

FCC Aqualia, S.A.

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Report on the financial statements

We have audited the financial statements of FCC Aqualia, S.A., which comprise the balance sheet at 31 December 2015 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

Directors' responsibility in relation to the financial statements

The Directors are responsible for formulating the accompanying financial statements, to provide a true and fair view of the equity, financial position and results of FCC Aqualia, S.A. in accordance with the regulatory framework for financial reporting applicable to the company in Spain, which is identified in Note 2.1 of the accompanying report, and the internal control deemed necessary to permit the preparation of financial statements free of material inaccuracies, due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the attached financial statements based on our audit work. We have performed our audit in accordance with the audit regulations in force in Spain. These standards require that we meet ethical standards, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers the internal control relevant to the Company's preparation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of FCC Aqualia, S.A. at 31 December 2015, and the results of its operations and its cash flows for the year then ended, in conformity with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

Report on other legal and regulatory requirements

The accompanying directors' report for 2015 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have verified that the accounting information contained in the directors' report coincides with that of the financial statements for 2015. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of FCC Aqualia, S.A.

DELOITTE, S.L.

Official Spanish Account Auditing Registry (ROAC) Member No S0692

[Signature]

Antonio Sánchez-Covisa Martín-González

07 March 2016

Number 01/16/02798

mm

Auditors

TO BE ADDED TO THE PROTOCOL

DELOITTE, S.L.

2016

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FCC Aqualia, S.A.

FINANCIAL STATEMENTS AND DIRECTORS' REPORT FOR THE YEAR ENDED 31 December 2015

➤ **FINANCIAL STATEMENTS**

- Financial Statements
- Balance Sheet
- Income statement
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements

➤ **DIRECTORS' REPORT**

FCC Aqualia, S.A.



BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014

(Thousands of Euros)

ASSETS	Notes	2015	2014	EQUITY AND LIABILITIES	Notes	2015	2014
NON-CURRENT ASSETS		1,045,130	1,093,936	EQUITY	Note 11	686,752	690,314
Intangible assets	Note 5	627,998	655,344	SHAREHOLDERS' EQUITY		682,107	684,463
Development expenditure		266	186	Capital		145,000	145,000
Concessions		529,401	556,549	Registered Share capital		145,000	145,000
Service concession arrangements, capitalised borrowing costs		15,193	15,803	Issue premium		112,019	112,019
Goodwill		82,763	82,763	Reserves		402,017	397,878
Other intangible assets		375	43	Legal and bylaw reserves		29,000	29,000
Property, plant and equipment	Note 6.1	22,446	24,024	Other reserves		373,017	368,878
Land and buildings		1,286	1,378	Profit (loss) for the year		53,521	29,566
Technical installations and other property, plant and equipment		21,104	22,360	Interim dividend		(30,450)	-
Property, plant and equipment in the course of construction and advances		56	286				
Non-current investments in Group companies and associates		266,785	280,744	GRANTS, DONATIONS AND LEGACIES RECEIVED	Note 12	4,645	5,851
Equity instruments	Note 7.1	176,487	188,424	Grants, donations and legacies received		4,645	5,851
Loans to companies	Notes 7.2 & 8	90,298	92,320				
Long-term financial investments	Note 8	114,356	107,522				
Equity instruments		10	94	NON-CURRENT LIABILITIES		470,175	503,786
Loans to Third Parties		99,467	93,428	Long-term provisions	Note 13	58,431	58,027
Other financial assets	Note 8.3	14,879	14,000	Obligations for long-term staff benefits		106	132
Deferred tax assets	Note 15	13,545	13,677	Other provisions		58,325	57,895
Non-current trade receivables	Note 8	-	12,625	Non-current payables	Note 14	29,539	28,828
Concession arrangement - collection right	Note 8.4	-	12,625	Obligations under finance leases		76	21
				Other financial liabilities		29,463	28,807
CURRENT ASSETS		606,133	536,232				
Inventories		17,830	18,427	Borrowings from Group companies and associates	Note 14.2	361,301	376,148
Trade receivables		655	665	Deferred tax liabilities	Note 15	9,956	8,776
Raw materials and other purchases		8,620	9,100	Non-current accruals and deferred income	Note 16	4,696	4,883
Advances to suppliers		8,555	8,662	Trade and other payables		6,252	27,124
				Other accounts payable to public authorities	Note 15	6,252	27,124
Trade and other receivables		148,082	164,290				
Customer receivables – sales and service provision	Note 10.1	63,820	83,652	CURRENT LIABILITIES		494,336	436,068
Trade receivables from Group companies and associates	Note 10.2	37,168	39,327	Short-Term Provisions	Note 13	9,108	8,561
Staff costs		156	161	Current Payables	Note 14	4,340	7,833
Sundry receivables		5,144	4,923	Bank borrowings		-	-
Current tax assets	Note 15	(61)	136	Obligations under finance leases		39	11
Other accounts receivable from public authorities	Note 15	28,798	33,454	Other financial liabilities		4,301	7,822
Current collection rights – concession arrangements		13,057	2,637	Current payables to Group companies and associates	Note 14.3	164,483	91,648
				Trade and other payables	Note 14	315,988	327,764
Current investments in Group companies and associates	Note 8	375,290	271,170	Accounts payable for purchases and services		99,775	103,325
Loans to companies	Note 9.1	372,373	265,317	Payable to suppliers - Group companies and associates	Note 14.4	29,561	31,672
Other financial assets	Note 8.3	2,917	5,853	Sundry accounts payable		94,664	94,855
Short-term financial investments	Note 8	28,105	32,138	Staff costs		2,306	1,845
Loans to Third Parties	Note 9.2	16,823	15,388	Current tax liabilities	Note 15	2,404	922
Other financial assets	Note 8.3	11,282	16,750	Other accounts payable to Public Authorities	Note 15	79,693	82,550
Current accruals and deferred income		375	124	Customer advances		7,585	12,595
Cash and cash equivalents		36,451	50,083	Current accruals and deferred income		417	262
Cash on hand		36,451	50,083				
TOTAL ASSETS		1,651,263	1,630,168	TOTAL EQUITY AND LIABILITIES		1,651,263	1,630,168

The Notes 1 to 23 are an integral part of the Financial Statements for 2015.

FCC Aqualia, S.A.



INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014 (Thousands of Euros)

	Notes to the Notes to the financial statements	Year 2015	Year 2014
CONTINUING OPERATIONS			
Net revenues	Note 18.1	637,756	628,827
Sales		637,756	628,827
Change in inventories of finished goods and work in progress		21	
Capitalised expenses of in-house work on fixed assets		1,770	1,336
Purchases	Note 18.3	(229,635)	(220,102)
Goods held for resale used		(86,300)	(82,873)
Cost of raw materials and other consumables used		(75,203)	(71,528)
Outsourced work		(68,132)	(65,740)
Write-downs of goods held for resale, raw materials and other supplies		-	39
Other profit from operations		19,969	18,091
Sundry income and other current operating income		9,898	8,287
Income-related grants transferred to profit or loss	Note 12	10,071	9,804
Employee benefits expense		(166,244)	(167,804)
Wages, salaries and similar expenses		(126,088)	(127,223)
Employee benefit costs	Note 18.7	(40,156)	(40,581)
Other operating expenses		(133,112)	(158,515)
Outsourced services	Note 18.4	(116,072)	(118,049)
Taxes	Note 18.14	(3,788)	(16,229)
Losses, impairment and changes in trade provisions	Note 18.11	(6,638)	(11,214)
Other current operating expense	Note 18.12	(6,614)	(13,023)
Amortisation and depreciation	Notes 5 & 6	(43,034)	(42,454)
Recognition of non-financial asset grants and others	Note 12	1,689	1,125
Excessive provisions		1,801	1,408
Impairment and profit/loss from disposal of assets	Note 18.13	(1,032)	(869)
Gains or losses on disposals and other		(1,032)	(869)
PROFIT FROM OPERATIONS		89,949	61,043
Finance income		12,067	18,856
From marketable securities and other financial instruments		12,067	18,856
- Group companies and associates	Note 18.2	7,547	12,063
- Third parties		4,520	6,793
Finance costs	Note 18.8	(28,553)	(28,949)
On debts to Group companies and associates	Notes 14 & 18.2	(21,572)	(15,378)
On debts to third parties	Note 14	(5,577)	(12,410)
Interest cost relating to provisions		(1,404)	(1,161)
Exchange differences	Note 18.9	899	203
Impairment and profit/loss from disposal of financial instruments	Note 18.10	(3,428)	(4,031)
Impairment and other losses		(3,428)	(4,031)
FINANCE INCOME/COST		(19,015)	(13,921)
PROFIT BEFORE TAXES		70,934	47,122
Income tax	Note 15	(17,413)	(17,556)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		53,521	29,566
PROFIT FOR THE YEAR		53,521	29,566

The Notes 1 to 23 are an integral part of the Financial Statements for 2015.

FCC Aqualia, S.A.

**STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER
2015 AND 2014
(thousands of euros)**

**A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS
ENDED 31 DECEMBER 2015 AND 2014**

	Notes	2014
A) Profit per income statement		29,566
Income and expense recognised directly in equity		
III. Grants, donations and legacies received		-
V. Tax effect		-
B) Total income and expense recognised directly in equity		-
Transfers to the Income Statement		
VIII. Grants, donations and legacies received	12	(1,125)
IX. Tax effects		395
C) Total transfers to profit or loss		(730)
TOTAL RECOGNISED INCOME AND EXPENSE (A + B + C)		28,836
		2015
A) Profit per income statement		53,521
Income and expense recognised directly in equity		
III. Grants, donations and legacies received	12	14
V. Tax effect		(4)
B) Total income and expense recognised directly in equity		10
Transfers to the Income Statement		
VIII. Grants, donations and legacies received	12	(1,689)
IX. Tax effects		473
C) Total transfers to profit or loss		(1,216)
TOTAL RECOGNISED INCOME AND EXPENSE (A + B + C)		52,315

The Notes 1 to 23 are an integral part of the Financial Statements for 2015.

FCC Aqualia, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014
(THOUSANDS OF EUROS)

B) STATEMENT OF CHANGES IN TOTAL EQUITY FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

	CAPITAL (Note 11)	SHARE PREMIUM (Note 11)	RESERVES (Note 11)	PROFIT FOR THE YEAR	INTERIM DIVIDEND	TOTAL SHAREHOLDERS' EQUITY	GRANTS (Note 12)	TOTAL
BALANCE AT 31 DECEMBER 2013	145,000	112,019	273,923	123,955	-	654,897	6,581	661,478
I. Total comprehensive income	-	-	-	29,566	-	29,566	(730)	28,836
II. Transactions with shareholders or owners	-	-	-	-	-	-	-	-
4. (-) Dividends paid	-	-	-	-	-	-	-	-
III. Other changes in equity	-	-	123,955	(123,955)	-	-	-	-
BALANCE AT 31 DECEMBER 2014	145,000	112,019	397,878	29,566	-	684,463	5,851	690,314
I. Total comprehensive income	-	-	-	53,521	-	53,521	(1,206)	52,315
II. Transactions with shareholders or owners	-	-	-	-	-	-	-	-
4. (-) Dividends paid	-	-	(25,428)	-	-	(25,428)	-	(25,428)
III. Other changes in equity	-	-	29,567	(29,566)	(30,450)	(30,449)	-	(30,449)
BALANCE AT 31 DECEMBER 2015	145,000	112,019	402,017	53,521	(30,450)	682,107	4,645	686,752

The Notes 1 to 23 are an integral part of the Financial Statements for 2015.

FCC Aqualia, S.A.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 December 2015 AND 2014 (THOUSANDS OF EUROS)

	Notes	2015	2014
A- CASH FLOWS FROM OPERATING ACTIVITIES			
1. Loss for the year before tax		70,934	47,122
2. Adjustments to profit or loss		53,516	70,856
a) Depreciation and amortisation charge (+)	5 and 6	43,034	42,454
b) Impairment losses (+/-)		6,638	10,370
c) Changes in provisions (+/-)		8,782	13,205
d) Recognition of grants in profit or loss (-)	12	(1,689)	(1,125)
e) Gains/Losses on derecognition and disposal of non-current assets (+/-)		32	38
f) Gains/Losses on derecognition and disposal of financial instruments (+/-)		74	(32)
g) Finance income and Dividends (-)		(31,459)	(22,800)
h) Finance costs (+)	18.7	28,553	28,949
i) Exchange differences (+/-)	18.8	(899)	(203)
j) Changes in fair value of financial instruments (+/-)		54	-
k) Other income and expenses (+/-)		396	-
3. Changes in working capital		(6,015)	44,654
a) Inventories, trade and other receivables and other current assets (+/-)		27,039	(1,191)
b) Other current assets (+/-)		(251)	(37)
c) Trade and other payables (+/-)		(32,648)	45,923
d) Other current liabilities (+/-)		(155)	145
e) Other non-current assets and liabilities (+/-)	-	-	(186)
4. Other cash flows from operating activities		(22,742)	(24,582)
a) Interest paid (-)		(28,553)	(25,192)
b) Dividends received (+)		19,932	5,405
c) Interest received (+)		12,067	14,641
d) Income tax recovered (paid) (+/-)		(26,188)	(16,991)
e) Other amounts paid (received) (+/-)	-	-	(2,445)
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)		95,693	138,050
B) CASH FLOWS FROM INVESTING ACTIVITIES			
6. Payments due to investment (-)		(160,084)	(234,146)
a) Group companies and associates		(136,125)	(178,306)
b) Intangible Assets and Property, Plant and Equipment		(17,125)	(39,362)
c) Other financial assets		(6,834)	(16,478)
7. Proceeds from disposals (+)		18,387	29,815
a) Group companies and associates		13,959	8,050
b) Intangible Assets and Property, Plant and Equipment		372	5,889
c) Other financial assets		4,033	14,875
d) Other assets		23	1,001
8. Cash flows from investing activities (7-6)		(141,697)	(204,331)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
9. Amounts received and paid for equity instruments		545	235
a) Grants, donations and legacies received (+)		545	235
10. Amounts received and paid for financial debt instruments		61,783	87,003
a) Proceeds from issue		98,637	92,952
2. Borrowings from Group companies and associates (+)		97,926	90,254
3. Other borrowings (+)		711	2,697
b) Repayment of		(36,854)	(5,949)
1) Bank borrowings (-)	-	-	(50)
2) Borrowings from Group companies and associates (-)		(33,361)	(4,645)
3) Other payables (-)		(3,493)	(1,254)
11. Dividends and returns on other equity instruments paid		(30,450)	-
b) Dividends (-)		(30,450)	-
12. Cash flows from financing activities (+/-9+/-10-11)		31,878	87,238
D) EFFECT OF FOREIGN EXCHANGE RATE CHANGE		494	31
E) NET INCREASE IN CASH AND CASH EQUIVALENTS (+/-5+/-8+/-12+/-D)		(13,632)	20,988
Cash and cash equivalents at beginning of year		50,083	29,095
Cash and cash equivalents at end of year		36,451	50,083

The Notes 1 to 23 are an integral part of the Financial Statements for 2015.

NOTE 1 COMPANY ACTIVITIES

FCC Aqualia, S.A. (“the Company” or “ FCC Aqualia”) was incorporated in Spain in accordance with the Spanish Limited Liability Companies Law. It was incorporated in 1980 under the name of Seragua, S.A. In July 2002, its registered offices were transferred to Madrid and in July 2002, it was renamed as Aqualia Gestión Integral del Agua and on 2 April 2014, the resolution under which the company's registered name was changed to FCC Aqualia, S.A. was notarised. Its corporate address is registered in Madrid.

The corporate purpose of the Company is to perform, both in Spain and in any other country, the following activities:

- The provision and implementation of sanitation and cleaning services of all kinds for the treatment, recovery, disposal and purification of solid or liquid waste, drinking water for supply or industrial processes, urban or industrial wastewater and all kinds of works and auxiliary equipment relevant thereto.
- Manufacture, sale and purchase, assembly, supply, representation and distribution of machinery, vehicles and mechanical, electrical equipment and any major appliances or accessories that are necessary for the treatment and purification of waste and water, as well as the performance of all kinds civil works that are related to the aforementioned activities, exploiting and commercializing patents, utility models, trademarks and licences.
- 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 sale of treated, purified or drinking water or water of any other kind.
- The formulation, performance and advice from all kinds of reports, studies and projects, and the provision and execution of all types of services related to the activities described above.
- The performance of all types of acts of collaboration inherent to the collection management of any of the Public Authorities, which does not involve the exercise of authority or custody of public funds, awarded by such Authorities.
- Supply, transmission and distribution of any kind of combustible gases, as well as regasification, liquefaction and storage thereof. Completion, implementation and maintenance of all types of works, infrastructures and installations relevant to these activities.
- Implementation and maintenance of all types of civil works and buildings and facilities of any kind, both public and private, on its own behalf or for third parties, including the operation of sports facilities, swimming pools, sports centres and leisure and recreation centres, in general.
- Management of the complete water cycle; collection, transportation, treatment and distribution of water, technical, administrative and computer works for customer management, meter reading, billing, invoice collection management services, conservation and maintenance of water networks and sewerage systems, comprehensive conservation and maintenance of wastewater treatment plants, detection of network leaks, sanitation, disinfection and pest control in buildings, premises, gardens, sewerage networks, water networks and sewage treatment plants, maintenance and repair of electrical and electronic equipment and installations, maintenance and repair of plumbing facilities and equipment, water and gas pipes, processing and incineration of waste, sludge and municipal waste and cleaning services, in general.
- The performance of all types of activities related to the analysis and control of water and wastewater at the laboratories and facilities of the Company.

The Company may carry on all the aforementioned activities on its own, or through ownership interests held in other Spanish or foreign companies with the same or a similar company object. Such interests shall include the subscription, purchase or acquisition, by any lawful means, of securities that represent an interest in the share capital or profits of said companies, as well as any type of association between companies. All activities required by law to meet special requirements that are not met by the Company are excluded.

