria, whose main exponent is the sale abroad of agricultural, livestock and food industry products.

Similarly, and in response to the entry into force on 5 December 2015 of EU Directive 2012/27/EU on Energy Efficiency, during the current year we have agreed with AENOR an ambitious three-year plan to adapt towards compliance with the latter, allowing us to certify the entire organization in the ISO 50001 standard. Accordingly, during 2015, 15 contracts have been certified, foreseeing the certification of another 30 in 2016 and as many more in 2017. The contracts selected were those whose consumption is greater than 1,300,000 kWh/year, which cover more than 80% of the total consumption.

To meet the foreseen targets, we expect to conduct an exhaustive control of energy monitoring, controlling the installed capacity and the evolution of energy consumption at our production facilities. To do so, our actions should be aimed at:

- Improved measurement.
- Calculation of energy performance of pumps.
- Optimization and improvement of processes, facilities and production equipment.
- Purchase of more energy-efficient equipment (RD 187/2011).
- Optimization of energy purchasing.
- Infrastructure maintenance.
- Improvements to hydraulic performance of the network.

The CSR Report of FCC Aqualia reached its ninth edition in 2015, maintaining the editorial line of 2014, but providing a brief "vision" at the beginning of each relevant chapter and emphasizing the new international territorial strategy of the company, which it illustrated with interviews with the new "Area Managers" where they shared their forecasts in their respective areas.

The report also highlighted the participation of the company in all the forums organised around human rights, as well as our participation in Smart Cities, innovation projects, the Water Footprint of Cantabria, the carbon footprint of Aqualia Infrastructure and the energy efficiency of Lleida.

HUMAN RESOURCES

SELECTION - TRAINING - DEVELOPMENT & EQUALITY

This year FCC Aqualia has signed its second Equal Opportunities Plan (for the period from 2015 to 2018) in which both Aqualia and the leading unions at the state level once again demonstrate their commitment to equal opportunities between men and women.

In addition, FCC Aqualia continues to apply equal opportunities policies in terms of gender. This year it has successfully completed the First Mentoring Programme for women, aimed at promoting female talent in the organisation and facilitating the career of women identified as having potential within the company. Also, for the second consecutive year, it has conducted training on equal opportunities for employees as part of the training on job-specific risks.

Similarly, the recruitment process at FCC Aqualia is performed according to the recruitment model by skill sets, based on which the interview questions are drawn from an analysis of the position and the same questions are asked of all candidates. This method makes it possible to compare, ensure equality and prevent discrimination.

FCC Aqualia maintains its "Equality in Business" Label, extended in 2014 for a period of three years. This label is a recognition by the Ministry of Health, Policy and Equality of the company's commitment to diversity and equal opportunities for men and women.

Also, FCC Aqualia continues to show its commitment against gender violence through its participation in various campaigns.

Moreover, during 2015 we held the second edition of the Otto Walter series, a programme aimed at middle managers and geared to continuing the transformation of the leadership style of FCC Aqualia towards a more participatory people management model, as a talent catalyst, that strengthens team cohesion and is backed by a common language shared by all.

In 2015, FCC Aqualia signed its Accession to the Alliance for Dual Professional Training. The Alliance for Dual Professional Training is formed of a countrywide network of institutions and companies committed to the development of quality dual professional training in Spain. The creation of this network aims to improve the employability of young Spaniards by combining efforts and synergies to promote a quality model of dual PT aligned with our environment. The Alliance also aims to bring together the best initiatives and experiences that are being implemented for the benefit of all.

Within this alliance, FCC Aqualia has signed a collaboration agreement signed between FCC Aqualia and Pere Martell Institute of Tarragona to promote, encourage and develop, in alternation regimen and Professional Driver Training, Training Course Intermediate Network, facilities and Water Treatment stations.

As for the training, FCC Aqualia is still committed to the training and professional development of its workers. The aims of training at Aqualia are linked to the strategic aims of the company, to the improvement of the performance of the functions of the workers and to ensuring occupational health and safety. Similarly,

we are working on the development of training paths for specific and critical groups of the organization (department heads, laboratory staff and customer management staff).

Within the topic of awareness raising, as part of FCC Aqualia's CSR policy, the company collaborated with the new Deputy Chancellor's Office for Cooperation and Volunteering of Rey Juan Carlos University in its new awareness and information campaign on the importance of human rights in today's society. These are dialogue-discussions in which highly renowned experts participate in explaining and debating the main issues present in the field of Human Rights, as well as the obstacles that prevent their fulfilment and new challenges currently coming up.