- a) The Temporary Joint Ventures in which FCC Aqualia participates perform the same activities and are

detailed below:

NAME	PARTICIPANTS	TAX AND LEGAL REGISTERED OFFICE	% OF OWNERSHIP	OPERATIONAL FUNDS
UTE Abastecimiento Villalón	FCC Aqualia, S.A. – FCC Construcción, SA	C/ Federico Salmón, 13. Madrid	80%	-
UTE Abastecimiento Zaragoza	FCC Aqualia, S.A. – Ingeniería de Instr. y Control, S.A.	C/ Federico Salmón, 13. Madrid	70%	4
UTE Agua Santo Domingo	FCC Aqualia, S.A. - Agua Energía y MSI SL	C/ San Pedro, 3. Nájera (La Rioja)	70%	-
UTE Aguas de Alcalá	FCC Aqualia, S.A. – Canal de Isabel II.	C/ Federico Salmón, 13. Madrid	50%	3
UTE Aguas del Doramás	FCC Aqualia, S.A. – Eicoh Explot. S.L. – E. Maspalomas, S.A.	C/ Bentago Semidán, 2 Gáldar (Gran Canaria)	50%	3
UTE Aguas Tomelloso	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	80%	5
UTE Aigües els Poblets	FCC Aqualia, S.A. –Hidrosal, S.A.	C/ Federico Salmón, 13. Madrid	95%	-
UTE aqualia Infilco	FCC Aqualia, S.A. – Acciona Agua, S.A.	C/ Rrez. de Arellano, 15 Madrid.	50%	3
UTE aqualia Inima (Depuración poniente almeriense)	FCC Aqualia, S.A. – Inima, S.A.	C/ Rrez. de Arellano, 15 Madrid	75%	7
UTE aqualia Intagua	FCC Aqualia, S.A. – Intagua.	Pque. Nicolás Salmerón, 36. Almería.	50%	1
UTE aqualia Riofabar Piloña	FCC Aqualia, S.A.	C/ Muñoz Degrain, 4-6. Oviedo	100%	6
UTE Alkhorayef	FCC Aqualia, S.A. - Alkhorayef	Al Riyadh C Al Yarmook C. Riyadh. Saudi Arabia.	51%	-
UTE Camí Sa Vorera	FCC Aqualia, S.A. - FCC, S.A.	C/ Berlín, 38-48. Barcelona	80%	8
UTE Cangas	FCC Aqualia, S.A. - FCC, S.A.	C/ Cantabria, s/n Vigo (Pontevedra)	50%	3
UTE Centro Deportivo Granadilla de Abona	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	80%	-
UTE Consorcio Louro	FCC Aqualia, S.A. - Cavis Global, S.L.	C/Puerto Rico, 18-20 Of.7 Vigo (Pontevedra)	70%	4
UTE Control Calidad Agua Huesca	FCC Aqualia, S.A. - Sociedad Española de Aguas Filtradas, S.A.	C/ Federico Salmón, 13. Madrid	80%	-
UTE Costa Tropical	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nueva, 4. Motril (Granada)	51%	-
Ute Costa Tropical II	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nueva, 4. Motril (Granada)	51%	-
Ute Costa Tropical III	FCC Aqualia, S.A. - Acciona Agua, S.A.	C/ Nueva, 4. Motril (Granada)	51%	-
UTE Denia	FCC Aqualia, S.A.	C/ José Luis Goyoaga, 36 Erandio (Vizcaya)	100%	6
UTE Depósito Hervencia	FCC Aqualia, S.A. – aqualia infraestructuras, S.A.	C/ Federico Salmón, 13. Madrid	80%	-
UTE EDAM Bajo Almanzora	FCC Aqualia, S.A. – Aqualia Infraestructuras, S.A. – FCC Construcción, S.A. - BEFESA	C/ Ulises, 18. Madrid	10%	1
UTE EDAM Santa Eulalia	FCC Aqualia, S.A. – aqualia infraestructuras, S.A.	C/ Gral. Ramírez de Madrid, 8. Madrid.	50%	1
UTE EDAR A Guarda	FCC Aqualia, S.A. – Depuración, Mantenimiento e Instalaciones, S.L.	C/Puerto Rico, 18-20 Of.7 Vigo (Pontevedra)	50%	-
UTE EDAR Albuñol	FCC Aqualia, S.A. - FCC Construcción, S.A.	C/Hilera, 10. Albuñol. Granada.	50%	3
UTE EDAR Almansa	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	95%	6
UTE EDAR Chipiona	FCC Aqualia, S.A. – S.E.Aguas Filradas, S.A.	P.I. Ronda Oeste – nave 24 Jerez de la Frontera (Cádiz)	20%	-
UTE EDAR Cuerva	FCC Aqualia, S.A. - FCC, S.A.	C/ Cardenal Marcelo Spínola, 42 Madrid	95%	6
UTE EDAR La Ranilla	FCC Aqualia, S.A. – aqualia infraestructuras - FCC, S.A. – FCC Construcción, S.A.	C/Balmes, 36. Barcelona	25%	3
UTE EDAR Reinosa	FCC Aqualia, S.A. – FCC, S.A.	C/ Federico Salmón, 13. Madrid	95%	-
UTE EDAR San Vicente de la Barquera	FCC Aqualia, S.A. – FCC, S.A.	C/ Federico Salmón, 13. Madrid	95%	-
UTE EDAR Valdepeñas	FCC Aqualia, S.A. – aqualia infraestructuras – FCC Construcción, S.A.	C/ Ulises, 18. Madrid	15%	1
UTE ETAPS Este	FCC Aqualia, S.A. - Irzagat Watin, S.A.	Pº Campo Volantín, 24-5-3 Bilbao	65%	4
UTE Explotación ITAM Tordera	FCC Aqualia, S.A. – Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	50%	3
UTE Explotación Piscinas Vigo	FCC Aqualia, S.A. – Idónea CYS, S.L.	C/ Puerto Rico, 18-20 Of.7 Vigo (Pontevedra)	50%	3
UTE Explotación Presas del Segura	FCC Aqualia, S.A. – Explotación y control	C/ Federico Salmón, 13. Madrid	60%	4
UTE FS Badajoz	FCC Aqualia, S.A. – FS Colaboración y Asistencia, S.A.	C/ Donoso Cortés, 6. Badajoz	40%	2
UTE Gestión Cangas	FCC Aqualia, S.A. - Cavis Global, S.L.	C/ Puerto Rico, 18-20-of.7 Vigo (Pontevedra)	70%	4
UTE Gestión Piscinas Vigo	FCC Aqualia, S.A. - Idonea Cys, S.L.	C/ Puerto Rico, 18-20-of.7 Vigo (Pontevedra)	50%	3
UTE Groupement Solidaire Jerba	FCC Aqualia, S.A. – Aqualia Infraestructuras – Inima	C/ Federico Salmón, 13. Madrid	20%	1
UTE Guadiana	FCC Aqualia, S.A. - FCC, S.A.	C/ Cardenal Marcelo Spínola, 42 Madrid	80%	-
UTE HIDC-HIDR-INV. do centr. ACE	FCC Aqualia, S.A. - Lena Ambiente-Gestao de Residuos, S.A.	Urb. Dos Plátanos-lote 2D-loja B Fregueria de Alferrarede - Concelho de Abrantes. Portugal.	50%	-
UTE Ibiza	FCC Aqualia, S.A. – Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	50%	-
UTE IDAM Sant Antoni	FCC Aqualia, S.A. – Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	50%	5
UTE IDAM Sant Antoni II	FCC Aqualia, S.A. – Acciona Agua, S.A.	C/ Berlín, 38-48. Barcelona	50%	5
UTE La Sagra	FCC Aqualia, S.A.	C/ Ulises, 18. Madrid	100%	6
UTE Louro	FCC Aqualia, S.A. - Movex Vial, S.L.	C/ Puerto Rico, 18-20-of.7	65%	4

NAME	PARTICIPANTS	TAX AND LEGAL REGISTERED OFFICE	% OF OWNERSHIP	OPERATIONAL FUNDS
		Vigo (Pontevedra)		
UTE Mancomunidad de Órbigo	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	80%	-
UTE Mantenimiento Presas del Segura	FCC Aqualia, S.A. - Ing. de Instrumentación y Control	C/ Federico Salmón, 13. Madrid	80%	5
UTE Mérida	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	90%	-
UTE Nigrán	FCC Aqualia, S.A. - FCC, S.A.	C/ Doctor Esquerdo, 59. Madrid	90%	5
UTE Obras de Alcalá	FCC Aqualia, S.A. - Sufi, S.A.	C/ Federico Salmón, 13. Madrid	55%	-
UTE Oviedo	FCC Aqualia, S.A. - Soc.Española de Aguas Filtradas, S.A.	Plaza América, 10. Oviedo	95%	6
UTE OYM Cap Djinet	FCC Aqualia, S.A. - Inima	C/ Ulises, 18. Madrid	50%	3
UTE OYM Mostaganem	FCC Aqualia, S.A. - Inima	C/ Gobelas, 35-37. Madrid	50%	3
UTE Potabilizadora Els Poblets	FCC Aqualia, S.A. - Hidrosal	C/Isaac Peral, 12. Denia (Alicante)	70%	-
UTE Redes CABB	FCC Aqualia, S.A. - Iragaz Watin, S.A.	Pº Campo Volantín, 24-5-3 Bilbao	65%	4
UTE Redondela	FCC Aqualia, S.A. - FCC, S.A.	C/ Doctor Esquerdo, 59. Madrid	90%	5
UTE Regantes Río Adaja	FCC Aqualia, S.A. - Conservación y Sistemas, S.A.	Pza. de la Catedral, 11. Avila	80%	-
UTE Salamanca	FCC Aqualia, S.A. - FCC, S.A.	C/ Ancha, 8. Salamanca	95%	6
UTE Saneamiento Canet y L'Almardà	FCC Aqualia, S.A. - aqualia infraestructuras, s.a. - FCC Co	Avda. Blasco Ibáñez, 25. Valencia	25%	1
UTE Santomera	FCC Aqualia, S.A. - FCC, S.A.	C/ Doctor Esquerdo, 59. Madrid	40%	2
UTE Tablada	FCC Aqualia, S.A. - FCC, S.A.	Avda. Kansas City, 9. Seville	80%	5
UTE Ussa A	FCC Aqualia, S.A. - Iragaz Watin, S.A.	Pº Campo Volantín, 24-5-3 Bilbao	65%	4
UTE Vigo	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	50%	14,490
UTE Vigo Piscinas	FCC Aqualia, S.A. - Idonea Cys, S.L.	C/ Puerto Rico, 18-20-of.7 Vigo (Pontevedra)	50%	-
UTE Villalón de Campos	FCC Aqualia, S.A. - FCC, S.A.	C/ Federico Salmón, 13. Madrid	80%	-

b) The Company also participates in Economic Interest Groups (EIG), whose participation details we reference below:

- A.I.E. ITAM Delta de la Tordera. Its purpose is the construction and operation of a desalination plant in Gerona. Relevant details:

Corporate address: Travesía de Gracia, 58. Barcelona.

Participants:	FCC Aqualia, S.A.	49.9 %
	FCC Construcción, S.A.	0.1%
	Aqualia infraestructuras, S.A.	0.1%
	Acciona Agua, S.A.	49.9 %

- A.I.E. Gestión de Servicios Hidráulicos de Ciudad Real. It has a stake in the share capital of the company that supplies drinking water to several municipalities in the province of Ciudad Real. Relevant details:

Corporate address: C/ Ramirez de Arellano, 15. Madrid.

Participants:	FCC Aqualia, S.A.	75.00 %
	Acciona Agua, S.A.	25.00 %

- A.I.E. Costa Tropical de Granada. Its main activity is the construction and operation of facilities for the treatment and purification of drinking water, including supplying it to the municipalities that form the Association of Municipalities of the Tropical Coast of Granada.

Corporate address: Plaza de la Aurora, s/n. Motril (Granada).

Participants:	FCC Aqualia, S.A.	51.00 %
	Acciona Agua, S.A.	49.00 %

- A.I.E. Aquagest Medioambiente, S.A. – Aqualia (formerly A.I.E. Sorea – SEARSA – Aqualia). Their activity involves participation in the shareholding of the joint venture of Costa Brava, S.A.

Corporate address: Condado de Jaruco, s/n. Lloret de Mar (Gerona)

Participants:	Aquagest Medioambiente, S.A.	62.50 %
	FCC Aqualia, S.A.	37.50 %

- A.I.E. Costa Brava Abastament Aqualia – Sorea. Incorporated on 14 October 2009, it holds a stake in the share capital of a company that deals with the management of wholesale water services in the territorial scope of the Costa Brava Consortium.

Corporate address: C/ Sector Carlit, s/n. Castelló d'Empuries (Gerona)

Participants:	FCC Aqualia, S.A.	50.00 %
	Sorea, S.A.	50.00 %

- c) Likewise, FCC Aqualia has ownership interests in companies with similar corporate purposes and business activities. The details of the group companies and associates is presented in Note 7.

The Company voluntarily prepares consolidated financial statements and management reports as the parent of all the subsidiaries that are detailed in this Report, in accordance with the provisions of Article 42.6 of the Commercial Code. It does so despite being exempted from the obligation to do so under applicable law, Article 43 of the Commercial Code and 7 of the Regulations on the Preparation of Consolidated Financial Statements of Royal Decree 1159/2010, of 17 September, as it is dependent on the FCC Group whose parent company is Fomento de Construcciones y Contratas, S.A. with registered office in c/ Balmes, 36, Barcelona 08007, Spain, and whose shares form part of the selective index Ibex 35 and are listed for trading on the four Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) through the stock Exchange interconnection system (Continuous Market). The consolidated financial statements and management report of Fomento de Construcciones y Contratas, S.A. are deposited in the Companies Registry of Barcelona.

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as established by Regulation (EC) No 1606/2002 of the European Parliament and of the Council, of 19 July 2002, as well as by all the provisions and interpretations implementing it. The consolidated financial statements of the Company for 2015, which were formally prepared by the directors, will also be submitted for approval by the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes.

The Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union show an asset volume of EUR 2,220,596 thousand (EUR 2,219,948 thousand at 31 December 2014) and shareholders' equity attributable to shareholders of the Company in the amount of EUR 736,921 thousand (EUR 727,258 thousand at 31 December 2014). In addition, the consolidated sales and attributable profit amounted respectively to EUR 995,696 and EUR 67,133 thousand (EUR 909,976 and EUR 62,529 thousand at 31 December 2014).

NOTE 2 _____ BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1. Regulatory financial reporting framework applicable to the Company

These financial statements were formally prepared by the directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

- The Spanish Commercial Code and all other Spanish corporate law.
- The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and its industry adaptations, in particular the rules adapting the Spanish National Chart of Accounts to public infrastructure concession operators approved by Order EHA/3362/2010.
- The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.
- All other applicable Spanish accounting legislation.

2.2. Fair presentation.

The financial statements, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for the current year.

These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the sole shareholder, and it is considered that they will be approved without any changes. The 2014 financial statements were approved by the shareholders at the Annual General Meeting held on 8 May 2015.

The balance sheets, income statements and cash flow statements of the temporary joint ventures in which the Company has a stake have been incorporated by proportional consolidation based on the percentage holding in each.

The consolidation of the temporary joint ventures was performed after having applied the timing and valuation adjustments, the necessary reconciliations and reclassifications, and the appropriate deletions of both the assets and liabilities balances and the reciprocal income and expenses. Where they are significant, any material amounts corresponding thereto are disclosed in the notes herein.

In addition, the Company includes in its financial statements the result of the Economic Interest Groupings in which it participates, under the sub-account "Income from equity investments" under the heading "Net turnover" on the accompanying income statement (see note 18.1).

2.3. Non-obligatory accounting principles applied

No non-obligatory accounting principles were applied. Also, the directors formally prepared these financial statements taking into account all the obligatory accounting principles and standards with a significant effect hereon, i.e., all obligatory accounting policies were applied.

2.4. Key issues in relation to measurement

In preparing the accompanying financial statements estimates were made by the Company's directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. Basically, these estimates refer to:

- The assessment of possible impairment losses on certain assets (see Notes 5, 6, 7 and 8).
- The useful life of the tangible and intangible assets (see Notes 5 and 6).
- The calculation of certain provisions (see Note 13).
- The recognition of deferred tax assets (see Note 15).
- The estimate of the exchange rate, interest rate, solvency and liquidity risks (see Note 22).

- 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 (see Note 15).
- The degree of progress of construction activities. (see Note 4.10).
- The fair value of certain financial assets, including group companies (see Note 4.5.1)

Although these estimates were made on the basis of the best information available at the end of the 2015 reporting period, events that take place in the future might make it necessary to change these estimates in coming years. Changes in accounting estimates would be applied prospectively.

2.5. Comparative information

The financial statements present, for comparison purposes, in addition to the figures for 2015 for each item in the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements, the figures for 2014, which formed part of the financial statements for said year.

2.6. Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

2.7. Correction of errors

In 2015, there were no significant changes in rules and accounting policies with respect to those applied in 2014.

The only change in accounting policy worthy of note is broken down in Note 18.14 relating to the classification as a reduction of the net amount of the turnover, at 31 December 2015, of certain amounts that were classified as taxes at 31 December 2014. The Company has not restated the consolidated income statement for the year 2014 as indicated in the NRV 22 "Changes in accounting policies, estimates and errors", considering that the impact of this restatement would not be significant for the said year.

In preparing these financial statements no significant errors were detected that would have made it necessary to restate the amounts included in the year 2014.

2.8. Regulatory changes

Act 22/2015, of 20 July, on Auditing, has made certain amendments to the Commercial Code (Article 39.4) affecting intangible assets and goodwill. The new wording states that intangible assets are assets with a finite useful life and that when the useful life of these assets cannot be reliably estimated, they will be amortised over a period of ten years, unless another law or regulation establishes a different period. Regarding goodwill, it is specified that, unless the contrary is demonstrated, the useful life is presumed to be ten years. Such modifications shall apply for financial statements that relate to the periods beginning from 1 January 2016.

Additionally, in December 2015, the ICAC published the draft Royal Decree amending the General Accounting Plan, which implements the changes of an accounting nature made to the aforementioned Commercial Code, although on the date of preparation of these financial statements, the said Royal Decree had not been approved.

The Company is currently analysing the future impact of these changes, although since the as yet unapproved Royal Decree will include the rules governing the transition, it is not possible to provide a reliable estimate of its effects.

NOTE 3. DISTRIBUTION OF PROFIT

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

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

In November 2015, the Board of Directors of the Company resolved to distribute an interim dividend totalling EUR 30,450 thousand. This agreement and the corresponding liquidity statement submitted by the directors of the Company, are reflected in Appendix I of this report.

NOTE 4 ACCOUNTING POLICIES AND MEASUREMENT BASES

The principal accounting policies and measurement bases applied by the Company in preparing the financial statements for 2015, in accordance with the Spanish National Chart of Accounts, were as follows:

4.1. Intangible assets

As a general rule, intangible assets are recognised initially at acquisition or production cost. They are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

During fiscal year 2015, the Company has not made any impairment provision for any concessions in terms of updating the expected revenue for the same.

For the rest of the intangible assets, the directors of the Company consider that the recoverable value of the assets is greater than their book value, and therefore no impairment losses have been recorded.

a) Administrative concessions

The Company 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.

Amortisation is performed on a straight-line basis over the period of each concession, with the latter having a duration of between 5 and 50 years.

Concession arrangements are arrangements between a public sector concession grantor and the Company to provide public services consisting of 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.

The aforementioned concession contracts are recorded according to the provisions of Order EHA/3362/2010, of 23 December, laying down the rules adapting the general accounting plan to public infrastructure concessionaires.

b) Intangible assets, concession agreements

This is the combination of infrastructures built, improved or acquired by the Company in its capacity as concessionaire, to provide a public service linked to a concession contract. The recognition of an intangible asset occurs in cases in which the Company is entitled to charge a fee to users of the public service, depending on the use made of that service, with the concessionaire assuming, therefore, demand risk. The fact that the awarding body controls the physical use that should be given to the infrastructure, the way in which the service must be provided and the price thereof, means that such infrastructure is recorded as an intangible asset and not as a property, plant and equipment.

Its initial measurement is performed at the fair value of the service, equivalent to the cost of acquisition or production plus the margin for the construction of the infrastructure, with such value being recovered during the life of the contract through the right to charge the users of the service the appropriate fees depending on the degree of utilization thereof.

Also, 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 the income statement during the term of the contract. In turn, provisions in response to replacement and repair activities regarding the infrastructures will be systematically taken to profit/loss as the obligation arises.

For those elements under this heading requiring construction periods longer than one year, the Company capitalises the financial expenses that accrued before the start-up of operations of the asset, which have been charged by the supplier or relate to loans or other external financing, whether specific or generic, directly attributable to the acquisition or manufacture thereof.

They are amortised over the concession period on a linear basis, with no significant differences between the amount calculated in this way and that which would be obtained according to the cubic meters of water produced in the contracts which the Company operates.

At year end we have adjusted the indications of impairment identified in certain intangible assets included under this heading, as the Directors estimate that for the remaining assets of the Company the recoverable value of the assets is greater than their book value.

c) Deferred finance costs.

From the date of start-up, the financial expenses for the year are expensed in proportion to the revenue provided under the Company's Economic and Financial Plan.

In relation to the projected revenue, the proportion that the plant's revenue represents for each year with respect to the total is determined. This proportion is applied to all the borrowing costs projected for the concession term in order to determine the amount of the costs to recognise in each reporting period as period borrowing costs. If the actual revenue for the year exceeds the projected revenue, the proportion will be calculated as the difference between actual revenue and the aforementioned total estimated revenue.

The difference between total borrowing costs for the year and the borrowing costs recognised in profit or loss are capitalised as deferred finance costs.

d) Goodwill.

In this section, the Company includes the goodwill arising in 2002 from the merger that the Company has performed with several of its subsidiaries.

Goodwill is not amortised, but rather its impairment is tested on an annual basis or earlier, if there are indications of a potential impairment of the asset. For this purpose, the goodwill resulting from the business combination discussed previously is assigned to the Company as a whole as cash-generating unit, which is expected will benefit from the synergies of the combination. After the initial recognition, the goodwill is valued at cost less any accumulated impairment losses.

Pursuant to the terms of article 273.4 of the Spanish Limited Liability Companies Law, the Company is allocating a restricted reserve fund for the goodwill amount for a period of 20 years, the balance of which at 31 December 2015 is EUR 28,497 thousand (EUR 24,358 thousand at 31 December 2014) (see Note 11).

Act 22/2015, of 20 July, on Auditing, has made certain amendments to the Commercial Code (Article 39.4) affecting intangible assets and goodwill. The new wording states that intangible assets are assets with a finite useful life and that when the useful life of these assets cannot be reliably estimated, they will be amortised over a period of ten years, unless another law or regulation establishes a different period. Regarding goodwill, it is specified that, unless the contrary is demonstrated, the useful life is presumed to be ten years. Such modifications shall apply for financial statements that relate to the periods beginning from 1 January 2016.

Additionally, in December 2015, the ICAC published the draft Royal Decree amending the General Accounting Plan, which implements the changes of an accounting nature made to the aforementioned Commercial Code, although on the date of preparation of these financial statements, the said Royal Decree has not been approved.

The Company is currently analysing the future impact of these changes, although since the Royal Decree has not approved the rules governing the transition, it is not possible to provide a reliable estimate of its effects.

e) Computer software.

Software applications includes the costs incurred in the acquisition of computer programs, which are amortised over a maximum period of five years. Maintenance costs are recognised with a charge to the income statement for the year in which they are incurred.

f) Research and development expenditure:

Its initial measurement is performed at acquisition cost or production cost when the Company has proceeded to conduct research and development. They are recorded by project, individually, and their activation occurs only when there is proof of technical success and economic profitability of the project.

They are amortised linearly over the life of the project and in any case within a maximum period of 5 years.

4.2. Property, plant and equipment

Property, plant and equipment was recognised at acquisition or production cost when the Company performs in-house work on non-current assets and were subsequently reduced by the related accumulated depreciation and by any impairment losses recognised. At year end, there is no indication that the Company's property, plant and equipment assets have suffered an impairment loss. The directors of the Company consider that the recoverable amount of the assets is higher than their carrying amount and, accordingly, no provision has been made for impairment losses.

Expenses for preservation and maintenance of the property, plant and equipment items are stated in the 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 Company'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 Company'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

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

The Company evaluates whether there are indications of possible impairment in the value of non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

Impairment losses are taken to the income statement under "Impairment losses and gains on disposals of fixed assets".

At the end of each reporting period the Company assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses relating to goodwill are not reversible. The impairment losses for the remaining assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

A reversal of an impairment loss is recognised in profit or loss. However, the increase in the carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

After an impairment loss or reversal of an impairment loss is recognised, the depreciation or amortisation charge for the asset is adjusted in future periods based on its new carrying amount.

However, if the specific circumstances of the assets indicate an irreversible loss, this is recognised directly in losses on the disposal of fixed assets in the income statement.

4.4. 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. At 31 December 2015, the Company has signed two contracts of this kind, and the Directors do not believe that their impact on the accompanying financial statements of the Company shall be significant.

Operating leases

Expenses resulting from operating leases are charged to income in the year in which they are incurred.

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.

4.5. Financial Instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the nature of the contractual arrangement and the definitions of a financial asset, financial liability or equity instrument.

4.5.1 Financial assets

Classification

The financial assets held by the Company are classified in the following categories:

- **Loans and receivables:** Financial assets derived from the sale of goods or the rendering of services relative to the Company's 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.
- **Equity investments in Group companies, associates and jointly controlled entities:** Group companies are deemed to be those related to the Company as a result of a relationship of control and associates are companies over which the Company exercises significant influence. Jointly controlled entities include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other venturers.
- **Held-for-trading financial assets:** assets acquired with the intention of selling them in the near term and assets that form part of a portfolio for which there is evidence of a recent actual pattern of short-term profit-taking.

Initial measurement

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

In the case of equity investments in group companies affording control over the subsidiary, since 1 January 2010 the fees paid to legal advisers and other professionals relating to the acquisition of the investment have been recognised directly in profit or loss.

In concession contracts, the consideration received by the Company will result in the recognition of a financial asset when it has an unconditional right to collect a certain sum in exchange for the services provided, that is, when the Company does not assume the demand risk and therefore its income does not depend on the use made by users of the public service.

Subsequent measurement

- **Loans, receivables and held-to-maturity investments** are measured at amortised cost.
- **Investments in Group companies and associates and interests in jointly controlled entities** are measured at cost net, where appropriate, of any accumulated impairment losses. The impairment loss is calculated as the difference between the carrying amount of the investment and its recoverable amount, recoverable amount being the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the

value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement, including any goodwill.

- Held-for-trading financial assets are measured at fair value and the gains and losses arising from changes in fair value are recognised in the income statement.
- 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 income statement.
- In particular, regarding the valuation adjustments relating to trade and other receivables, the Company proceeds to calculate the corresponding value 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.

4.5.2. Derecognition of financial assets.

The Company derecognises a financial asset when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Company does not retain any credit or interest rate risk or sales of financial assets under an agreement to repurchase them at fair value.

However, the Company does not derecognise financial assets and recognises a financial liability for an amount equal to the consideration received in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of note and bill discounting, with-recourse factoring, sales of financial assets subject to an agreement to buy them back at a fixed price or at the selling price plus a lender's return or any other kind of guarantee that absorbs substantially all the expected losses.

4.5.3. Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and also those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. Subsequently, these liabilities are measured at amortised cost.

The Company derecognises financial liabilities when the obligations giving rise to them ceased to exist.

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

4.7. Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the income statement in the year in which they arise.

Similarly, financial instruments in the equity of group companies in foreign currencies, whose purchase was financed with loans in the same currency, have been translated at the closing exchange rate.

4.8. Income tax

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

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. These tax assessments take into account the permanent differences between the taxable income and book income. 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.

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 Company will have future tax benefits against which to offset them.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

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 statement of financial position are evaluated and recognised to the degree that their recovery with future fiscal gains becomes probable.

Deferred tax assets and deferred tax liabilities are recognised in the balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

The Company is part of consolidated tax group 18/89 headed by FCC and pays tax in relation to the

Corporate Income Tax according to the Special Tax Consolidation System provided for in Article 64 et seq. of the Consolidated Text of Legislative Royal Decree 4/2004, of 5 March.

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 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 group, which have been offset by other companies in the consolidated 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 consolidated 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 of the Group recognises the total consolidated income tax payable (or refundable) with a charge (credit) to accounts receivable from (payable to) Group companies and associates.
- The accounts payable or receivable relating to the subsidiaries are recognised with a credit or charge, respectively, to accounts payable to and receivable from Group companies and associates.

Furthermore, at year-end December 2014 and 2015, the company took into account the change in the Income Tax rate introduced under Corporate Income Tax Act 27/2014, which took effect on 1 January 2015. According to this law, the tax rate dropped from the current 30% at the time of the approval of the Act to 28 % in 2015 and to 25 % starting in 2016 and therefore, the deferred tax assets and liabilities at 31 December 2014 and 2015 were measured using the new rates.

4.9. Provisions and contingencies

When preparing the financial statements the Company's Directors made a distinction between:

- 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.

Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the Company'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.

4.10. Income and expense recognition

Revenue from sales is recognised when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer, and the Parent retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.

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 income statement.

Revenue mainly comprises the following 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 each City Council and published in the Official Journals of the relevant province.

- Sales of works and services. This is the amount corresponding to construction work and activities that the Company 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 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 statement of financial position, is stated as "Production executed and pending certification" under "Customer receivables – sales and service provision".

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

4.11. Termination benefits

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be quantified reasonably are recognised as an expense in the year in which the decision to terminate the employment relationship is taken. The accompanying financial statements do not include any provision in this connection, since no situations of this nature are expected to arise.

4.12. Grants

The Company applies the following criteria for accounting of grants received:

a) Non-repayable grants:

Are recognised in equity and are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation taken on the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss, except for grants received from shareholders or owners, which are recognised directly in equity and do not give rise to the recognition of any income.

b) Grants related to income:

Grants related to income are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If grants are

received to finance specific expenses, they are allocated to income as the related expenses are incurred.

4.13. Joint ventures

The Company accounts for its interests in unincorporated temporary joint ventures (UTEs) by recognising in its balance sheet the share corresponding to it, in proportion to its ownership interest, of the jointly controlled assets and of the jointly incurred liabilities. The Company's share of income earned and expenses incurred through the contract carried out through the temporary joint venture are recognised on the income statement. The Company's proportional share of the temporary joint venture items is recognised in the statement of changes in equity and in the statement of cash flows.

The figures contributed by the UTEs to the balance sheet and the income statement of the Company are reflected in each of the notes that make up this report.

4.14. Related party transactions

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

In mergers and spin-offs, items acquired are generally measured at the amount at which they would be recognised in the financial statements after the transaction. Any differences are recognised in reserves.

4.15. Business activities with an effect on the environment

The Company carries out actions the main objective of which is to prevent, reduce or repair the damage that might be caused to the environment as a result of its business operations.

Environmental costs are recorded as operating expenses in the year accrued.

Those elements that can be incorporated into the assets of the Company, in order to be used permanently in its activity and whose main purpose is to minimise the environmental impact and protect and improve the environment, are recorded as property, plant and equipment.

Furthermore, the Company records provisions for environmental actions when it is aware of any expenses incurred in the year or previously, clearly specified in terms of their nature, but their amount or date is not determined. Such provisions are made based on the best estimate of the expenditure required to meet the obligation, taking into account the financial impact, should it be significant.

4.16. Current/Non-current classification

The Company classifies assets and liabilities as current and non-current. In this connection, current assets and liabilities are those that meet the following conditions:

- The Group classifies an asset as current when it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle; it holds the asset primarily for the purpose of trading; it expects to realise the asset within twelve months after the reporting period; or the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- The Group classifies a liability as current when it expects to settle the liability in its normal operating cycle; it holds the liability primarily for the purpose of trading; the liability is due to be settled within twelve months after the reporting period; or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

4.17. Consolidated statement of cash flows-

The following terms are used in the statement of cash flows:

- Cash flows: inflows and outflows of cash and cash equivalents.
- Cash flows from operating activities: payments and collections of the typical activities of the company and other activities that cannot be classified as investment or financing.
- Cash flows from investing activities: payments and collections originating from acquisitions and disposals of non-current assets.
- Cash flows from financing activities: payments and collections originating from the placement and settlement of financial liabilities, equity instruments or dividends.

NOTE 5 INTANGIBLE ASSETS

5.1. Change

a) The amounts and variations experienced by intangible assets during the year 2015 were as follows:

INTANGIBLE ASSETS					
<i>(Amounts in thousands of euros)</i>					
<i>Variation between 31 December 2014 and 2015</i>					
	BALANCE	(+)	(-)	(+/-)	BALANCE
	31/12/2014	ADDITIONS	REMOVALS	TRANSFERS	31/12/2015
Research and development expenditure:	562	168	-	-	730
Administrative concessions	531,915	3,816	(2)	-	535,729
Goodwill	82,763	-	-	-	82,763
Computer software	1,052	79	(5)	-	1,126
Other intangible assets	11	270	-	-	281
Advances under concession agreement	2,228	1,534	(2)	(3,423)	337
Service concession arrangements, capitalised borrowing costs	15,803	335	(946)	-	15,192
Concession arrangement, regulated asset:	414,129	7,446	(394)	3,423	424,604
TOTAL COST	1,048,463	13,648	(1,349)	-	1,060,762
Research and development expenditure:	(376)	(88)	-	-	(464)
Administrative concessions	(211,051)	(20,739)	2	-	(231,788)
Computer software	(1,020)	(15)	4	-	(1,031)
Concession arrangement, regulated asset:	(170,520)	(17,352)	196	-	(187,676)
TOTAL ACCUMULATED AMORTISATION	(382,967)	(38,194)	202	-	(420,959)
Administrative concessions	(10,013)	(2,168)	511	-	(11,670)
Concession arrangement, regulated asset:	(139)	-	4	-	(135)
TOTAL IMPAIRMENT LOSSES	(10,152)	(2,168)	515	-	(11,805)
TOTAL, NET	655,344	(26,714)	(632)	-	627,998

We explain below the variation for each of the items which make up the heading:

- Research and development expenses.

Under this heading, the Company has capitalised the costs incurred in R&D in four projects:

- ALL-GAS project. This project is part of the “Algae to Biofuel” initiative under Framework Programme 7 of the European Union. It began in May 2011 and is undertaken at the wastewater treatment plant of Chiclana (Cádiz), the Company being the leader of a consortium of European companies that conducts studies to harness wastewater in the cultivation of microalgae and its subsequent conversion to energy products. The capitalised figure amounted to EUR 430 thousand of cost and EUR 164 thousand of accumulated amortization at 31 December 2015 (EUR 261 and 107 thousand, respectively, at 31 December 2014).

- The ITACA Project on Research into Treatment Technologies, Reuse and Control for the sustainability of water purification plants. This project is conducted in collaboration with the University of Alcalá de Henares (Madrid). The capitalised figure amounted to EUR 242 thousand of cost and EUR 242 thousand of accumulated amortization at 31 December 2015 (EUR 242 and 242 thousand, respectively, at 31 December 2014).

- The INNPRONTA-IISIS Project on Energy Improvements of Resources and Research, equipment and systems for the complete water cycle. The capitalised figure amounted to EUR 29 thousand of cost and EUR 29 thousand of accumulated amortization at 31 December 2015 (EUR 29 and 10 thousand, respectively, at 31 December 2014).

- The INNTERCONECTA SMARTIC-Extremadura project for the development of a “Water Monitoring System in Real Time with Intelligent Technology”. The capitalised figure amounted to EUR 30 thousand of cost and EUR 30 thousand of accumulated amortization at 31 December 2015 (EUR 30 and 17 thousand, respectively, at 31 December 2014).

- Administrative concessions

In 2015, the Company recognised a total of EUR 3,816 thousand corresponding to the activities developed in Spain, mainly under the following contracts:

- 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.

- San Juan del Puerto (Huelva) for an amount of EUR 596 thousand disbursed in 2015, in addition to the EUR 1,442 thousand disbursed in 2014 by the Company for the Management of the public service of drinking water supply and sewerage in this municipality for a period of 25 years.

- Cangas de Morrazo (Pontevedra) for an amount of EUR 583 thousand for the management of the complete water cycle in the said municipality for a period of 25 years in a UTE, with a 70% stake together with a partner external to the FCC group which holds the remaining 30%. Up to the date of this award, the water service of this municipality was provided by another UTE in which FCC Aqualia also participated together with FCC, S.A.

- Cortegana (Huelva), for an amount of EUR 500 thousand in the form of an advance variable fee in the complete water cycle contract provided by the Company in this municipality for a period of 25 years.

- Intangible assets, concession agreement

Additions in 2015 amounted to EUR 7,446 thousand, the most significant having arisen in the following contracts:

- 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.

- Advances under concession agreement

The additions in 2015 amounted to EUR 1,534 thousand, the following being the main ones:

- Puente Genil (Córdoba) for an amount of EUR 1,076 thousand for the expansion of one of the drinking water tanks and other actions in the network of the said municipality.
- Navalcán (Toledo) for an amount of EUR 270 thousand for the works related to the renovation and sectorisation of the supply network in the municipality.

- Impairment.

During the year, the Company made provisions for impairment amounting to EUR 2,168 million, corresponding to the concession of Llanera (Asturias) as a result of the analysis of signs of impairment conducted by the Managers at year-end 2015 (see Note 18.13).