The events held include the presentation of the guidelines for the National Business and Human Rights Plan drawn up by social, financial and state stakeholders, which, at this time, is pending approval. The Ministry of Foreign Affairs was given the task of presenting the strategic lines in the document and representatives of well-known NGOs explained the most relevant projects in human rights training, especially those linked to higher education institutions, such as Rey Juan Carlos University.

The second meeting consisted of a discussion forum which involved the participation of CSR managers from various companies, including FCC Aqualia, where they described their actions on Human Rights and were able to reflect on the importance of the latter in business in general, and in their organization in particular.

COLLECTIVE BARGAINING AND ADMINISTRATION OF PERSONNEL

In 2015, the signing of the V Collective Water Sector Agreement took place. Through this agreement, a regulatory framework is established that gives stability to the sector and which, with the agreement of the majority trade unions, UGT and CCOO, facilitates a period of non-conflict during its 2015-2017 term.

Within the scope of Personnel Management, during 2015 FCC Aqualia has promoted the decentralization of administrative processes (maintenance of agreements, informative management of incidents, etc) bringing the management to the regional offices and production centres, thereby giving greater management capacity and efficiency to our organization.

2015 ACTION REPORT REGARDING OCCUPATIONAL HEALTH AND SAFETY

As a fundamental factor, we must highlight the absence of serious occupational accidents. With regard to accident rates, in the year 2015 there has been a rise in accident rates, although they have remained within acceptable margins in relation to the targets. In line with the improvement in professional contingency absenteeism, various activities have been carried out, among which we can highlight:

- Programme of visits to contracts with high accident rates: after a detailed study of the frequency rates, a programme of visits was developed to contracts with high accident rates that would give an insight into the conditions that could be causing the accidents and a set of measures was designed to be implemented based on such visits. Under the programme, a total of 19 contracts nationwide have been visited and a specific Plan has been started in Italy.
- The second phase of the Preventive Culture project launched in 2014 has been completed, which

included, based on an overall diagnosis of the entire company, the design of an Improvement Action Plan to be developed over the next three years, which includes a total of eight concrete actions.

- The design of a Road Safety Campaign has been completed, comprising a total of 15 actions that will be implemented in the 2016-18 triennium.
- Furthermore, in addition to the recertification of the Occupational Health and Safety Management System, at national level, we have obtained for the first time, the international certification, under the OHSAS 18001 guideline, of almost all the sites of the Company. The sites of the following countries are included: Mexico, Uruguay, Chile, Montenegro, Portugal, Italy, Czech Republic, Algeria and Saudi Arabia.
- Likewise, during 2015 we have ensured that the computer application incorporated in 2014 to improve the Company's preventive management is fully operational for the department of health and safety and we have developed the module which, through the WEB application, will be opened for use by the entire company. Through this application, the company will achieve making preventive management a highly computerised process, which will result in a more effective monitoring and control and a gain in efficiency by the department of health and safety.
- As for external relations, the Company has received further awards for its work towards the safety and health of its workers. We can highlight those granted by INVASSAT, a specialised agency of the Generalitat Valenciana or those granted by the mutual association Asepeyo in Almería and in the Balearic Islands, or the nomination for the Daman Health & Safety Awards in the Middle East. Likewise, members of the safety department have actively collaborated with the Public Authorities in organizing seminars on health and safety, among which we should highlight those organised regarding risks in the complete water cycle sector in the CPRL of Malaga, or the training day on confined spaces provided through the CPRL of Almeria —both of these agencies being attached to the Government of Andalusia.

In line with the corporate policies of the FCC Group, during 2015 we have designed a medium-term strategic plan to utilise practices included within the concept of "healthy company". In addition, there has been progress in specific actions such as awareness campaigns against the consumption of alcohol and drugs in the Balearic Islands, or a specific healthy company plan for Lleida.

Also, during 2015 we have continued the work being developed as part of the Charter for Occupational Health of Aqualia, in which representatives of major trade unions and the management of the Company collaborate in improving the safety conditions through dialogue and good design practices a global level.

INNOVATION AND TECHNOLOGY

Following its strategic planning, the innovation activity of FCC Aqualia has become firmly established in 2015, adding new European projects in each of the three areas of Development, Sustainability, Quality and Intelligent Management.