The decrease in impairment made in prior years is explained by the depreciation in the year in view of deteriorating concessions in previous years but in which the Company continues to provide service.

b) The amounts and variations experienced by intangible assets during the year 2014 were as follows:

INTANGIBLE ASSETS					
<i>(Amounts in thousands of euros)</i>					
<i>Variation between 31 December 2013 and 2014</i>					
	BALANCE	(+)	(-)	(+/-)	BALANCE
	31/12/2013	ADDITIONS	REMOVALS	TRANSFERS	31/12/2014
Research and development expenditure:	419	143	-	-	562
Administrative concessions	503,569	27,826	(2,962)	3,482	531,915
Goodwill	82,763	-	-	-	82,763
Computer software	1,047	6	(1)	-	1,052
Other intangible assets	11	-	-	-	11
Advances under concession agreement	6,204	7,050	(19)	(11,007)	2,228
Service concession arrangements, capitalised borrowing costs	16,345	678	(1,220)	-	15,803
Concession arrangement, regulated asset:	393,327	15,229	(1,952)	7,525	414,129
TOTAL COST	1,003,685	50,932	(6,154)	-	1,048,463
Research and development expenditure:	(81)	(295)	-	-	(376)
Administrative concessions	(193,150)	(20,798)	2,897	-	(211,051)
Computer software	(999)	(23)	2	-	(1,020)
Concession arrangement, regulated asset:	(155,129)	(17,067)	1,676	-	(170,520)
TOTAL ACCUMULATED AMORTISATION	(349,359)	(38,183)	4,575	-	(382,967)
Administrative concessions	(7,585)	(2,858)	430	-	(10,013)
Concession arrangement, regulated asset:	-	(143)	4	-	(139)
TOTAL IMPAIRMENT LOSSES	(7,585)	(3,001)	434	-	(10,152)
TOTAL, NET	646,741	9,748	(1,145)	-	655,344

- Research and development expenses.

Under this heading, the Company has capitalised the costs incurred in R&D in four projects:

- ALL-GAS project. This project is part of the “Algae to Biofuel” initiative under Framework Programme 7 of the European Union. It began in May 2011 and is undertaken at the wastewater treatment plant of Chiclana (Cádiz), the Company being the leader of a consortium of European companies that conducts studies to harness wastewater in the cultivation of microalgae and its subsequent conversion to energy products. The capitalised figure amounted to EUR 261 thousand of cost and EUR 107 thousand of accumulated amortization at 31 December 2014 (EUR 187 and 50 thousand, respectively, at 31 December 2014).

- The ITACA Project on Research into Treatment Technologies, Reuse and Control for the sustainability of water purification plants. This project is conducted in collaboration with the University of Alcalá de Henares. The capitalised figure amounted to EUR 242 thousand of cost and EUR 242 thousand of accumulated amortization at 31 December 2014 (EUR 219 and 30 thousand, respectively, at 31 December 2013).

- The INNPRONTA-IISIS Project on Energy Improvements of Resources and Research, equipment and systems for the complete water cycle. The capitalised figure amounted to EUR 29 thousand of cost and EUR 10 thousand of accumulated amortization at 31 December 2014 (EUR 13 and 1 thousand, respectively, at 31 December 2013).

- The INNERCONNECTA SMARTIC-Extremadura project for the development of a “Water Monitoring System in Real Time with Intelligent Technology”. The capitalised figure amounted to EUR

30 thousand of cost and EUR 17 thousand of accumulated amortization at 31 December 2014, with no amounts being capitalised at 31 December 2013.

- Administrative concessions.

In 2014, the Group recognised a total of EUR 27,826 thousand corresponding to the activities developed in Spain, mainly under the following contracts:

- Aguas de Lleida (Lleida), for a total of EUR 17,631 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 Company 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.

- 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.

- 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 Company'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.

- San Juan del Puerto (Huelva), for a total of EUR 1,442 thousand, for management of the public drinking water supply and sewerage services in this town for 25 years.

- Chiclana de la Frontera (Cádiz) for an amount of EUR 775 thousand for the investment commitments to be made in the municipality in the execution of the contract.

- Intangible assets, concession agreement

Additions in 2014 amounted to EUR 15,229 thousand, the most significant having arisen in the following contracts:

- Aigües de Lleida (Lleida) for an amount of EUR 5,099 thousand for the implementation of the investment plan for water supply and sanitation in Lleida.

- 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 an amount of EUR 800 thousand for the investment commitments to be made in the water supply and sanitation networks of the municipality.

- Chiclana de la Frontera (Cádiz) for an amount of EUR 775 thousand for the investment commitments to be made in the municipality in the execution of the contract.

- Advances under concession agreement

The additions in 2014 amounted to EUR 7,050 thousand, the following being the main ones:

- San Pedro del Pinatar (Murcia) for an amount of EUR 2,423 thousand for the investment plan of the said municipality.

- Valdepeñas (Ciudad Real) for an amount of EUR 2,029 thousand for the works related to the renewal and replacement of the supply pipe from the reservoir of Cerro de los Muertos and complementary works.

- Impairment.

During the year, the Company made provisions for impairment amounting to EUR 3,001 thousand, the

main provisions being in the concession of Guijuelo (Salamanca) amounting to EUR 1,076 thousand and in Llanera (Asturias) amounting to EUR 1,782 thousand as a result of the analysis of signs of impairment conducted by the Managers at year-end 2014 (see Note 18.13).

The decrease in impairment made in prior years is explained by the depreciation in the year in view of deteriorating concessions in previous years but in which the Company continues to provide service.

5.2. Balances arising from the consolidation of the UTEs

The amounts contributed by the UTEs at 31 December 2015 include EUR 171,024 thousand relating to costs, EUR 104,424 thousand relating to accumulated amortization and EUR 135 thousand relating to impairment. (EUR 174,927 thousand relating to cost, EUR 98,865 thousand relating to accumulated amortisation and EUR 139 thousand relating to impairment at 31 December 2014).

5.3 Fully depreciated items of investment property

The detail, by section, is as follows:

FULLY AMORTISED INTANGIBLE ASSETS		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
Administrative concessions	26,135	24,434
Computer software	938	943
Concession arrangement, regulated asset:	12,155	9,532
TOTAL	39,228	34,909

5.4 Assets located outside Spain

At 31 December 2015, the elements of intangible assets outside the Spanish territory amounted to EUR 16 thousand (EUR 20 thousand at 31 December 2014).

5.5 Intangible assets - concession arrangements

The concession contracts that have been recognised as an intangible asset at 31 December 2015, present the following breakdown, in cost and accumulated amortisation (amounts in thousands of euros):

2015

CONTRACT	Administrative concessions		Intangible assets, concession agreement		Adv. on Intangible Assets	Concession arrangements	TERM
	COST	DEPREC. AM.	COST	DEPREC. AM.	Concession agreement	Capitalised borrowing costs	
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			
Cabezo Torres (Murcia)			6,314	-3,646			
Denia (Alicante)			10,995	-4,912			35 years
Ingenio (Gran Canaria)	6,138	-3,225				781	35 years
Jaén (Jaén)	9,135	-5,643	57	-54		1,214	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				811	40 years
La Nucia (Alicante)	29	-29	21,804	-7,712			30 years
Llanera (Asturias)	1,248	-1,218	12,513	-2,930			
Lleida (Lleida)	38,098	-3,077	11,179	-959			25 years
Lloret de Mar (Girona)	22,253	-8,901	299	-163			25 years
Los Alcázares (Murcia)	7,946	-5,253	312	-251		748	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		6,217	50 years
Puente Genil (Córdoba)	3,324	-3,160	2,016	-143		98	30 years
Salamanca (Salamanca)	6,961	-2,001	43	-13		903	25 years
Ronda (Málaga)	4,584	-2,442	257	-12		673	
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			
Sant Feliu (Gerona)	5	-5	6,791	-3,907	137		
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		534	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			25 years
Rest less than 5 million	189,000	-86,640	122,974	-49,979	200	3,213	5-50 years
TOTAL	535,729	-231,788	424,604	-187,676	337	15,192	

The detail at 31 December 2014 is as follows:

CONTRACT	Administrative concessions		Intangible assets, concession agreement		Adv. on Intangible Assets Concession agreement	Concession arrangements Capitalised borrowing costs	TERM
	COST	DEPREC. AM.	COST	DEPREC. AM.			
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	-	-	-	783	35 years
Jaén (Jaén)	9,135	-5,337	57	-54	-	1,231	30 years
L'Ametlla de Mar (Tarragona)	8,415	-3,347	592	-256	-	-	25 years
La Línea de la Concepción (Cádiz)	8,712	-6,020	130	-67	-	829	40 years
La Nuda (Alicante)	29	-29	21,804	-6,772	-	-	30 years
Llanera (Asturias)	1,248	-1,216	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	299	-153	-	-	25 years
Los Alcázares (Murcia)	7,946	-4,833	312	-241	-	802	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	-	5,881	50 years
Puente Genil (Córdoba)	3,324	-2,991	43	-36	897	135	30 years
Salamanca (Salamanca)	6,961	-1,550	43	-9	-	951	25 years
Sant Feliu de Guixols (Girona)	6	-6	6,791	-3,817	-	-	50 years
Santa Maria de la Guía (Gran Canaria)	-	-	5,682	-4,925	-	-	-
San Lúcar de Barrameda (Cádiz)	17,268	-2,920	-	-	-	-	40 years
Santander (Cantabria)	72,632	-25,328	13,718	-4,718	-	-	25 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	-	616	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 (Pontevedra)	16,353	-15,048	70,983	-53,932	-	619	25 years
Rest less than 5 million	189,810	-80,493	116,975	-43,881	692	3,956	5-50 years
TOTAL	531,915	-211,051	414,129	-170,520	2228	15,803	

In these contracts, the Company performs the management of the complete water cycle, covering all phases of the same:

- Uptake from water basins or wells.
- Water purification and treatment at the drinking water treatment plants.
- Supply through the water network to all subscribers.
- Collection of wastewater through the sewage network to the wastewater treatment plants, from where it is returned to the environment.

Administrative concessions are defined by Act 13/2003, of 23 May, as those under which the public administration or public law entity that awards the concession grants to a concessionaire, for a specific period, the construction and exploitation —or only the exploitation— of the works which, being exploitable, are necessary for the provision of public services of an economic 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.

From the above it follows that the concession agreements require the existence of an infrastructure controlled by the public administration, which is operated by the Company under the framework of a set of rules emanating from the said administration which establish important aspects such as the rate necessary for the recovery of the investment made by the concessionaire.

The definition of infrastructure includes both the works and facilities built by the Company with its own resources and those acquired from third parties, provided they are intended for the provision of the public services under the concession agreement.

The recognition of the intangible asset mentioned in this Note occurred because the Company is entitled to charge a fee to users of the public service, depending on the use made of that service, with the concessionaire assuming, therefore, demand risk.

Furthermore, the fact arises that in these contracts the awarding body controls the physical use must be given to the infrastructure, the way in which the service is provided and its price.

The balance under "Deferred financial expenses" fully relates to the deferred financial burden of the financing instrument associated with the construction of the concessions. (See Note 4.1.c).

As noted above, the rates that the Company must charge users of the public service are regulated by the awarding body. However, in these contracts there are clauses that allow the Company to request the review of the rates, in the event it requires an economic rebalancing.

In addition, the Company records as an intangible asset, at the beginning of each concession, the amount of the investment commitments included in each contract that involves actions to improve networks and infrastructures under the concession, which are recovered through the rates charged to subscribers from its start-up. Until the investment proper is made, the Company records these amounts under the heading "Provisions for action on infrastructure" which is included under the caption "Other provisions for risks and expenses" (see note 13).

5.6 Capitalization of financial expenses

During fiscal year 2015, the Company capitalised borrowing costs under the item "Advances - concession arrangements" for an amount of EUR 27 thousand (EUR 92 thousand in 2014), accumulating at origin an amount of EUR 3,835 thousand (EUR 3,808 thousand accumulated at 31 December 2014).

Furthermore, under the line item "Financial activation concession arrangements", the Company reversed to income a net amount of EUR 611 thousand (EUR 542 thousand of net balance reversal at 31 December 2014).

5.7 Commitment to purchase goods

As of 31 December 2015, there are no additional commitments to those already listed under the heading "Provisions for actions on infrastructure" (see Note 13).

5.8 Insurance Policies

The Company takes out the necessary insurance policies to cover the possible risks to which its intangible assets are subject.

NOTE 6 _____ PROPERTY, PLANT AND EQUIPMENT

6.1. Change

The movement in the various tangible asset headings and the related accumulated depreciation was the following:

a) Change during 2015

b) PROPERTY, PLANT AND EQUIPMENT					
<i>(Amounts in thousands of euros)</i>					
<i>Variation between 31 December 2014 and 2015</i>					
	BALANCE	(+)	(-)	(+)(-)	BALANCE
	31/12/2014	ADDITIONS	REMOVALS	TRANSFERS	31/12/2015
Land and buildings	3,475	-	(58)	(130)	3,287
Technical installations and other property, plant and equipment	86,984	3,428	(900)	543	90,055
Assets in progress	286	49	-	(279)	56
TOTAL COST	90,745	3,489	(958)	134	93,410
Buildings	(2,097)	(45)	28	113	(2,001)
Technical installations and other property, plant and equipment	(64,624)	(4,795)	709	(253)	(68,963)
TOTAL ACCUMULATED DEPRECIATION	(66,721)	(4,840)	737	(140)	(70,964)
TOTAL, NET	24,024	(1,351)	(221)	(6)	22,446

Additions: The Company has recorded additions of tangible assets amounting to EUR 3,489 thousand relating to property used in the contracts performed by the Company and which are not concession contracts, as well as those acquired for those which, being concessions, do not revert to the awarding bodies.

Disposals: These mainly relate to fully amortised assets written off the balance sheet.

c) Change during 2014

	BALANCE	(+)	(-)	BALANCE
	31/12/2013	ADDITIONS	REMOVALS	31/12/2014
Land and buildings	3,475	-	-	3,475
Technical installations and other property, plant and equipment	82,425	4,781	(222)	86,984
Assets in progress	79	207	-	286
TOTAL COST	85,979	4,988	(222)	90,745
Buildings	(2,039)	(58)	-	(2,097)
Technical installations and other property, plant and equipment	(60,633)	(4,213)	222	(64,624)
TOTAL ACCUMULATED DEPRECIATION	(62,672)	(4,271)	222	(66,721)
TOTAL, NET	23,307	717	-	24,024

Additions: The Company has recorded additions of tangible assets amounting to EUR 4,988 thousand relating to property used in the contracts performed by the Company and which are not concession contracts, as well as those acquired for those which, being concessions, do not revert to the awarding bodies.

Disposals: These mainly relate to truck sales.

6.2. Land and Buildings

At 31 December 2015, lands represent an amount of EUR 318 thousand in cost (EUR 318 thousand in cost at 31 December 2014).

6.3 Balances arising from the consolidation of the UTEs

The balances at 31 December 2015 include EUR 4,847 and EUR 3,809 thousand relating to the cost and accumulated depreciation provided by the UTEs, respectively (EUR 4,699 and EUR 3,575 thousand, respectively, at 31 December 2014).

The write-offs suffered in the contributions of the UTEs are basically due to the UTE Lleida, UTE Sports Centre Denia, UTE Aqualbal and UTE Novelda, with the Company acquiring during 2014 100% of such joint ventures.

6.4 Fully depreciated items of property, plant and equipment

At 31 December 2015, elements under the heading "Technical installations and other property, plant and equipment" are fully amortised but are still in use, having a carrying cost of EUR 45,499 thousand (EUR 39,552 thousand at 31 December 2014).

6.5 Acquisitions of fixed assets from group companies

During fiscal years 2014 and 2015 no acquisitions of fixed assets from group companies have been made.

6.6 Insurance Policies

The Company takes out all the insurance policies considered necessary to cover the possible risks to which its property, plant and equipment are subject.

6.7 Fixed assets located outside Spanish territory

At 31 December 2015, the Company has assets outside the Spanish territory amounting to EUR 822 thousand in cost and EUR 212 thousand of accumulated amortization (EUR 328 and EUR 147 thousand respectively, at 31 December 2014).

6.8 Commitment to purchase goods

At year-end 2015 and 2014, there were no significant commitments to purchase tangible assets.

6.9 Collateral

There are no tangible assets pledged as security for commitments of the Company.

NOTE 7 NON-CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

7.1 Equity Instruments

The detail and the changes therein are as follows:

a) Change during 2015

	EQUITY INSTRUMENTS					BALANCE 31/12/2015
	<i>(Amounts in thousands of euros)</i>					
	<i>Variation between 31 December 2014 and 2015</i>					
	BALANCE 31/12/2014	(+) ADDITIONS	(-) REMOVALS	(+/-) EXCLUSION DUE TO LIQUIDATION		
Equity Instrum. in Group comp.	172,218	150	-	(2,040)	170,328	
Capital payments payable on shares of Group companies:	(4,561)	-	-	-	(4,561)	
Equity Instruments of Associates	41,294	-	(12,381)	(432)	28,481	
Capital payments payable on shares of Associates:	(191)	-	-	-	(191)	
Total	208,760	150	(12,381)	(2,472)	194,057	
Impairment	(20,336)	(1,260)	1,554	2,472	(17,570)	
TOTAL, NET	188,424	(1,110)	(10,827)	-	176,487	

By heading, the most important movements in 2015 are as follows:

- Equity instruments of Group companies:
 - Additions amounting to EUR 150 thousand relating to the capitalization of the loan granted to Aquamaior, Aguas del Campo Maior, S.A. to offset losses.
 - Disposals amounting to EUR 2,040 thousand euros corresponding to Augas Municipais de Arteixo, S.A., which was fully provisioned. In fiscal year 2015 the liquidation process was approved, which in practice means a liquidation of the rights and obligations vis-à-vis its shareholders. The financial investment is therefore written off at its net book value which is equal to zero.