This year we have completed five projects named Idea Regenera (Junta de Andalucía), Innpacto Downstream (Mineco), Innova Impactar (Cantabria), Life Membrane (European Union) and Urban Water (EU FP) which gave rise to the following results:

1. **Regenera**, co-funded by the Andalusian agency IDEA, has developed, together with the University of Almería, the Cajamar Foundation and the SME Biorizon, a new way to create value from algal biomass in the form of bio-fertilizers.
2. **Downstream**, co-funded by the Innpacto Mineco programme, has used the support of the University of Cadiz, the ITC of the Canary Islands, and Tecnalia to improve the separation, processing and use of algal biomass as an energy source.
3. **Innpactar**, co-funded by the Innova programme of the government of Cantabria, together with the University of Cantabria in Santander, has scaled a new compact technology to enable water reuse in small towns.
4. The **Membrane** project, 50% subsidised by the EU's Life programme, has demonstrated a new way to recover reverse osmosis desalination membrane modules. Together with Leitac, Tecnomat, Ambicat and the Catalan Waste Agency, pilot projects were built in Denia and Talavera, and the reuse of reconditioned modules from the Ibiza desalination plant at the water treatment plant in La Solana (Ciudad Real) was demonstrated. Other applications of the developed methodology and its commercial implementation are under development.
5. Within the ICT cluster (Information and Communication Technology) of the European framework programme FP 7, Aqualia was invited to coordinate the **UrbanWater** project, 55% subsidised by the EU. Together with 12 partners from 8 countries, a platform of electronic applications was built for the control of water distribution networks, which was implemented in the Aqualia operations in Almeria and Janovice (Czech Republic).

In 2015, work continued on another six multi-year research projects, which will continue progressing next year.

In the area of sustainability, two projects continue to be developed:

1. The European project **All-gas** (bio-energy production from wastewater treatment) enters its final phase of large-scale demonstration, allowing the processing of up to 5000 m³/d of municipal effluent into biomethane for 35 vehicles.
2. The **Renovagas** project is also ongoing (Renewable Natural Gas Generation Process), funded by the Ministry for the Economy and Competitiveness (MINECO). The goal is to develop a Synthetic Natural Gas production plant based on biogas through methanation of hydrogen obtained from

renewable sources.

In the area of quality, three European projects continue:

1. The **Life Memory** project demonstrates at the industrial prototype level, the technical and economic viability of an innovative technology, an Anaerobic Bioreactor Membrane (SAnMBR), which enables the conversion of organic matter contained in wastewater into biogas. We achieved a reduction in energy consumption and CO₂ emissions by up to 80%, 25% less space requirement compared to conventional aerobic EDARs and a reduction of around 50% in sludge production.
2. **Life Biosol** (Biosolar water reuse and energy recovery), led by the French SME Heliopur, demonstrates a new biological and solar treatment of wastewater to achieve the water reuse and recovery of gases and organic waste. The first prototype implemented at the CENTA (Sevilla) was completed.
3. **CIP Cleanwater** (Ecoproduction of HClO for safe water disinfection by innovative ion exchange membrane), led by the French SME Ceramhyd, implements a new water disinfection technology in three applications: drinking water, desalination and reuse. The first device is installed in the El Toyo EDAR in Almeria, and the handover of other pilot projects in Denia and Valdepeñas is being prepared.
4. In the area of Intelligent Management, the project Motrem was selected as part of the European initiative Water JPI. Motrem, led by the King Juan Carlos University in Madrid, along with 3 other universities in Finland, Italy and Germany, brings new technologies for the control and treatment of emerging pollutants (EC) in the current line of municipal wastewater treatment plants, with particular emphasis on water reuse.

During 2015, FCC Aqualia has initiated five new projects:

1. **CIEN Smart Green Gas.** In the CDTI programme of Consortia of National Business Research (CIEN) Aqualia leads a consortium of 6 (including Natural Gas, Naturgas/EDP, BiofuelCell, Ecobiogas and DimWater) to develop an efficient infrastructure for production and management of biomethane networks. Aqualia's first undertakings are located in Jeréz and in Aranda del Duero, to control the quality of biomethane. The total budget amounts to EUR 8.3M, with funding of 80% of the budget.
2. **Biowamet BESTF2.** In the European programme ERANET, the BWM project brings together the universities of Southampton and Delft to create a synergy with the Life Memory project on anaerobic reactors with membranes, which make it possible to obtain bioenergy from wastewater.
3. **Life Methamorphosis.** Aqualia leads a consortium of six entities (Metropolitan Area of Barcelona, FCC SA, Natural Gas, Icaen and Seat) to implement at the Besós Ecopark, managed by FCC, three newly developed technologies: AnMBR, ELAN (autotrophic nitrogen removal) and a biogas

washing system. The final product would be a biomethane that can be injected into the natural gas grid or used as car fuel. The total budget amounted to EUR 3.5 M, 60% subsidised by the EU.

4. **Innova E3N (energy efficient nitrogen removal).** Following the Innova Impactar project funded by the government of Cantabria, the pilot project implemented in the sewerage network of Santander will be optimised to demonstrate compact decentralised treatment plants.
5. **Life Icirbus.** The Innovative Circular Businesses (Icirbus) project will demonstrate the reuse of waste from water treatment plants in building materials and the generation of bio-fertilizers, at two Aqualia plants in Extremadura. Led by the Intromac technology centre, it brings together 8 companies with a total budget of EUR 2.3 M, 60% subsidised by the EU.



Throughout the year, the team of researchers from FCC Aqualia was awarded three new patents on two key aspects algae crops, the reactor configuration (LEAR: Low Energy Algae Reactor) and the CO2 enrichment system to reduce the energy costs of operation (two European and one specifically Spanish):

- EP 13382470.6: Open reactor for the cultivation of microalgae
- EP 13178678.2: Carbonation system for microalgae cultivation
- P 201231485: Carbonation system for cultivation of microalgae

and it has presented the results of its research at a number of important scientific congresses and events:

- AEAS conferences in Burgos (28-20.04): presentation of the two latest technologies among 25 proposals from all the water companies in Spain:
 - ELAN (Autotrophic Nitrogen Removal) - with USC
 - Microbial Desalination Cell - microbial desalination cells (with UAH - Imdea)

- IWA Leading Edge Technology 2015, held in Hong Kong (30.05 to 03.06): saw the presentation of the work of Friscos (Elan in industrial water line), and Jerez as the site of the next edition 13 in mid June 2016 - www.let2016.org
- WEF (Water Environment Federation) has organised two events from 07 to 10.06 in Washington DC:
 - With the IWA on waste and biosolids
 - With EWA and JSWA on water and energy5 presentations of Aqualia were elected on the cultivation and digestion of algae, and the AnMBR reactors. Aqualia was also selected to organise a workshop on the AnMBR reactors, and chair the session on Anammox.
- At the SMARTURBAN Congress on 14.07 in Badajoz (Expoconferencia Ibérica) a paper was presented entitled "Intelligent water management for the development of cities" together with companies and research centres such as Iberdrola, Cellnex, CIEMAT and the City Council of Badajoz.
- With the help of external funding, we attended the WATEC Conference in Tel Aviv (Israel), from 13 to 15 October, with presentations at the Spain-Israel Seminar "Building Water Innovation Partnerships" and at the Infoday "Bringing Israel's WATER Innovation to the EU.
- during the IWA conference <http://www.ad14chile.com/> - last November. The results of three European projects (Life Memory, Life Biosol and FP 7 All-gas) were presented.

PROCUREMENTS AREA

In the domestic market, the public tender activity has seen little activity due to the different electoral processes in 2015 and there have been few procurement opportunities, with the most significant awards being those of the following new contracts:

- Cangas (Pontevedra), concession for the integrated management of the water service for a period of 25 years with a contract worth EUR 74.0 million, awarded to a UTE in which FCC Aqualia has 70% stake.
- Villaviciosa (Asturias), concession for the integrated management of the water service for a period of 8 years and a contract worth EUR 7.8 million.
- Madrid (Madrid), service of operation and maintenance of the peripheral sanitation networks managed by Canal de Isabel II Gestión, S.A. (Lot 3- Culebro) for a period of three years and a portfolio worth EUR 17.6 million.
- Madrid (Madrid), operation and maintenance of certain sewage treatment stations in the Alberche Basin managed by Canal de Isabel II Gestión S.A. for a period of 2 years and a portfolio worth EUR 5.5 million.

- Madrid (Madrid), refurbishment of the service galleries of the city (Lot 3) for an amount of EUR 8.1 million, to be executed in 1.5 years. (through the subsidiary Conservation and Systems)
- Vigo (Pontevedra), renovation works of water supply and sanitation networks in several of the city's streets, for an amount of EUR 8.0 million, to be executed within 8 months.
- Albuñol (Granada), project design and execution of work of the collectors and EDAR for the Agency of Environment and Water of Andalusia, for an amount of EUR 3.6 million and an execution period of 2 years. (through a UTE 50% owned by FCC Aqualia)

Regarding domestic renewals and extensions, the following are of particular note:

- Association of Municipalities of Cabeza de Torcón (Toledo), management of the wholesale water supply service for a period of 15 years and a portfolio worth EUR 6.0 million.
- Mocejón (Toledo), water and sewerage service concession for a period of 25 years and a portfolio of EUR 9.0 million.
- Reinoso (Cantabria), water service concession for a period of 10 years and a portfolio worth EUR 9.5 million.
- Association of Municipalities of Guajaraz (Toledo), management of the wholesale and retail water supply and sewerage service for a period of 3 years and a portfolio worth EUR 7.0 million.
- Ibiza (Balearic Islands), management of the water supply and sewerage service of the city for one year for an amount of EUR 8.2 million.