Equity instruments of associates:

- Disposals amounting to EUR 12,813 thousand relating to:
 - The sale of 41.81% of Orasqualia Development Waste TP, valued at EUR 12,381 thousand, to the companies Aqualia New Europe BV and Orasqualia O&M for a total of EUR 12,392.
 - Disposal of Genéravila, S.A. for EUR 432 thousand, a company which was fully provisioned. This company is subject to a judicial liquidation process, and therefore is valued at its net book value (i.e. zero), in financial investments held to maturity, we have proceeded to its derecognition.

b) Change during 2014

EQUITY INSTRUMENTS					
<i>(Amounts in thousands of euros)</i>					
<i>Variation between 31 December 2013 and 2014</i>					
	BALANCE	(+)	(-)	(+/-)	BALANCE
	31/12/2013	ADDITIONS	REMOVALS	TRANSFE RS	31/12/2014
Equity Instrum. in Group comp.	164,130	8,088	--	--	172,218
Capital payments payable on shares of Group companies:	(4,561)	--	--	--	(4,561)
Equity Instruments of Associates	41,212	82	--	--	41,294
Capital payments payable on shares of Associates:	(190)	(1)	--	--	(191)
Total	200,591	8,169	--	--	208,760
Net impairment losses (Note 18.10)	(20,530)	(76)	270	--	(20,336)
TOTAL, NET	180,061	8,093	270	--	188,424

By heading, the most important movements in 2014 are as follows:

- Equity instruments of Group companies:
- Additions amounting to EUR 8,088 thousand relating to the following movements:
 - Aqualia New Europe B.V. The company with registered office in the Netherlands has performed in 2014 a capital increase amounting to EUR 13,300 thousand, fully subscribed and paid up. The disbursement by FCC Aqualia amounts to EUR 6,783 thousand.
 - Aguas de Alcázar Empresa Mixta, S.A, previously named Aguas de Alcázar, S.A. During the year, the Company performed a capital increase with a share premium to allow a private partner to enter the shareholding. The partner of choice was FCC Aqualia, which has disbursed an amount of EUR 1,142 million, representing 52.35% of the share capital and share premium. With the entry of FCC Aqualia, the company changed its name to Aguas de Alcázar Empresa Mixta, S.A.
 - During the year Abrantaqua, S.A. has performed a capital increase amounting to EUR 450 thousand, of which EUR 183 million are charged to reserves. The rest is fully subscribed and paid up by the partners. The disbursement made by Aqualia amounts to EUR 160 thousand.
 - Aguas de las Galeras, S.L. FCC Aqualia has a 51% stake in its share capital and the amount subscribed and paid up amounts to EUR 2 thousand. FCC Aqualia has created this company with Tratamiento Industrial de Aguas, S.A., for the development of the contract signed with the city of Puerto de Santa María, through which the company Aguas del Puerto Empresa Municipal, S.A. (former company name) ceases to be a municipal company and becomes a mixed economy company.
 - Empresa Gestora de Aguas Linenses, S.L. FCC Aqualia has a 51% stake in this company together with Tratamiento Industrial de Aguas, S.A., and the amount subscribed and paid up amounts to EUR 2 thousand. This subsidiary was awarded in 2014 the contract of water supply and sanitation of La Línea de la Concepción (Cádiz).

Equity instruments of associates:

- Additions in an amount of EUR 82 thousand relating to the following movements:
 - Empresa Mixta de Aguas de Ubrique, S.A. was created to execute the contract signed with the city of Ubrique. Its corporate purpose is the provision of the complete water cycle in the municipality for

a period of 25 years. FCC Aqualia has a 49% stake in its share capital and the amount subscribed and paid up amounts to EUR 73 thousand.

- Aigües del Segarra Garrigues, S.A: The Company acquired 170 shares from a third partner, disbursing EUR 9 thousand.

c) The uncalled disbursements of group company shares and associates in the balance sheet at 31 December 2015 and 2014 is broken down as follow:

PENDING DISBURSEMENTS OF GROUP COMPANIES
(Amounts in thousands of euros)

	31/12/2015	31/12/2014
Compañía Onubense de Aguas S.A	27	27
Depurtebo, S.A.	4,534	4,534
TOTAL	4,561	4,561

Pending DISBURSEMENTS ASSOCIATES
(Amounts in thousands of euros)

	31/12/2015	31/12/2014
Aigües del Segarra Garrigues, S.A.	150	150
Sera Q.A. Duitama ESP, S.A.	27	27
Orasqualia O & M	11	11
AIE ITAM Delta de la Tordera	3	3
TOTAL	191	191

d) Equity instruments of Group companies. The breakdown at 31 December 2015 and 31 December 2014 is as follows:

EQUITY INSTRUMENTS IN GROUP COMPANIES 2015				
<i>(Amounts in thousands of euros)</i>				
COMPANIES	BUSINESS LINE	INVESTMENT	PROVISION	NET COST
FCC Aqualia América, S.A.U. C/ Uruguay, 11 – Vigo (PONTEVEDRA)	Water cycle management	601	(282)	319
Aquajerez, S.L. Pol.Ind.Ronda Oeste, 24 Jerez de la Frontera (CADIZ)	Water cycle management	2	-	2
Aquacartaya, S.L. Av.San Fco.Javier,15- SEVILLE	Water cycle management	3	-	3
Aqua Campiña, S.A. C/Blas Infante, 6 – Écija (SEVILLE)	Water cycle management	541	(60)	481
Acque di Caltanissetta, S. p.a. Viale Sicilia 176 93100 Caltanissetta - ITALY	Water cycle management	18,809	(15,152)	3,657
Aquaelvas – Aguas de Elvas, S.A. Rua Paco Bandeira, 14 – Assunção Elvas - PORTUGAL	Water cycle management	402	(271)	131
Aquafundalia - Aguas do Fundão, S.A. Rua Fernando Pessoa, 195 - Fundão PORTUGAL	Water cycle management	510	-	510
Aguas de Alcázar Empresa Mixta, S.A. C/ Rondilla Cruz Verde, 1 - Alcázar de San Juan (C.REAL)	Water cycle management	1,142	-	1,142
Aguas de las Galeras, S.L. Avda. Camino de Santiago, 40 – MADRID	Water cycle management	2	-	2
Colaboración, Gestión y Asistencia, S.A. C/ Federico Salmón, 13 – MADRID	Collection management	964	(34)	930
Compañía Onubense de Aguas, S.A. C/Martín Alonso Pinzón, 8 - HUELVA	Water cycle management	36	(9)	27
Depurtebo, S.A.U. C/ San Pedro, 57 – Zuera - ZARAGOZA	Water treatment and purification	6,045	-	6,045
Depurplan 11, S.A. C/ San Miguel, 1 – ZARAGOZA	Water treatment and purification	4,700	-	4,700
Empresa Mixta de Butarque, S.A. C/Princesa, 3 - (MADRID)	Water cycle management	84	(84)	-
Inversora Riutort, S.L. C/ Alfonso XIII – Sabadell (BARCELONA)	Holding company	3	-	3
Sociedad Ibérica del Agua, S.A.U. C/ Federico Salmón, 13 – MADRID	Water cycle management	60	-	60
Tratamiento Industrial del Agua, S.A. C/ Federico Salmón, 13 – MADRID	Water Treatment and Purification	652	-	652
Hidrotec Tecnología del Agua, S.L.U. C/Pinzel, 25 – SEVILLE	Industrial water treatment	32	-	32
Empresa Gestora de Aguas Linenses, S.L. C/ Federico Salmón, 13 – MADRID	Water cycle management	2	-	2
Entemanser, S.A. C/Castillo, 13 – ADEJE (SANTA CRUZ DE TENERIFE)	Water cycle management	63,953	-	63,953
Infraestructuras y Distribución General de Agua, S.L. C/La Presa, 14 – Tijoco Bajo-ADEJE (S.C.TENERIFE)	Participation and implementation of works	8,665	-	8,665
Sociedad Española de Aguas Filtradas, S.A. Avda. Camino de Santiago, 40 – MADRID	Water treatment	1,436	-	1,436
Aqualia Infraestructuras, S.A. Avda. Camino de Santiago, 40 – MADRID	Water treatment and purification	10,744	-	10,744
Aqualia Infraestructuras de México, S.A. de C.V. C/ Carrizal, 33 – Santiago de Querétaro - MEXICO	Water treatment and purification	1	-	1
Aqualia Czech, S.L.U. Avda. Camino de Santiago, 40 – MADRID	Water cycle management	35,344	-	35,344
Aqualia New Europe B.V. C/Calude Debussyland, 24 – Amsterdam (THE NETHERLANDS)	Water cycle management	8,160	-	8,160
Aigües de Vallirana, S.A. C/ Conca de Tremp, 14 – Vallirana (BARCELONA)	Water cycle management	3,702	-	3,702
Aquamaior – Aguas de Campo Maior, S.A. Rua Mayor Talaya, 28 – Campo Maior – PORTUGAL	Water cycle management	875	(875)	-
Abrantaqua, S.A. Parque Lena – Alferrarede Abrantes – PORTUGAL	Water cycle management	190	-	190
Conservación y Sistemas, S.A. C/Federico Salmón, 13-MADRID	Infrastructure Maintenance work	1,558	-	1,558
Cartagua, Aguas Do Cartaxo, S.A. Z. Industrial do Cartaxo, lote 20 – CARTAXO (PORTUGAL)	Water treatment and purification	1,110	-	1,110
TOTAL		170,328	(16,767)	153,561

During 2015, a merger took place between the companies Aqualia Infraestructuras, S.A. and Aqualia Industrial Solutions, S.A., with the first assuming all the rights and obligations of the second due to the termination of the latter following the merger.

EQUITY INSTRUMENTS IN GROUP COMPANIES 2014
(Amounts in thousands of euros)

COMPANIES	BUSINESS LINE	INVESTMENT	PROVISION	NET COST
FCC Aqualia América, S.A.U. C/ Uruguay, 11 – Vigo (PONTEVEDRA)	Water cycle management	601	(282)	319
Aquajerez, S.L. Pol.Ind.Ronda Oeste, 24 Jerez de la Frontera (CADIZ)	Water cycle management	2	-	2
Aquacartaya, S.L. Av.San Fco.Javier,15- SEVILLE	Water cycle management	3	-	3
Aqua Campiña, S.A. C/Blas Infante, 6 – Écija (SEVILLE)	Water cycle management	541	-	541
Acque di Caltanissetta, S. p.a. Viale Sicilia 176 93100 Caltanissetta - ITALY	Water cycle management	18,809	(16,541)	2,268
Aquaelvas – Aguas de Elvas, S.A. Rua Paco Bandeira, 14 – Assunção Elvas - PORTUGAL	Water cycle management	402	-	402
Aquafundalia - Aguas do Fundão, S.A. Rua Fernando Pessoa, 195 - Fundão PORTUGAL	Water cycle management	510	-	510
Augas Municipais de Arteixo, S.A. Pza. Alcalde Ramón Dopico – Arteixo (LA CORUÑA)	Water cycle management	2,040	(2,033)	7
Aguas de Alcázar Empresa Mixta, S.A. C/ Rondilla Cruz Verde, 1 - Alcázar de San Juan (C. REAL)	Water cycle management	1,142	-	1,142
Aguas de las Galeras, S.L. Avda. Camino de Santiago, 40 – MADRID	Water cycle management	2	-	2
Colaboración, Gestión y Asistencia, S.A. C/ Federico Salmón, 13 – MADRID	Collection management	964	-	964
Compañía Onubense de Aguas, S.A. C/Martín Alonso Pinzón, 8 - HUELVA	Water cycle management	36	(9)	27
Depurtebo, S.A.U. C/ San Pedro, 57 – Zuera - ZARAGOZA	Water treatment and purification	6,045	-	6,045
Depurplan 11, S.A. C/ San Miguel, 1 – ZARAGOZA	Water treatment and purification	4,700	-	4,700
Empresa Mixta de Butarque, S.A. C/Princesa, 3 - (MADRID)	Water cycle management	84	(84)	-
Inversora Riutort, S.L. C/ Alfonso XIII – Sabadell (BARCELONA)	Holding company	3	-	3
Sociedad Ibérica del Agua, S.A.U. C/ Federico Salmón, 13 – MADRID	Water cycle management	60	-	60
Tratamiento Industrial del Agua, S.A. C/ Federico Salmón, 13 – MADRID	Water Treatment and Purification	652	-	652
Hidrotec Tecnología del Agua, S.L.U. C/Pincel, 25 – SEVILLE	Industrial water treatment	32	-	32
Empresa Gestora de Aguas Linenses, S.L. C/ Federico Salmón, 13 – MADRID	Water cycle management	1	-	1
Entemanser, S.A. C/Castillo, 13 – ADEJE (SANTA CRUZ DE TENERIFE)	Water cycle management	63,953	-	63,953
Infraestructuras y Distribución General de Agua, S.L. C/La Presa, 14 – Tijoco Bajo-ADEJE (S.C.TENERIFE)	Participation and implementation of works	8,665	-	8,665
Sociedad Española de Aguas Filtradas, S.A. Avda. Camino de Santiago, 40 – MADRID	Water treatment	1,436	-	1,436
Aqualia Infraestructuras, S.A. Avda. Camino de Santiago, 40 – MADRID	Water treatment and purification	6,195	-	6,195
Aqualia Infraestructuras de México, S.A. de C.V. C/ Carrizal, 33 – Santiago de Querétaro - MEXICO	Water treatment and purification	1	-	1
Aqualia Czech, S.L.U. Avda. Camino de Santiago, 40 – MADRID	Water cycle management	35,344	-	35,344
Aqualia New Europe B.V. C/Calude Debussylann, 24 – Amsterdam (THE NETHERLANDS)	Water cycle management	8,160	-	8,160
Aigües de Vallirana, S.A. C/ Conca de Tremp, 14 – Vallirana (BARCELONA)	Water cycle management	3,702	-	3,702
Aquamaior – Aguas de Campo Maior, S.A. Rua Mayor Talaya, 28 – Campo Maior – PORTUGAL	Water cycle management	725	-	725
Abrantaqua, S.A. Parque Lena – Alferrarede Abrantes – PORTUGAL	Water cycle management	190	-	190
Aqualia Industrial Soluções, S.A C/Federico Salmón, 13-MADRID	Water treatment and purification	4,550	-	4,550
Conservación y Sistemas, S.A. C/Federico Salmón, 13-MADRID	Maintenance work of Infrastructures	1,558	-	1,558
Cartagua, Aguas Do Cartaxo, S.A. Z. Industrial do Cartaxo, lote 20 – CARTAXO (PORTUGAL)	Water treatment and purification	1,110	-	1,110
TOTAL		172,218	(18,949)	153,269

During fiscal year 2014, the company Abastecimientos y Saneamientos del Norte, S.A. Unipersonal changed its name to FCC Aqualia América S.A. Unipersonal.

The balance sheets of these companies at 31 December 2015 and 2014 contained the economic data presented below. Neither of them is publicly traded on the stock exchange and neither has generated results from discontinued operations.

ECONOMIC DATA OF GROUP COMPANIES 2015
(Amounts in thousands of euros)

COMPANIES	SHARE CAPITAL	Reserves and other equity items	2015 profit		Result	% OF OWNERS HIP
			Loss from Operations	Profit from continuing operations		
Abrantaqua, S.A.	500	195	482	132	132	60.00%
Acque di Caltanissetta, S.p.a.	3,500	214	202	(648)	(648)	98.48%
Aguas de Alcázar Empresa Mixta, S.A.	126	137	569	183	183	52.38%
Aguas de las Galeras, S.L.	3	687	1,464	640	640	51.00%
Aigües de Vallirana, S.A. (*)	102	2,633	209	206	206	100.00%
Aqua Campiña, S.A.	601	(67)	193	(92)	(92)	90.00%
Aquacartaya, S.L.	3	634	1,197	634	634	95.00%
Aquaervas – Aguas de Elvas, S.A.	50	45	267	118	118	100.00%
Aquafundalia – Agua do Fundão, S.A.	510	(81)	113	(23)	(23)	100.00%
Aquajerez, S.L.	3	887	5,217	887	887	51.00%
Aqualia Czech, S.L.U.	69,302	13,249	142	17,044	17,044	51.00%
Aqualia Industrial Solutions, S.A.	151	1,435	(6)	(79)	(79)	99.99%
Aqualia Infraestructuras de México, S.A. de C.V.	7,236	6,523	2,334	2,698	2,698	0.01%
Aqualia Infraestructuras, S.A.	1,200	13,433	5,652	326	326	99.99%
Aqualia New Europe B.V.	16,000	(87)	(347)	2,032	2,032	51.00%
Aquamaior – Aguas de Campo Maior, S.A.	50	(37)	40	(119)	(119)	100.00%
Cartagua, Aguas do Cartaxo, S.A.	1,850	43	319	30	30	60.00%
Colaboración, Gestión y Asistencia, S.A. (*)	480	450	(1)	181	181	99.99%
Compañía Onubense de Aguas, S.A. (*)	33	(72)	-	-	-	60.00%
Conservación y Sistemas, S.A.	300	2,524	1,270	1,004	1,004	99.99%
Depurplan 11, S.A.U.	4,700	(536)	780	148	148	100.00%
Depurtebo, S.A.U. (*)	1,511	(4,284)	297	208	208	100.00%
Empresa Gestora de Aguas Linenses, S.L.	3	67	836	61	61	52.33%
Empresa Mixta de Butarque, S.A. (*)	120	(120)	-	-	-	70.00%
Entemanser, S.A.	2,137	24,703	6,094	4,227	4,227	97.00%
FCC Aqualia América, S.A.U. (*)	601	(279)	(2)	(2)	(2)	100.00%
Hidrotec Tecnología del Agua, S.L.U. (*)	3	6,367	4,683	3,313	3,313	100.00%
Infraestructuras y Dist. General del Agua, S.L. (*)	63	4,103	331	238	238	100.00%
Inversora Riutort, S.L. (*)	3	289	-	-	-	100.00%
Sociedad Española de Aguas Filtradas, S.A.	1,087	3,397	627	460	460	99.99%
Sociedad Ibérica del Agua, S.A.U. (*)	60	31	10	10	10	100.00%
Tratamiento Industrial de Aguas, S.A.	656	25,751	11,198	8,864	8,864	99.99%

(*) Unaudited figures at 31 December 2015.