In the international market, FCC Aqualia has maintained significant activity in international tenders in different areas, notably:

- Within the European market, it has contracted the management of the sanitation and purification service of Velké Losiny, in the Czech Republic, for a period of 10 years, through its subsidiary SmVaK, and we have tendered for the first time in France for the procurement of the management of water and sewerage of Arlés. We have also participated in tenders to build sanitation and water treatment infrastructure in Macedonia and Montenegro at the date of preparation of this report, with the outcome of the final awards being pending to date.
- In North Africa, FCC Aqualia was awarded, as part of a consortium, the contract to design, build, finance and operate the wastewater treatment plant of Abu Rawash in Egypt. This is the second BOT-type contract won in Egypt after that of New Cairo, which is already in operation. This important award represents a portfolio of EUR 2,421 million, to be executed over a period of 25 years.
- Similarly, in the Middle East we continue to consolidate the presence of the company after being

awarded, in consortium with a local partner, the contract for the operation of EDARs of Arana and Hadda in the region of Mecca in Saudi Arabia for a period of 3 years and a portfolio of EUR 17.9 million. Also in the same country, we have achieved the award of contracts for the works of the water networks affected by the construction of lines 4 and 5 of the Riyadh metro, for a total of EUR 19.2 million.

- In Latin America, FCC Aqualia has maintained an important activity in tenders for the construction, financing and operation of infrastructure for water treatment in Colombia, Mexico, Chile, Uruguay, Peru, Panama, Ecuador and Paraguay, and in its international development strategy, and according to the expansion initiative in this geographic area a subsidiary that is 100% owned by FCC Aqualia was created (FCC Aqualia Gestao Integrada de Agua LTDA) for the purpose of facilitating the entry into water management projects in Brazil.
- Finally, and although Aqualia gives priority to organic development, we do not rule out a path of growth, especially in the international arena, through the acquisition of companies

CUSTOMER MANAGEMENT

During 2015, FCC Aqualia has continued to make progress in a strategic approach geared to the end customer, with special attention being paid to the quality of our communication channels with the same. The full interactivity of these channels (face-to-face, telephone, internet), allows customers to decide at any time which channel they wish to communicate through and see their needs met in real time.

The telephone care service, through the Customer Care Centre (Aqualia Contact), not only enables customers to perform all their transaction without having to travel to the company's offices, but since it is available 24 hours 365 days a year, it also minimises the response time for resolving faults in distribution networks, with the consequent saving of water. The short time that customers wait when reporting a leak makes it possible to implement a fast and effective protocol for action in order to solve any type of incident in the network, which leads to enhanced water distribution yields. This customer care service received 748,000 calls during the year, offering its care in 6 languages (Castilian, Galician, Catalan, English, German and French).

The third communication channel is a website available in 5 languages, which offers general information about the company, and several local websites for certain towns in which FCC Aqualia provides services, offering more specific local and customised information about the company's presence in the relevant towns. Furthermore, through both the corporate and local FCC Aqualia websites access is offered to the virtual office, aqualiaOnline, through which users can perform the same procedures related to the service as if requested on the phone or locally.

The aqualia contact and aqualiaOnline channels have been certified under UNE- ISO 27001 "Information Security Management Systems" since 2011, meeting the security targets set and guaranteeing the security commitment regarding our customers' data, as well as the integrity, availability and confidentiality thereof.

The efficiency of these communication channels has once again allowed a reduction in the number of customer complaints in 2015

COMMUNICATION, MARKETING AND CSR

Communication

One of the strategic objectives set by Aqualia in its annual communication and marketing plan for 2015 was to strengthen relations with all target audiences of the company, and particularly with the media, in their capacity as strategic partners and opinion leaders within society. The development and dissemination of specific and quality content on our business and the industry is the raw material that facilitates the task. In this regard, during the year we have produced and distributed over 600 press releases and communications with all kinds of business related content. In addition to 100 articles and/or interviews in publications, both generalist and, above all, specialist.

Local and regional media are the priority target for the company. Accordingly, all services in localities with more than 50,000 inhabitants have, throughout the year, had some form of contact with journalists covering local information, either as a news conference or an informal meeting.