ECONOMIC DATA OF GROUP COMPANIES 2014
(Amounts in thousands of euros)

COMPANIES	SHARE CAPITAL	Reserves and other equity items	2014 profit		Result	% OF OWNERSHIP
			Loss from Operations	Profit from continuing operations		
Abrantaqua, S.A.	500	134	302	72	72	60.00%
Acque di Caltanissetta, S.p.a.	3,500	862	3,975	2,059	2,059	98.48%
Aguas de Alcázar Empresa Mixta, S.A.	126	13	5	(77)	(77)	52.38%
Aguas de las Galeras, S.L.	3	472	1,097	472	472	51.00%
Aigües de Vallirana, S.A. (*)	102	2,427	330	306	306	100.00%
Aqua Campiña, S.A.	601	25	65	(181)	(181)	90.00%
Aquacartaya, S.L.	3	684	1,315	684	684	95.00%
Aquaelvas – Aguas de Elvas, S.A.	50	(33)	178	51	51	100.00%
Aquafundalia – Agua do Fundão, S.A.	510	(10)	125	35	35	100.00%
Aquajerez, S.L.	3	541	4,800	522	522	51.00%
Aqualia Czech, S.L.U.	69,302	8,195	(126)	3,025	3,025	51.00%
Aqualia Industrial Solutions, S.A.	151	1,587	(1,554)	(1,115)	(1,115)	99.99%
Aqualia Infraestructuras de México, S.A. de C.V.	7,563	4,247	(236)	409	409	0.01%
Aqualia Infraestructuras, S.A.	1,200	11,443	7,176	1,422	1,422	99.99%
Aqualia New Europe B.V.	16,000	(2,119)	(364)	(364)	(364)	51.00%
Aquamaior – Aguas de Campo Maior, S.A.	50	15	106	(87)	(87)	100.00%
Augas Municipais de Arteixo, S.A.	4,000	(3,879)	-	-	-	60.00%
Cartagua, Aguas do Cartaxo, S.A.	1,850	10	338	(36)	(36)	60.00%
Colaboración, Gestión y Asistencia, S.A. (*)	480	366	(1)	(2)	(2)	99.99%
Compañía Onubense de Aguas, S.A. (*)	60	(72)	-	-	-	60.00%
Conservación y Sistemas, S.A.	300	3,177	2,373	1,657	1,657	99.99%
Depurplan 11, S.A.U.	4,700	1,009	1,070	258	258	100.00%
Depurtebo, S.A.U. (*)	6,045	(4,492)	(3)	(2)	(2)	100.00%
Empresa Gestora de Aguas Linenses, S.L.	3	(47)	(2)	(47)	(47)	52.33%
Empresa Mixta de Butarque, S.A. (*)	120	(120)	-	-	-	70.00%
Entemanser, S.A.	2,137	24,018	5,756	3,542	3,542	97.00%
FCC Aqualia América, S.A.U. (*)	601	(277)	4	3	3	100.00%
Hidrotec Tecnología del Agua, S.L.U.	3	3,054	3,720	2,406	2,406	100.00%
Infraestructuras y Dist. General del Agua, S.L. (*)	63	4,240	538	375	375	100.00%
Inversora Riutort, S.L. (*)	3	289	-	-	-	100.00%
Sociedad Española de Aguas Filtradas, S.A.	1,087	2,937	152	143	143	99.99%
Sociedad Ibérica del Agua, S.A.U. (*)	60	21	6	7	7	100.00%
Tratamiento Industrial de Aguas, S.A.	656	16,887	9,945	6,985	6,985	99.99%

(* (*)) Unaudited figures at 31 December 2014.

• Equity instruments in associates: Detail of the balance at 31 December 2015 and 2014:

EQUITY INSTRUMENTS OF ASSOCIATES DURING 2015

(Amounts in thousands of euros)

COMPANIES	BUSINESS LINE	INVESTMENT	PROVISION	NET
Aguas de Denia, S.A. Pedro Esteve, 17 - Denia (ALICANTE)	Water cycle management	400	-	400
Aguas de Archidona, S.L. Pza. Ochavada, 1 - Archidona (MÁLAGA)	Water cycle management	72	(4)	68
Aguas de Ubrique, S.A. Avenida España, 9 - Ubrique (CÁDIZ)	Water cycle management	59	(59)	-
Aigües del Tomoví, S.A. c/ Vella, 1 - El Vendrell (TARRAGONA)	Water cycle management	490	-	490
Aguas de Narixa, S.A. C/Málaga, 11 - Nerja (MÁLAGA)	Water cycle management	300	-	300
Concesionaria de Desalación de Ibiza, S.A. Rotonda de Sta. Eulalia, s/n - Ibiza (BALEARIC ISLANDS)	Operation of desalination plants	1,082	-	1,082
AIE Costa Tropical de Granada Plaza Aurora, s/n - Motril (GRANADA)	Water cycle management	828	-	828
AIE ITAM Delta de la Tordera Travesera de Gracia, 58 - BARCELONA	Construction and operation Desalination plant	3	-	3
Compañía de Servicios Medioambientales do Atlántico, S.A. Carretera de Cedeira, km1 - Narón (LA CORUÑA)	Water cycle management	294	-	294
EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A. Plaza de la Glorieta, 1 - Níjar (ALMERÍA)	Water cycle management	221	(1)	220
Empresa Municipal Aguas de Algeciras, S.A. C/Virgen del Carmen, s/n - Algeciras (CÁDIZ)	Water cycle management	442	(256)	186
Empresa Municipal de Aguas de Linares, S.A. C/ Cid Campeador, 7 - Linares (JAEN)	Water cycle management	147	(30)	117
Empresa Municipal Aguas de Benalmádena, S.A. From Operations Ap.Tivoli, s/n - Arroyo de la Miel (MÁLAGA)	Water cycle management	1,310	-	1,310
Empresa Municipal Aguas de Toxiria, S.A. Plaza de la Constitución - Torredonjimeno (JAÉN)	Water cycle management	118	(43)	75
Aigües del Segarra Garrigues, S.A. C/Santa Clara, 4 - Tárrega (LÉRIDA)	Construction and operation, irrigation	309	-	309
Girona, S.A. Travesía del Carril, 2 - GERONA	Water cycle management	365	-	365
Aqualia MACE P.O.Box 105547 ABU DHABI	Water cycle management	15	-	15
Nueva Sociedad de Aguas de Ibiza, S.A. C/Bartolomé Rosselló, 18 - (IBIZA)	Water cycle management	28	-	28
Orasqualia OYM Nile City Towers - El Cairo (EGYPT)	Maintenance treatment plants	1,508	-	1,508
Aquos El Realito, S.A. de C.V. B.M. Avila Camacho, nº36 - 5 - Col. Lomas de Chapultepec MEXICO	Channelling and drinking water treatment	5,127	-	5,127
Sera.Q.A. Duitama, S.A. - COLOMBIA	Water cycle	94	(67)	27
Suministros aguas de Querétaro, S.A. de C.V. Santiago de Querétaro - Querétaro Arteaga (MEXICO)	Water cycle management	182	-	182
AIE Aquagest Medioambiente-aqualia C/Condado de Jaruco, s.n. - Lloret de Mar (GIRONA)	Holding of shares and conducting studies	240	-	240
Shariket Thalya Miyah Mostaganem Cité Abdoni Ilot, 36 - Dar el Beida (ALGERIA)	Construc. and operation desalination plants	8,308	-	8,308
Shariket Miyeh Ras Djinet Cité Abdoni Ilot, 36 - Dar el Beida (ALGERIA)	Construc. and operation desalination plants	5,188	-	5,188
Aguas de Langreo, S.L. C/Alonso del Riesgo, 3 - Langreo (ASTURIAS)	Water cycle management	882	(25)	857
A.I.E. Costa Brava Abastament Aqualia - Sorea Sector Carlit, s/nº - 17487 EMPURIABRAVA (GERONA)	Wholesale water supply	78	-	78
Aguas de Priego, S.L. Pz. De La Constitución, 3 - 14800 PRIEGO (CÓRDOBA)	Water cycle management	245	(245)	-
Empresa Mixta de Aguas de Jódar, S.A. Pz. De España, 1 - 23500 JÓDAR (JAEN)	Water cycle management	73	(73)	-
Empresa Mixta de Aguas de Ubrique, S.A. C/JUZGADO S/N - 11600 - UBRIQUE (CÁDIZ)	Water cycle management	73	-	73
TOTAL		28,481	(803)	27,678

EQUITY INSTRUMENTS OF ASSOCIATES DURING 2014
(Amounts in thousands of euros)

COMPANIES	BUSINESS LINE	INVESTMENT	PROVISION	NET
Aguas de Denia, S.A. Pedro Esteve, 17 - Denia (ALICANTE)	Water cycle management	400	-	400
Aguas de Archidona, S.L. Pza. Ochavada, 1 - Archidona (MÁLAGA)	Water cycle management	72	-	72
Aguas de Ubrique, S.A. Avenida España, 9 - Ubrique (CÁDIZ)	Water cycle management	59	(59)	-
Aigües del Tomoví, S.A. c/ Vella, 1 - El Vendrell (TARRAGONA)	Water cycle management	490	-	490
Aguas de Narixa, S.A. C/Málaga, 11 - Nerja (MÁLAGA)	Water cycle management	300	-	300
Concesionaria de Desalación de Ibiza, S.A. Rotonda de Sta. Eulalia, s/n - Ibiza (BALEARIC ISLANDS)	Operation of desalination plants	1,082	-	1,082
AIE Costa Tropical de Granada Plaza Aurora, s/n - Motril (GRANADA)	Water cycle management	828	-	828
AIE ITAM Delta de la Tordera Travesera de Gracia, 58 - BARCELONA	Construction and operation Desalination plant	3	-	3
Compañía de Serv. Medioambientales do Atlántico, S.A. Carretera de Cedeira, km1 - Narón (LA CORUÑA)	Water cycle management	294	-	294
EMANAGUA - Empresa Mpal. de Aguas de Níjar, S.A. Plaza de la Glorieta, 1 - Níjar (ALMERÍA)	Water cycle management	221	(1)	220
Empresa Municipal Aguas de Algeciras, S.A. C/Virgen del Carmen, s/n - Algeciras (CÁDIZ)	Water cycle management	442	(275)	167
Empresa Municipal de Aguas de Linares, S.A. C/ Cid Campeador, 7 - Linares (JAEN)	Water cycle management	147	(147)	-
Empresa Municipal Aguas de Benalmádena, S.A. From Operations Ap.Tívoli, s/n - Arroyo de la Miel (MÁLAGA)	Water cycle management	1,310	-	1,310
Empresa Municipal Aguas de Toxiria, S.A. Plaza de la Constitución - Torredonjimeno (JAÉN)	Water cycle management	118	(34)	84
Generávil, S.A. Plaza de la Catedral, 11 - ÁVILA	Construction and oper. electricity	432	(432)	-
Aigües del Segarra Garrigues, S.A. C/Santa Clara, 4 - Tárrega (LÉRIDA)	Construction and operation, irrigation	309	-	309
Girona, S.A. Travesía del Carril, 2 - GERONA	Water cycle management	365	-	365
Aqualia MACE P.O.Box 105547 ABU DHABI	Water cycle management	15	-	15
Nueva Sociedad de Aguas de Ibiza, S.A. C/Bartolomé Rosselló, 18 - (IBIZA)	Water cycle management	28	-	28
Orasqualia Devel. Waste Treatment Plant S.A.E. 2112 South Tower - El Cairo (EGYPT)	Construction and operat. treatment plants	12,381	-	12,381
Orasqualia O-M Nile City Towers - El Cairo (EGYPT)	Maintenance treatment plants	1,508	-	1,508
Aquos El Realito, S.A. de C.V. B.Manuel Avila Camacho, nº36 - piso5 - Col. Lomas de Chapultepec Mexico	Channelling and drinking water treatment	5,127	-	5,127
Sera.Q.A. Duitama, S.A. (COLOMBIA)	Water cycle management	94	(67)	27
Suministros aguas de Querétaro, S.A. de C.V. Santiago de Querétaro - Querétaro Arteaga (MEXICO)	Water cycle management	182	-	182
AIE Aquagest Medioambiente-aqualia C/Condado de Jaruco, s.n. - Lloret de Mar (GIRONA)	Holding of shares and conducting studies	240	-	240
Shariket Thalya Miyah Mostaganem Cité Abdoni Ilot, 36 - Dar el Beida (ALGERIA)	Construc. and operation desalination plants	8,308	-	8,308
Shariket Miyeh Ras Djinet Cité Abdoni Ilot, 36 - Dar el Beida (ALGERIA)	Construc. and operation desalination plants	5,188	-	5,188
Aguas de Langreo, S.L. C/Alonso del Riesgo, 3 - Langreo (ASTURIAS)	Water cycle management	882	(54)	828
A.I.E. Costa Brava Abastament Aqualia - Sorea Sector Carlit, s/nº - 17487 EMPURIABRAVA (GERONA)	Wholesale water supply	78	-	78
Aguas de Priego, S.L. Pz. De La Constitución, 3 - 14800 PRIEGO (CÓRDOBA)	Water cycle management	245	(245)	-
Empresa Mixta de Aguas de Jódar, S.A. Pz. De España, 1 - 23500 JÓDAR (JAEN)	Water cycle management	73	(73)	-
Empresa Mixta de Aguas de Ubrique, S.A. C/JUZGADO S/N - 11600 - UBRIQUE (CÁDIZ)	Water cycle management	73	-	73
TOTAL		41,294	(1,387)	39,907

The equity data of the balance sheet of the said companies at 31 December 2015 and 2014 are presented below. Neither of these companies is publicly traded on the stock exchange and neither has generated results from discontinued operations in 2015 and 2014.

ECONOMIC DATA OF ASSOCIATES 2015
(Amounts in thousands of euros)

COMPANIES	SHARE CAPITAL	Reserves and other equity items	RESULTS 2015			% OF OWNERS HIP
			Loss from Operations	Profit from continuing operations	Result	
Aguas de Archidona, S.L.	150	(8)	8	(9)	(9)	48.00%
Aguas de Denia, S.A. (*)	425	836	11	5	5	33.00%
Aguas de Langreo, S.L.	1.800	(51)	380	59	59	49.00%
Aguas de Narixa, S.A.	600	75	235	7	7	50.00%
Aguas de Priego, S.L.	500	(592)	139	(38)	(38)	49.00%
Aguas de Ubrique, S.A. (*)	120	(589)	(1)	(1)	(1)	49.00%
AIE Aquagest Medioambiente Aqualia (*)	400	0	24	124	124	37.50%
AIE Costa Brava Abastament Aqualia – Sorea	156	0	(0)	94	94	50.00%
AIE Costa Tropical de Granada	1.623	4,545	670	374	374	51.00%
AIE ITAM Delta de la Tordera (*)	0	(6)	(1)	17	17	50.00%
Aigües del Segarra Garrigues, S.A.	15,000	(6,866)	4,899	4,052	4,052	1.00%
Aigües del Tomoví, S.A. (*)	1.000	2,412	94	69	69	49.00%
Aqualia MACE	37	327	4,492	4,553	4,553	51.00%
Aquos El Realito, S.A. de C.V.	10,230	(210)	2,000	19	19	44.00%
Cía. de Serv. Medioambientales do Atlántico, S.A.	601	279	344	97	97	49.00%
Concesionaria de Desalación de Aguas de Ibiza, S.A.	1,850	803	1,758	818	818	50.00%
EMANAGUA - Empresa Mpal de Aguas de Níjar, S.A.	450	(1)	113	1	1	49.00%
Empresa Mixta de Aguas de Jódar, S.A.	150	(264)	(19)	(52)	(52)	49.00%
Empresa Mixta de Aguas de Ubrique, S.A.	150	32	50	26	26	49.00%
Empresa Municipal Aguas de Algeciras, S.A.	451	(72)	233	38	38	49.00%
Empresa Municipal de Aguas Benalmádena, S.A.	1.803	2,003	2,181	1,137	1,137	50.00%
Empresa Municipal de Aguas de Linares, S.A.	300	(60)	1,314	985	985	49.00%
Empresa Municipal de Aguas de Toxiria, S.A	240	(87)	(14)	(18)	(18)	49.00%
Generávilva, S.A.	310	(8,832)	225	141	141	36.00%
Girona, S.A.	1,200	4,932	536	515	515	33.61%
Nueva Sociedad de Aguas de Ibiza, S.A. (*)	60	93	56	41	41	40.00%
Orasqualia O&M	2,814	1,235	796	1,101	1,101	50.00%
SERA.Q.A. Duitama, S.A. (*)	36	(39)	0	0	0	30.60%
Shariket Miyeh Ras Djinet S.p.A.	17,488	23,184	4,075	1,274	1,274	25.49%
Shariket Tahlya Miyah Mostaganem S.p.A.	27,020	83,139	14,129	9,015	9,015	25.49%
Suministro de Agua de Queretaro, SA de CV	18,357	25,971	12,836	6,629	6,629	1.00%

(*) Unaudited figures at 31 December 2015.

ECONOMIC DATA OF ASSOCIATES 2014

(Amounts in thousands of euros)

COMPANIES	SHARE CAPITAL	Reserves and other equity items	RESULTS 2014			% OF OWNER SHIP
			Loss from Operations	Profit from continuing operations	Result	
Aguas de Archidona, S.L.	150	-	9	(5)	(5)	48.00%
Aguas de Denia, S.A. (*)	425	830	11	11	11	33.00%
Aguas de Langreo, S.L.	1,800	(110)	513	162	162	49.00%
Aguas de Narixa, S.A.	600	83	208	17	17	50.00%
Aguas de Priego, S.L.	500	(555)	206	10	10	49.00%
Aguas de Ubrique, S.A. (*)	120	(588)	(25)	(25)	(25)	49.00%
AIE Aquagest Medioambiente Aqualia (*)	400	400	(24)	72	72	37.50%
AIE Costa Brava Abastament Aqualia – Sorea	156	-	-	93	93	50.00%
AIE Costa Tropical de Granada	1,623	6,320	1,665	1,314	1,314	51.00%
AIE ITAM Delta de la Tordera (*)	6	(6)	(1)	22	22	50.00%
Aigües del Segarra Garrigues, S.A.	15,000	9,282	1,110	2,164	2,164	1.00%
Aigües del Tomoví, S.A. (*)	1,000	2,617	329	310	310	49.00%
Aqualia MACE	34	3,710	3,388	3,388	3,388	51.00%
Aquos El Realito, S.A. de C.V.	10,836	2,954	11,558	1,654	1,654	44.00%
Cía. de Serv. Medioambientales do Atlántico, S.A.	601	182	322	57	57	49.00%
Concesionaria de Desalación de Aguas de Ibiza, S.A.	1,850	295	1,398	539	539	50.00%
EMANAGUA - Empresa Municipal de Aguas de Níjar, S.A.	450	(2)	150	3	3	49.00%
Empresa Mixta de Aguas de Jódar, S.A.	150	(212)	(12)	(48)	(48)	49.00%
Empresa Mixta de Aguas de Ubrique, S.A.	150	14	19	14	14	49.00%
Empresa Municipal Aguas de Algeciras, S.A.	451	(110)	296	30	30	49.00%
Empresa Municipal de Aguas Benalmádena, S.A.	1,803	1,881	2,107	994	994	50.00%
Empresa Municipal de Aguas de Linares, S.A.	300	(1,045)	(353)	(267)	(267)	49.00%
Empresa Municipal de Aguas de Toxiria, S.A	240	(69)	70	44	44	49.00%
Generávil, S.A.	310	(5,676)	(313)	(503)	(503)	36.00%
Girona, S.A.	1,200	4,598	396	379	379	33.61%
Nueva Sociedad de Aguas de Ibiza, S.A. (*)	60	152	68	48	48	40.00%
Orasqualia Devel. Waste. T.P.	27,116	13,182	12,268	3,046	3,046	41.81%
Orasqualia O&M	2,786	827	737	573	573	50.00%
SERA.Q.A. Duitama, S.A. (*)	113	(41)	-	(1)	(1)	30.60%
Shariket Miyeh Ras Djinet S.p.A.	19,227	24,158	7,106	4,256	4,256	25.49%
Shariket Tahlya Miyah Mostaganem S.p.A.	29,706	81,988	17,845	13,231	13,231	25.49%
Suministro de Agua de Queretaro, SA de CV	19,444	24,329	12,552	5,667	5,667	1.00%

(*) Unaudited figures at 31 December 2014.

The breakdown of income from equity investments in group companies and associates is included in Note 18.1.

7.2. Non-current loans to Group companies and associates

Details were as follows:

LONG-TERM LOANS TO COMPANIES		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
Loans to Group companies - (Note 7.2.1)	50,267	46,521
Loans to associates (Note 7.2.2)	40,031	45,799
TOTAL	90,298	92,320

7.2.1 Non-current loans to Group companies The detail of the balances at 31 December 2015 and 2014 is as follows:

LOANS TO GROUP COMPANIES				
<i>(Amounts in thousands of euros)</i>				
	31/12/2015	31/12/2014	MATURITY	MATURITY
Aqua Campiña, S.A.	4,797	5,160	Euribor + 1 %	2026
Aquajerez, S.L.	16,981	16,981	3 % + Variable	2038
Aquacartaya, S.L.	7,650	2,025	Euribor + 7.5 %	2018
Empresa Gestora de Aguas Linenses, S.L.	9,787	10,390	Euribor + 7.5 %	2019
Aguas de las Galeras, S.L.	-	2,258	10 %	2020
Aguas de las Galeras, S.L.	4,152	4,351	fully consolidated Legal - 1 %	2017
Aguas de Alcázar Empresa Mixta, S.A.	6,140	4,593	4 %	2024
Fomento de Construcciones y Contratas, S.A.	14	763	5.56%	2020
Sociedad Española de Aguas Filtradas, S.A.	746	-	4.25 %	
TOTAL	50,267	46,521		

7.2.2 Loans to companies associated with long - term detailed as follows:

LOANS TO ASSOCIATES				
<i>(Amounts in thousands of euros)</i>				
	31/12/2015	31/12/2014	INTEREST	MATURITY
Manage. EIG Water Serv. Ciudad Real	79	79	-	2016
Emp. Municipal de Aguas de Algeciras, S.A.	3,662	3,909	EURIBOR + 1%	2045
Emp. Municipal de Aguas de Benalmádena, S.A.	7,749	7,749	EURIBOR (12) + 0.9%	2025
Emp. Municipal de Aguas de Toxiria, S.A.	546	587	EURIBOR (12) + 1%	2029
Aguas de Langreo, S.L.	5,182	5,548	EURIBOR + 1	2031
EMANAGUA - Empresa Mpal de Aguas de Nijar	4,748	5,083	EURIBOR (12) + 1.25%	2025
Aigües del Tomoví, S.A.	254	1,430	4%	2032
Aguas de Archidona, S.A.	535	549	T.I. LEGAL + 3%	2036
Aguas de Narixa, S.A.	4,900	5,045	EURIBOR (12) + 0.75%	2034
Aquos El Realito, S.A. de C.V.	7,037	10,164	-	2016
AIE Costa Brava Abastament Aqualia Sorea	2	2	-	2016
Aguas de Priego, S.L.	3,628	3,726	5%	2037
Empresa Mixta de Aguas de Jódar, S.A.	1,000	1,025	7%	2035
Orasqualia Development Waste T.Plant SAE	70	69	-	2016
Emp. Municipal de Aguas de Linares, S.A.	442	470	EURIBOR + 0.05 %	2032
Empresa Mixta de Aguas de Ubrique, S.A.	197	364	7.7 %	2039
TOTAL	40,031	45,799		

The balances with Aquos El Realito, S.A. de C.V. does not accrue interest because it involves funds transferred for future capital increases.

NOTE 8 FINANCIAL ASSETS BY CATEGORY

The classification of financial assets excluding shares in group companies and associates is as follows:

	31/12/2015			31/12/2014		
	Non-current	Current	Total	Non-current	Current	Total
FINANCIAL ASSETS BY CATEGORY (Amounts in thousands of euros)						
Held-for-trading financial assets						
Unlisted equity instruments (note 8.1)	10	-	10	94	-	94
Loans and receivables						
Loans to Group companies and associates (Notes 7.2 and 9)	90,298	372,373	462,571	92,320	265,317	357,637
Loans to third parties (Note 8.2 and 9.2)	99,467	16,823	116,290	93,428	15,388	108,816
Other financial assets to Group companies and associates (Note 8.3)	-	2,917	2,917	-	5,853	5,853
Other financial assets with third parties (note 8.3)	14,879	11,282	26,161	14,000	16,750	30,750
Trade and other receivables (Note 8.4 and 10)	-	119,345	119,345	12,625	130,700	143,325
Total	204,644	522,740	727,394	212,373	434,008	646,381
TOTAL FINANCIAL ASSETS	204,654	522,740	727,394	212,467	434,008	646,475

The financial assets have a fair value that does not differ significantly from their book value. The only gains and losses from financial assets relate to impairment corrections detailed in Note 10.3 and the financial income generated by interest on loans which totalled EUR 12,068 thousand at 31 December 2015 (EUR 18,856 thousand at 31 December 2014).

8.1. Unlisted equity instruments

It has the following breakdown at 31 December 2015 and 2014:

EQUITY INSTRUMENTS (Amounts in thousands of euros)	2015	2014
	Sevilla Seed Capital, S.A.	-
Other investments	10	10
TOTAL	10	94

At 31 December 2014, the Company has a 4.19% stake in the share capital of Sevilla Seed Capital, S.A. In 2015, the said company was liquidated by its directors, leading to a loss of EUR 54 thousand in the income statement of the Company (see note 18.10).

8.2. Loans to Third Parties

This caption mainly includes loans to municipalities for the execution of works and installations in the water network. These loans bear a variable interest rate based on Euribor and are recovered according to the amortization table included in the contract, by offsetting the debts with the municipalities originating from the collection of final fees and other concepts. The portion of these with maturity of less than one year is recorded under the heading Short-term financial investments (see note 9.2).

The detail of "Other Operating Income" for the years ended 31 December 2015 and 2014 is as follows:

	LOANS TO THIRD PARTIES		<i>(Amounts in thousands of euros)</i>		FINAL MATURITY	
	31/12/2015	31/12/2014	< 5 YEARS	> 5 YEARS		
Agaete City Council	174	294	2018	-		
Alboraya City Council	4,148	4,275		>2019		
Ávila City Council	4,284	5,165		>2019		
Alcalá de Henares Town Council	4,452	-		>2019		
Aller City Council	327	373		>2019		
Albuera City Council	-	313		>2019		
Los Alcázares Town Council	-	406	2017			
Baena City Council	707	707	2017			
Bell-Lloch City Council	64	70		>2019		
Bollullos City Council	1,396	1,396		>2019		
Calasparra City Council	340	382		>2019		
Callosa del Segura City Council	1,615	1,693		>2019		
Caravaca de la Cruz City Council	442	676		>2019		
Chiclana City Council	-	373	2017			
Chipiona City Council	667	766		>2019		
El Escorial City Council	3,686	3,735		>2019		
El Vendrell City Council	208	227		>2019		
Ingenio City Council	-	-		>2019		
Hellín City Council	21	24		>2019		
Hondón de los Frailes City Council	141	168		>2019		
Galdar Town Council	4,970	5,250		>2019		
Güímar City Council	264	294		>2019		
Jaén City Council	30,764	31,075		>2019		
La Guardia City Council	417	452		>2019		
La Línea Town Council	1,530	1,675		>2019		
Lepe City Council	10,597	8,502		>2019		
Lora del Río City Council	860	1,025		>2019		
Magán City Council	257	280		>2019		
Martos City Council	335	430		>2019		
Matalascañas City Council	2,725	3,179		>2019		
Medina del Campo City Council	97	104		>2019		
Mula City Council	779	969		>2019		
Ayuntamiento de Olivenza	680	-		>2019		
Oviedo City Council	-	311		>2019		
Puerto de la Cruz City Council	1,811	2,618		>2019		
Quintanar de la Orden City Council	66	106	2017			
Ribera del Fresno City Council	341	379		>2019		
Ronda City Council	3,028	3,164		>2019		
San Pedro del Pinatar City Council	382	400		>2019		
Sant Fost City Council	1,323	1,455		>2019		
Segurilla City Council	4	7		>2019		
Solana de Los Barros City Council	165	181		>2019		
Talavera de la Reina City Council	66	218		>2019		
Turcia City Council	9	10		>2019		
Ubrique City Council	951	1,168		>2019		
Vélez-Málaga City Council	8,252	3,187		>2019		
Campo de Gibraltar District	5,380	5,538		>2019		
Llanos Villamartín Irrigation Community	700	333		>2019		
Watering Community	31	41		>2019		
Loan to the personnel	11	34	2016			
Total Loans to third parties	99,467	93,428				

During 2015, we have recorded an impairment amounting to EUR 1,036 thousand under "Impairment losses and gains on disposals of financial instruments" (Note 18.10).

8.3) Other financial assets

Its balance has the following breakdown at 31 December 2015 and 2014:

OTHER FINANCIAL ASSETS		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
Non-current		
Long-term guarantees and deposits given	14,879	14,000
TOTAL	14,879	14,000
Current	31/12/2015	31/12/2014
Dividends receivable from Group companies and associates	2,917	5,853
Short-term deposits and guarantees given	11,227	16,660
Other financial assets	55	90
TOTAL	14,199	22,603

8.3.1 Dividends receivable from Group companies and associates

The breakdown of dividends receivable from group companies and associates and interests in outstanding receivables at 31 December 2015 and 2014 is as follows:

DIVIDENDS RECEIVABLE FROM GROUP COMPANIES AND ASSOCIATES		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
A.I.E. ITAM Delta de La Tordera	1,526	1,047
A.I.E. Gestión de servicios hidráulicos Ciudad Real	618	470
A.I.E. Aquagest Medioambiente - Aqualia	54	93
A.I.E. Costa Tropical de Granada	191	4,196
Colaboración, Gestión y Asistencia, S.A.	97	-
A.I.E. Costa Brava Abastament Aqualia Sorea	47	47
Orasqualia O&M	384	-
TOTAL	2,917	5,853

8.4 Trade receivables (Concession Agreement, collection right)

Based on its expected outcome in the first quarter of 2016, at 31 December 2015 the Company reclassified to the current assets of the balance sheet, for an amount of EUR 13,057 thousand, the collection right the Company has in the construction and operation of a seawater desalination plant in Santa Eulalia (Balearic Islands), based on a public works concession contract which was signed on 15 November 2005 by the Company in a Temporary Joint Venture with its subsidiary 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 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.

On 4 December 2015, the Council of Ministers adopted the resolution of 2 concession contracts in the Balearic Islands, including the desalination plant in Sta. Eulalia in Ibiza, authorizing the payment of EUR 25,600 thousand as the amount of compensation to the UTE Concessionaire. This charge was paid on 18 January 2016 and 50% corresponds to the Company.

Given the resolution of the Council of Ministers, the Company recorded a financial impairment amounting to EUR 2,559 thousand for the difference with the amount recorded in the accounts.

The movements in the year are as follows for 2015 and 2014:

CONCESSION ARRANGEMENT - NON CURRENT COLLECTION RIGHT	
<i>(Amounts in thousands of euros)</i>	
<i>Variation from 1 January to 31 December 2015</i>	
Balance at 31 December 2014	12,625
Additional amounts recognised during the year	-
Third-party transfer non-current credits	-
Transfer to Concession agreement of current collection right	(12,625)
Balance at 31 December 2015	-
<i>Change from 1 January 2014 to 31 December 2014</i>	
Balance at 31 December 2013	12,789
Additional amounts recognised during the year	337
Third-party transfer non-current credits	671
Transfer to Concession agreement of current collection right	(1,172)
Balance at 31 December 2014	12,625

CONCESSION ARRANGEMENT - COLLECTION RIGHT	
<i>(Amounts in thousands of euros)</i>	
<i>Variation from 1 January to 31 December 2015</i>	
Balance at 31 December 2014	2,637
Additional amounts recognised during the year	354
Transfer from Concession agreement, Non-current collection right	12,625
Financial impairment	(2,559)
Balance at 31 December 2015	13,057

NOTE 9 SHORT-TERM LOANS

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

SHORT-TERM LOANS		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
Loans to Group companies and associates	372,373	265,317
Other loans, non-Group	16,823	15,388
TOTAL	389,196	280,705

9.1. Loans to group companies and associates have the following breakdown at 31 December 2015 and 2014:

SHORT-TERM LOANS TO GROUP COMPANIES AND ASSOCIATES		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
Loans to Group companies and associates	366,314	259,916
Short Term Interests to Group companies and associates	6,059	5,401
TOTAL	372,373	265,317

SHORT-TERM LOANS TO GROUP COMPANIES AND ASSOCIATES

(Amounts in thousands of euros)

	31/12/2015	31/12/2014
A.I.E. Costa Tropical de Granada	6,703	2,008
A.I.E. ITAM La Tordera	234	705
Abrantaqua	669	-
Acque de Caltanisseta, S.P.A.	5,749	5,988
Aguas de Alcázar Empresa Mixta, S.A.	153	3,633
Aguas del Puerto Empresa Municipal	1	-
Aguas de Archidona, S.L.	14	12
Aguas de Langreo, S.L.	732	732
Aguas de las Galeras, S.L.	3,162	1,204
Aguas de Narixa, S.A.	436	436
Aguas de Priego, S.L.	239	93
Aigües de Vallirana, S.A.U.	219	137
Aqua Campiña, S.A.	558	511
Aquacartaya, S.L.	1,063	855
Aquaervas - Aguas de Elvas, S.A.	1,687	1,679
Aquafundalia- Agua Do Fundao, S.A.	1,723	1,728
Aquajerez, S.L.	424	391
Aqualia Czech, S.L.U.	-	4,293
Aqualia Infraestructuras, S.A.	26,449	24,957
Aqualia Mace LLC	8	7
Aquamaior - Aguas de Campo Maior, S.A.	540	676
Asesoría Financiera y de Gestión, S.A.	289,488	65,162
Cartagua, Aguas do Cartaxo, S.A.	4,715	4,536
Compañía de Servicios Medioambientales Do Atlántico, S.A.	1	474
Conservación y Sistemas, S.A.	818	751
Depurplán 11, S.A.U.	110	232
Depurtebo, S.A.	88	11
EMANAGUA – Emp. Municipal de Aguas de Nijar, S.A.	330	319
Ematoxiria, S.A.	42	41
Emp. Mixta de Aguas de Jodar, S.A.	25	23
Emp. Municipal de Aguas de Benalmádena, S.A.	45	782
Emp.Municipal de Aguas de Linares, S.A.	27	27
Empresa Gestora de Aguas Linenses, S.L.	4,176	65
Empresa mixta de aguas y servicios, S.A.	3	1
Empresa municipal de Aguas de Algeciras, S.A.	215	401
Empresa mixta de aguas de Ubrique, S.A.	18	-
Entemanser, S.A.	3,493	1,910
FCC Aqualia América, S.A. Unipersonal	258	2
FCC Aqualia USA CORP	14	-
FCC Construcción, S.A.	876	876
Fomento de Construcciones y Contratas, S.A.	2,004	130,700
FS Colaboración y Asistencia, S.A.	106	73
Hidrotec Tecnología del Agua, S.L.U.	9,302	5,441
Infraestructuras y Distribución General del Agua, S.L.	1,684	160
Shariket Miyeh Ras Djinet, S.p.a.	4	4
Shariket Tahlya Mostaganem, S.p.a.	37	41
Sociedad Española de Aguas Filtradas, S.A.	384	81
Sociedad Ibérica del Agua, S.A.	2	1
Tratamiento Industrial de aguas, S.A.	3,345	3,158
TOTAL	372,373	265,317

These loans bear interest at market rates and their balances record an amount of EUR 7,836 thousand at 31 December 2015 (EUR 8,490 thousand at 31 December 2014) in respect of amounts receivable for corporate tax to subsidiaries belonging to the FCC tax group.

9.2. Loans, non-Group. This caption mainly includes loans to municipalities, with short term maturity, for the execution of works and installations in the water network. The portion of these with maturity of more than one year is recorded under the heading Non-current financial investments (see note 8.2).

Such loans have the following breakdown at 31 December 2015 and 2014:

OTHER LOANS

(Amounts in thousands of euros)

	31.12.2015	31.12.2014
Aguas del Puerto de Santa María, S.A.	-	-
Aller City Council	267	217
Almería City Council	-	2,357
L' Atmetlla de Mar City Council	20	366
Alboraya City Council	117	107
Ávila City Council	1,014	119
Baena City Council	566	1,106
Bollullos del Condado City Council	595	456
Callosa del Segura City Council	151	120
Caravaca City Council	255	260
Cangas de Morrazo City Council	69	139
Chiclana de la Frontera City Council	184	249
Chipiona City Council	453	730
La Guardia City Council	78	57
Guimar City Council	29	29
Hondon de los Frailes City Council	22	17
La Línea de la Concepción City Council	208	208
Lepe City Council	1,541	684
Albuera City Council	-	28
Jaén City Council	3,612	3,226
Martos City Council	95	179
Masllorenç City Council	15	7
Oviedo City Council	379	398
Ronda City Council	125	116
Ubrique City Council	183	129
Vélez – Málaga City Council	2,968	218
El Vendrell City Council	19	18
Medina del Campo City Council	7	7
Mula City Council	430	305
Puerto de la Cruz City Council	435	664
Ribera del Fresno City Council	209	171
Sant Fost City Council	128	89
Santa Cristina City Council	6	6
Segurilla Cervera City Council	495	-
Tarifa City Council	13	267
Lora de Río City Council	123	121
Matalascañas City Council	454	454
Campo de Gibraltar District	312	727
Llanos Villamartín Irrigation Community	192	68
Elrondaguel, S.L.	3	3
Ivanyumeva, S.L.	3	3
Mercader City Council	3	7
San Pedro Pinatar City Council	19	131
San Lorenzo del Escorial City Council	124	248
Solana de los Barros City Council	17	15
Calasparra City Council	40	52
Agate City Council	120	70
Peralada City Council	178	243
Interest	547	197
TOTAL	16,823	15,388

These loans earn interest at market rates.