Aqualia has formalised its relationship with some groups such as the Association of Environmental Information Journalists (APIA) with the signing of a collaboration agreement. Thus, the company has participated in three training workshops for local journalists on environmental and water information, organised by the association and the provincial associations of journalists. They were held in Salamanca (12-13 February), Burgos (20-21 February) and Seville (29 and 30 April). The participation of Aqualia, in addition to the sponsorship, involved the presence of a manager at the opening of each workshop and the delivery of a speech on communication in the field of water management, by a representative of the Department of Communication and CSR.

Furthermore, the company has actively participated in the XI Congress of APIA, held in Madrid on 25 and 26 November under the title "Does the environment matter to politicians?". Besides being one of the sponsoring companies, the communications director spoke at a round table. Inaugurated by the Minister of the Environment, the congress was attended by over one hundred professionals covering information on environmental matters in print, digital and broadcast media.

Another of the initiatives in 2015 aimed at strengthening the relationship with the media was the launch of the first edition of the Aqualia journalism award "Integrated water management in municipalities". The event was created with the objective of involving media professionals in considering the importance of the efficient management of the complete water cycle in towns and cities, and of the need to ensure the environmental, financial and social sustainability of these services. The jury, composed of members of APIA, FAPE (Federation of Press Associations of Spain), FEMP (Spanish Federation of Municipalities and Provinces), AEAS and Aqualia, will announce the winning work and the two runners-up at the World Water Day (22 March 2016).

During 2015, we have also developed different internal communication initiatives with the aim of ensuring that all Aqualia workers have timely information that is close to the company and its projects.

In this regard, in January 2015 Aqualia launched its new intranet Aqualia ONE, an internal communication tool with the design and format defined by the FCC group but which maintains the features, services and needs of Aqualia. The new intranet replaces the previous version, in service since 2002, and contains all the news related to the company.

One of the main tools of internal communication is the Newsflash. The latter is used to provide brief reports to the entire organization of the major developments and projects developed. The 210 newsflashes issued last year represent the highest number of communications issued in a year and ensure that the Aqualia team receives timely information of interest. Regarding their content, we can say that all areas of the company have used this tool to convey their most important innovations.

In line with strengthening internal communication and fostering a sense of belonging by employees, we have created a new communication channel aimed at workers who do not have access to an email account: "Your Flash". This is a printed newsletter, A4 size, which is delivered together with the payroll and synthesizes and summarises the main messages of the month.

The communication plan designed and executed by Aqualia over the past year has been recognised and awarded by iAgua, the most recognised publication in the world of water management in Spain and Latin America, which designates the company as the most influential institution in the sector. To do so, iAgua has analysed all the communications issued by 500 institutions (companies, Public Authorities, universities, research centres,...) and the dissemination thereof. The iAgua ranking has crowned Aqualia as the No. 1 company in terms of communication during 2015.

The water management sector increasingly demands information on innovation and, in particular, on R&D projects. Leveraging the portfolio of European and national projects that the Department of Innovation and Technology of Aqualia is currently developing, in 2015 the communications department has developed and distributed newsflashes, press releases, reports and interviews that have highlighted the company's more innovative side.

Marketing

Among the strategic objectives related to strengthening the positioning of the Aqualia brand, we have relaunched the corporate byline "Your water company" in all markets and for all customers, both externally and internally. The byline has been featured in all advertising and social marketing activities of the company. "Your water company" has been used in all media in order to differentiate and position ourselves in the minds of citizens in a different area to that of the competition: the people.

Repositioning the brand as a local and nearby service has become a reality in various strategic actions, such as the XIII edition of the Children's Drawing Contest which has an international character. The event, which was presented on 22 March, World Water Day, has been developed in digital format, through the website www.llenatumundodevida.es, with the aim of promoting the use of new technologies. In total, in the 2015 edition, 8,500 3rd and 4th year primary school students have participated from the municipalities in which Aqualia provides its services in Spain and Portugal. The international drawing competition involves all the target audiences of the company: institutional, end, media and workers.

This effective educational and informative action has also had an internal version. Thus, 175 children and grandchildren of employees of Aqualia took part in the sixth edition of Pequeartistas, an activity also conducted entirely online. Importantly, the initiative has spread to six of the countries where Aqualia operates: Spain, Czech Republic, Mexico, Chile, Uruguay, United Arab Emirates.

In relation to the actions for World Water Day (March 22), Aqualia has appeared in the pages reserved by the major newspapers for commemorating this date. To this end, we have designed and managed the publication of advertising graphics for fifty newspapers and *ad hoc* editorial content for around thirty newspapers.

The communication strategy in all media has tried to take advantage of the activities conducted by Aqualia, with messages linked to the public nature of water and the fact that public or private management must be efficient and sustainable (financially and socially), thereby enhancing the attributes of closeness, commitment and professionalism. This approach can be seen reflected in the advertising graphics, brochures, banners, backs of invoices, in the 2016 calendar (12 truths about water management) linked to the Drawing Contest and the new educational tool of the company created in 2015, "The Aqualia notebook".

Also during 2015, we have worked to strengthen the perception of Aqualia as a Glocal company (global management with a strong local commitment), so that it is seen as an approachable company that provides local value, while at the same time being international and friendly to new cultures. Among others, events such as the one held in March in Benalmádena (Málaga) confirm this (20 years of service by Emabesa, a joint venture for water management of which Aqualia forms a part and which celebrated its anniversary and organised a fun day held under the slogan "Serving the public").

This year, we presented the "Eurocity" cross-border project in Lisbon. This project is shared by the populations of Badajoz and Elvas, two cities in which Aqualia manages the integrated water cycle. The event, which was attended by the mayors of both cities as well as the general manager of Aqualia, brought together around a hundred guests and has served to highlight the project being developed by both cities together.

Moreover, our attendance at seven international fairs, notably Aneas (Mexico), American Water Summit (USA) or SWPF (Saudi Water & Power Forum), and numerous international meetings linked to our growing presence in emerging markets, enhance our growing global deployment.

Corporate social responsibility

Social Responsibility is a driving force in the dynamics and development of Aqualia. In our task of awareness-raising and commitment to society, in order to exert a positive influence on the communities in which we provide our services, in 2015 the company has undertaken several awareness-raising campaigns on gender violence, the employment integration of disabled persons and equality. In addition, and linked to our daily activity, Aqualia has undertaken several actions to raise awareness of responsible water use and care of our environment.

Gender Violence and Equality. In this context, notable is the conference held on the Day against Gender Violence, which represented one of the successes of internal mobilization of Aqualia staff. The campaign launched by the company under the motto "Me, With You", received the support of hundreds of workers and has been a success thanks to the participation and involvement of all of them. In addition, on the occasion of International Women's Day, and to mark the day, various services in which Aqualia provides services have undertaken actions in collaboration with municipal corporations such as dyeing the fountains of some services pink as a symbol of support on such an important day (Fraga, Ibiza and Sóller, among others...). In support of the fight against breast cancer, in various towns and cities, collaborative actions have been conducted with municipal corporations such as dyeing fountains.

Sustainability and awareness. In 2015, Aqualia has become the first water management company that calculates the Carbon Footprint globally (for the entire organization) and in full. This is certified by the Spanish Climate Change Office of the Ministry of Agriculture, Food and Environment (MAGRAMA), with which the company was registered on 9 July. This milestone, achieved thanks to the work undertaken by the Department of Corporate Responsibility and Management Systems, with data collected by the Technical department, is another step in the process begun in 2012, when the Company calculated and verified the carbon footprint of the Comprehensive Water Service, specifically in the city of Lleida. This information was distributed to the media in July in a press release. *Aqualia's initiative, the first of its kind, is part of the action and communication plans designed by the company after the last municipal elections.*

In addition to this initiative, in 2015 more than 100 open days have been held with different groups (housewives, retirees, journalists), as well as receiving more than 50 visits from a total of 15,000 school children. Visitors have been informed of the way in which the management of the integrated water cycle is undertaken in a company such as Aqualia and have been trained in the proper use of the resource: responsible use, use of the toilet, management of oils, etc. with the aim of caring for the environment with a clear environmental commitment.

Company. The task and effort of Aqualia during 2015 has been to take another step in contributing to the welfare of the people who rely on us as their water company. As a logical consequence of this perspective, various actions have materialised.

The campus of the Rey Juan Carlos University (URJC) in Mostoles hosted the 3rd URJC meeting in support of Human Rights, held under the title "The Human Right to water and sanitation." The event, co-sponsored by Aqualia, was held over two sessions that addressed the issue both from an international and domestic perspective. Aqualia collaborated with the URJC Programme on Human Rights (the event organisers) to enable the debate attended by more than fifty students and teachers from the University.

The collaboration with associations for the disabled is also proof of this. As a company dedicated to a public asset such as water, Aqualia has an added responsibility to society, and therefore this year has collaborated with various disability associations working in Segovia, Ibiza and Oviedo, among others.

In addition, Aqualia has signed an agreement with Spanish Caritas under which it undertakes to collaborate in the care of people in situations of vulnerability or exclusion, in matters related to the water cycle, through

the Municipal Social Services. It also undertook to make an annual donation equivalent to the figure paid for the water services of the Caritas centres in cities where Aqualia provides its services.

The 110 sponsorships or cultural, sporting and environmental contributions reflect the fact that the company aims to be perceived as an agent of change and involvement in the territory by establishing relationships with citizens to create a more just society.

Publications. Aqualia has published the ninth edition of its Report on Corporate Social Responsibility (CSR) summarizing the main economic, social and environmental benchmarks developed by the Company throughout 2014 in a very visual way and reflecting the key aspects of the company's relationship with its stakeholders: employees, citizens, the media and Public Authorities, among others. This information was distributed to the media in August in a press release. You can view the report on the website of Aqualia.

Treasury Shares

The Company has not conducted any transactions involving treasury shares during the year.

Financial derivatives

The Company has not conducted any transactions with financial derivatives during the year.

Material events after the reporting date.

There has been no significant event subsequent to the closing date of the year that is not found, as the case may be, in the corresponding note of the report.

Information required by Act 31/2014

During the year, the Company maintains a part of its payment commitments in excess of the provisions of Act 3/2004 and Act 15/2010 on measures combating late payment in commercial transactions. The Company has planned measures aimed at reducing this period next year, including the modification of the trade agreements it has with outside vendors, in those cases in which such adaptation is possible.

Main financial figures for the Group:

(thousands of euros)	Change			
	2015	2014	Absolute	%
Revenue	995,696	909,976	85,720	9%
Gross profit from operations	214,938	195,320	19,618	10%
% gross margin	22%	21%		
Net profit from operations	135,725	117,287	18,438	16%
% net margin	14%	13%		
Profit Before Tax	98,724	83,257	15,467	19%
Profit attributed to parent company	67,133	62,529	4,604	7%
Portfolio of works and services	14,215,850	14,852,009	-636,159	-4%
Investments	53,331	79,125	-25,794	-33%
Net debt	318,317	324,406	-6,089	-2%
Equity attributed to the parent company	736,921	727,258	9,663	1%
Dividend per share (euros)	0.39	0	0	0
Earnings per share attributed to parent company (euros)	0.46	0.43	0.03	7%

1. REVENUE

Changes in revenue are as follows:

(thousands of euros)	Change			
	2015	2014	Absolute	%
REVENUE PER GEOGRAPHIC AREA				
Domestic	741,956	728,167	13,789	2%
% of total	75%	80%		
International	253,740	181,809	71,931	40%
% of total	25%	20%		
REVENUE	995,696	909,976	85,720	9%

2. INVESTMENTS

Investments paid during the two periods are broken down as follows:

(thousands of euros)	Change			
	2015	2014	Absolute	%
Property, plant and equipment	23,609	20,005	3,604	18%
Intangible assets	29,722	59,120	-29,398	-50%
TOTAL INVESTMENTS	53,331	79,125	-25,794	-33%

3. NET DEBT

	2015	2014
Bank borrowings (Note 14)	20,473	148,286
Debt instruments and other marketable securities (Note 14)	199,417	72,573
Non-current financial debt with group companies (Note 14)	441,889	398,546
Other interest-earning financial debt	119,683	82,161
Other current financial assets (Note 9)	(366,202)	(256,603)
Cash on hand and cash equivalents (Note 12)	(96,943)	(120,558)
Net interest-bearing debt	318,317	324,405

4. OTHER ISSUES

The main risks that affect the Group are the contracting, implementation and quality risk, within the scope of its business activities, as mentioned in Note 1 of the attached consolidated annual report, and investment, financial and human resources risks, as well as general business risks. As the Group is a member of the FCC Group, there are risk policies in place aimed at limiting the impact of these risks on the Group's profits and the ordinary course of its business activities (see Note 22 of the attached consolidated annual report).

The Consolidated Financial Statements and Directors' Report for FCC Aqualia, S.A. and subsidiaries corresponding to the year ended 31 December 2015 were prepared by the directors of the company on 25 February 2016 and are issued on 69 sheets of duty-stamped paper printed on both sides, series 0M, numbers 6215875 to 6215943, inclusive, signed in approval on the duty-stamped sheet of paper, series 0M, number 6215943.

Vice-Chairman

Mr. Félix Parra Mediavilla

Director

Secretary

Mr. Isidoro Marbán Fernández

Ms. Cristina López Barranco