NOTE 10 TRADE AND OTHER RECEIVABLES

10.1. The breakdown of the balance under "Trade and services" at 31 December is as follows:

TRADE RECEIVABLES FOR SALES AND SERVICES

(Amounts in thousands of euros)

	31/12/2015	31/12/2014
Production pending collection billed to customers outside the group	149,764	156,443
Non-recourse customer credit assignments, third parties	(97,103)	(82,049)
Production executed pending billing to customers outside the group	40,872	37,490
Withholdings for guarantee to customers outside the group	494	182
Impairment of clients	(30,207)	(28,414)
TOTAL	63,820	83,652

At 31 December 2015, EUR 11,194 thousand of the net balance of Customers relates to the Temporary Joint Ventures (EUR 9,624 thousand at 31 December 2014).

The heading "Production pending collection" includes the amount of the invoices issued to customers for services performed and pending collection at the balance sheet date.

The "Non-recourse customer credit assignments, third parties" item corresponds to collection rights assigned without recourse by the Company 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 Company acts on its own behalf and as agent of the two subsidiaries Entemanser, S.A. and Aigues Vallirana, S.A.U., having expanded the limit at 5 May 2015, from EUR 90,000 thousand to EUR 102,000 thousand.

10.2. The breakdown of "Trade Group companies and associates" at 31 December 2015 and 2014, which mainly includes commercial operations, is as follows:

TRADE RECEIVABLES FROM GROUP COMPANIES AND ASSOCIATES

(Amounts in thousands of euros)

GROUP COMPANIES	31/12/2015	31/12/2014
Abrantaqua, S.A.	1,832	1,236
Acque di Caltanissetta, S.P.A.	7,619	6,759
Aguas de Alcázar Empresa Mixta, S.A.	342	265
Aguas de las Galeras, S.L.	37	30
Aigües de Vallirana, S.A.U.	48	19
Alfonso Benítez	20	-
Aqua Campiña, S.A.	328	178
Aquacartaya, S.L.	401	456
Aquaervas – Aguas de Elvas, S.A.	1,131	1,179
Aquafundalia -Agua Do Fundao, S.A.	620	653
Aquajerez, S.L.	1,719	1,602
Aqualia Industrial Solutions, S.A.	-	3
Aqualia Infraestructuras de México, S.A. de C.V.	236	99
Aqualia Infraestructuras Inzenyring	-	28
Aqualia Infraestructuras, S.A.	1,462	1,430
Aqualia New Europe B.V.	20	106
Aquamaior – Aguas del Campo Maior, S.A.	98	122
Cartagua, Aguas Do Cartaxo, S.A.	1,958	1,884
Conservación y Sistemas, S.A.	33	-
Depurplan 11, S.L.	152	234
Empresa Gestora de Aguas Linenses, S.L.	297	-
Entemanser, S.A.	156	280
FCC Aqualia USA Corp	4	-
FCC Construcción, S.A.	221	1,119
FCC Medio Ambiente, S.A.	14	1
FCC Servicios Industriales y Energéticos, S.A.	-	2
Fomento de Construcciones y Contratas, S.A.	967	1,326
FS Colaboración y Asistencia, S.A.	36	36
Hidrotec Tecnología del Agua, S.L.	7	2
Infraestructuras y Distribución General del Agua, S.L.	18	49
Proyectos y Servicios, S.A.	-	1
Severomoravske Vodovody a Kanalizace Ostrava, a.s.	369	360
Sociedad Española de Aguas Filtradas, S.A.	37	118
Tratamiento Industrial de aguas, S.A.	(48)	59
ASSOCIATES		
Aigües del Tomoví, S.A.	261	376
Aguas de Langreo, S.L.	543	534
Aguas de Priego, S.L.	552	579
Aguas de Narixa, S.A.	66	112
Aguas de Archidona, S.L.	300	645
AIE Costa Tropical de Granada	1,727	821
AIE Abast. Alta Costa Brava emp. Mixta	11	30
AIE Costa Brava AB. Aqualia-Sorea	22	19
AIE Aquagest-Aqualia	37	30
AIE ITAM Delta de la Tordera	88	424
Aqualia Mace LLC	73	43
Aquos El Realito, S.A. de CV	-	190
Compañía de Servicios Medioambientales Do Atlántico, S.A.	40	39
Concesionaria de Desalación de Ibiza, S.A.	300	26
Empresa Mixta de Aguas y Servicios, S.A.	3	41
Empresa Mixta de Aguas de Jodar, S.A.	470	270
Empresa Mixta de Aguas de Ubrique, S.A.	250	649
Empresa Municipal de Aguas de Níjar, S.A.	1,834	1,607
Empresa Municipal de Aguas de Algeciras, S.A.	5,562	6,430
Empresa Municipal de Aguas de Benalmádena, S.A.	321	1,130
Empresa Municipal de Aguas de Toxiria, S.A.	430	620
Empresa Municipal de Aguas de Linares S.A.	47	1,504
Generávila, S.A.	6	12
Nueva Sociedad de Aguas de Ibiza, S.A.	1	1
Orasqualia Devel. Water Treatment Plant. S.A.E.	1,087	940
Orasqualia O&M	211	125
Shariket Tahlya Miyah Mostaganem S.p.A.	1,283	1,420
Shariket Miyeh Ras Djinet S.p.A.	1,508	1,074
TOTAL	37,167	39,327

The receivable balance from the companies Shariket Tahlya Miyah Mostaganem S.p.A. and Shariket Miyeh Ras Djinet S.p.A. is denominated in US dollars, while the balance with Orasqualia Development Waste Water Treatment Plant, S.A.E., is denominated in Egyptian pounds: the balance with Aqualia Mace LLC, is denominated in UAE dirham; the balance with Aquos El Realito, S.A. de C.V. is denominated in Mexican pesos and the balance of the company Severomoravské Vodovody a Kanalizace Ostrava, A.S. is denominated in Czech crowns. All of them have been converted at the closing exchange rate of each year.

10.3 The breakdown of the balance existing under Impairment of trade receivables is as follows:

WRITE-DOWN OF TRADE RECEIVABLES		
<i>(Amount in thousands of euros)</i>		
	31.12.2015	31.12.2014
Customer insolvencies	30,207	28,414
Debtor insolvencies	195	236
TOTAL	30,402	28,650

10.4 The movements under Impairment of trade receivables is as follows:

WRITE-DOWN OF TRADE RECEIVABLES	
<i>(Amounts in thousands of euros)</i>	
<i>Liabilities between 1 January 2014 and 31 December 2014</i>	
Balance at 01 January 2014	25,261
Allowance for impairment provisioned in current year	9,740
Reversal of impairment provisioned in previous years	(6,351)
Balance at 31 December 2014	28,650
<i>Variation between 1 January 2015 and 31 December 2015.</i>	
Balance at 31 December 2014	28,650
Allowance for impairment provisioned in current year	8,168
Reversal of impairment provisioned in previous years	(6,416)
Balance at 31 December 2015	30,402

The Company records under the heading "Losses, impairment and changes in trade provisions" (see Note 18.11) the net effect of that provision. In addition, it records under the said heading the loss of loans considered uncollectible in an amount of EUR 3,909 thousand and other short-term provisions.

NOTE 11 EQUITY

The detail of "Equity" and of the changes therein is presented in the Statement of changes in equity.

11.1. The **share capital** is represented by 145,000,000 nominative shares, fully subscribed and paid up, with a par value of one euro value each. In 2001, a redenomination of the share capital to euros was performed, resulting in a restricted reserves account amounting to EUR 76 thousand, presented under "Other reserves" in the accompanying balance sheet.

Fomento de Construcciones y Contratas, S.A. is the majority shareholder (99.9%).

11.2. The **issue premium** is fully distributable at 31 December 2015 and 2014.

11.3 The composition of **Reserves** at 31 December 2015 and 2014, is as follows:

RESERVES		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
Legal reserve	29,000	29,000
Voluntary reserves	344,444	344,444
Special reserves	76	76
Goodwill Reserves	28,497	24,358
TOTAL	402,017	397,878

As of 31 December 2015, the **legal reserve** is equal to 20% of the share capital and therefore no additional amount will be earmarked for the distribution of profit for the year 2015 (see Note 3).

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 for such purpose.

The **voluntary reserves** are freely available at 31 December 2015 and 2014.

Goodwill Reserves. Pursuant to the terms of article 273.4 of the consolidated text of the Spanish Companies Law, the Company is allocating a restricted reserve fund for the goodwill amount that appears in assets in the statement of financial position (see Note 5) for a period of 20 years, the balance of which at 31 December 2015 is EUR 28,497 thousand (EUR 24,358 thousand at 31 December 2014). This reserve is restricted.

NOTE 12 GRANTS

The changes in this section during each year were as follows:

GRANTS	
<i>(amounts in thousands of euros)</i>	
<i>Liabilities between 01 January 2015 and 31 December 2015</i>	
Balance at 31 December 2014	5,851
Additional amounts recognised during the year	14
Amount Taken to Income	(1,689)
Effect of taxes and other income/expense	469
Balance at 31 December 2015	4,645

GRANTS	
<i>(Amounts in thousands of euros)</i>	
<i>Changes from 1 January to 31 December 2014</i>	
Balance at 01 January 2014	6,581
Additional amounts recognised during the year	-
Amount Taken to Income	(1,125)
Tax effects	395
Balance at 31 December 2014	5,851

The income statement includes an amount of EUR 1,689 thousand relating to the charge to income of non-financial assets (EUR 1,125 thousand at 31 December 2014).

At 31 December 2015, there is an amount of EUR 693 thousand from the integration of the UTEs (EUR 827 thousand at 31 December 2014). These amounts have been granted by the European Union to finance an investment plan that the company is constructing in a UTE with other companies.

The income statement includes an amount of EUR 10,071 thousand in terms of operating subsidies (EUR 9,804 thousand at 31 December 2014) relating to grants awarded to the Company by the municipalities to which it provides the service of the complete water cycle in recognition of the concessionaire's operating deficit in the concessions under the provisions of the terms and conditions and respective contract.

The outstanding amounts receivable at 31 December 2015 and 2014 for this item are indicated in Note 15.

NOTE 13 PROVISIONS

The detail and the changes in 2015 and 2014 is as follows:

LONG-TERM PROVISIONS						
<i>Variation between 31 December 2014 and 2015</i>						
	BALANCE	(+)	(+)	(-)	(+/-)	BALANCE
	31/12/2014	PROVISION	UPDATE	DISTRIBUTION	TRANSFERS	31/12/2015
Provisions for pensions	132	-	-	(26)	-	106
Other provisions	29,457	5,791	549	(3,374)	-	32,423
Provisions for Infrastructure Developments	28,438	7,210	855	(10,601)	-	25,902
TOTAL	58,027	13,001	1,404	(14,001)	-	58,431

LONG-TERM PROVISIONS						
<i>Variation between 31 December 2013 and 2014</i>						
	BALANCE	(+)	(-)	(+/-)	BALANCE	
	31/12/2013	PROVISION	DISTRIBUTION	TRANSFERS	31/12/2014	
Provisions for pensions	152	-	(20)	-	132	
Other provisions	22,655	10,505	(3,703)	-	29,457	
Provisions for Infrastructure Developments	24,535	12,323	(8,420)	-	28,438	
TOTAL	47,342	22,828	(12,143)	-	58,027	

The allocation of the other provisions recorded at 31 December 2015, in an amount of EUR 5,791 thousand, is recorded with charge to "Other current operating expenses" in the accompanying income statement, and are to cover contractual liabilities that may entail a probable payment obligation in the future.

The update to provisions in an amount of 1,404 thousand, recorded under the heading "Financial expenses" (see Note 18.8) in the accompanying income statement.

The long-term provisions relate to:

- a) Provisions for pensions. The Company has outsourced all its commitments in respect of supplements to Social Security pensions and retirement bonuses. The balance existing at 31 December 2015 and 2014 relates to commitments that cannot be outsourced originating from the UTE Aqualia - FCC (Vigo).
- b) Other provisions. It records the estimates performed by the Company of the contractual liabilities that may give rise to a probable payment obligation in the future.
- c) Provisions for infrastructure developments These are allocated when the Company is required

to perform activities that improve the infrastructure when such activities do not give rise to increased revenue from the concession in the exchange. They have a balancing entry in “Intangible assets under concession arrangements”.

The breakdown by contract at 31 December 2015 and 2014 is as follows:

<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
Cangas (Pontevedra)	2,464	-
Vigo (Pontevedra)	2,053	5,686
Lleida (Lleida)	10,491	11,160
Candelaria (Santa Cruz de Tenerife)	1,426	-
Arico (Santa Cruz de Tenerife)	700	700
Moguer (Huelva)	1,132	1,142
Caspe (Zaragoza)	310	320
Lepe (Huelva)	45	575
Chiclana (Cádiz)	431	775
Azuaga (Badajoz)	300	300
San Juan del Puerto(Huelva)	37	463
Arcos de la Frontera(Cádiz)	2,920	3,007
Fraga (Huesca)	604	607
Villamalea (Albacete)	-	207
Barbate (Cádiz)	1,219	2,082
Bollullos Par del Condado (Huelva)	215	315
Tordera (Barcelona)	90	163
La Palma del Condado (Huelva)	-	25
Talavera de la Reina (Toledo)	549	-
Valverde del Camino (Huelva)	-	298
Other contracts	916	613
TOTAL	25,902	28,438

The short-term provisions include the obligations of the Company to meet future payment obligations for events that may have occurred in the course of its business and for which it is contractually or legally liable.

NOTE 14 FINANCIAL LIABILITIES BY CATEGORY

The classification of financial liabilities at year-end 2015 and 2014 is as follows:

BALANCE AT 31/12/15 (in thousand of euros)	Non-current	Current	Total
Accounts payable			
Bank borrowings (Note 14.1)	-	-	-
Limited non-recourse debt	-	-	-
Payable to Group companies and associates (Note 14.2 and 14.3)	361,301	164,483	525,784
Obligations under finance leases	76	39	115
Other financial liabilities	29,463	4,301	33,764
Trade and other payables	6,252	233,891	240,143
TOTAL	397,092	402,714	799,806

BALANCE AT 31/12/2014 (in thousand of euros)	Non-current	Current	Total
Accounts payable			

Bank borrowings (Note 14.1)	-	-	-
Limited non-recourse debt	-	-	-
Payable to Group companies and associates (Note 14.2 and 14.3)	376,148	91,648	467,796
Obligations under finance leases	21	11	32
Other financial liabilities	28,807	7,822	36,629
Trade and other payables	27,124	244,292	271,416
TOTAL	432,100	343,773	775,873

There are no significant differences between the fair value and the book value of the financial liabilities classified as "Debits and payables."

Net gains and losses of financial liabilities relating mainly to financial expenses of debts with group companies and associates and with credit institutions amounted to EUR 21,572 and EUR 5,577 thousand, respectively at 31 December 2015 (EUR 15,378 and EUR 12,410 thousand respectively at 31 December 2014).

14.1. Bank borrowings

In 2014, FCC, S.A. and a group of companies including the Company signed a Refinancing Agreement with the Group's main lenders, replacing its bank borrowings with intra-group debt (see Note 14.2).

14.2. Non-current financial debt with group companies.

	(thousands of euros)	
	31.12.2015	31.12.2014
Fomento de Construcciones y Contratas, S.A.	360,736	375,583
Aqualia Infraestructuras, S.A.	565	565
TOTAL	361,301	376,148

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	206,986	202,449
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	360,736	375,583

Participation in the refinancing agreement of the FCC Group

Based on the Restructuring Framework Agreement and the Financing Agreement signed by a group of companies led by FCC, S.A., including the Company, and almost all their lenders, on 26 June 2014 a loan agreement was signed between FCC and the Company.

Such loan agreement became effective through the express, irrevocable and unconditional assumption by FCC as a debtor, but with a cumulative and joint and several character with the Company, of the contractual position thereof in the affected debt.

The loan contract matures on the same date as the Financing Agreement for FCC, S.A., in other words,

final maturity in June 2018. Therefore, the company has stated this loan as Non-current financial debt.

The average rate of interest was 4.55% (6.95% for the year 2014).

Participating loan

In 2006 the Company signed a loan agreement for a total of 4,800 million Czech Crown 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 said 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 this loan at 31 December 2015 comes to EUR 149,250 thousand (EUR 149,250 thousand at 31 December 2014).

The interest rate 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 Company do not expect that its total or partial cancellation will be requested over the next 12 months.

14.3. Current debts with group companies and associates at 31 December 2015 and 2014, for financial transactions and the tax effect of consolidated taxation, are:

CURRENT PAYABLES TO GROUP COMPANIES AND ASSOCIATES		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
Aigües de Vallirana, S.A.U.	2,654	1,922
Aguas de Tomovi, S.A.	124	-
Conservación y Sistemas, S.A.	7,971	7,156
Aguas de Archidona, S.L.	1	781
Aqualia Infraestructuras, S.A.	22,552	1,711
Aqualia Infraestructuras de México, S.A. de C.V.	6,607	6,998
Aquacartaya, S.L.	76	-
FCC AQUALIA América, S.A.U.	318	318
Acque Di Caltanissetta, S.P.A.	4,859	2,344
AIE Itam Delta de la Tordera	749	749
AIE Ciudad Real	-	50
Augas Municipais de Arteixo, S.A.	1	1
Empresa Gestora de Aguas Linenses, S.L.	4,267	20
Colaboración, Gestión y Asistencia, S.A.	(3)	(3)
Depurtebo, S.A.U.	1,847	1,829
Aqualia Industrial Solutions, S.A.	-	1,981
Empresa Mixta de Butarque, S.A.	166	166
Entemanser, S.A.	4,221	4,123
FCC Construcción, S.A.	43	-
Fomento de Construcciones y Contratas, S.A.	49,900	32,976
FS, Colaboración y Asistencia, S.A.	1,533	1,220
Empresa Mixta de Aguas de Ubrique, S.A.	314	537
Proactiva Group	13	13
Infraestructuras y Distribución General de Agua, S.L.	5,759	3,926
Inversora Riutort, S.L.	290	290
Hidrotec	11,718	-
Orasqualia O&M	-	354
Sociedad Ibérica del Agua, S.A.	88	79
Sociedad Española de Aguas Filtradas, S.A.	14,060	12,651
Tratamiento Industrial de Aguas, S.A.	24,355	9,456
TOTAL	164,483	91,648

At 31 December 2015, the balance in the short term maintained with Fomento de Construcciones y Contratas, S.A. includes an amount of EUR 19,737 thousand (EUR 28,512 thousand at 31 December

2014) relating to the debt to be paid for the Corporate Income Tax for the year 2015 (see note 15), of which EUR 14,361 thousand (EUR 20,022 thousand at 31 December 2014) relate to FCC Aqualia and EUR 5,376 thousand (EUR 8,171 thousand at 31 December 2014) relate to other subsidiaries that are part of consolidated tax group 18/89 headed by FCC.

14.4. The accounts payable to group companies and associates for commercial operations are as follows:

<i>CURRENT PAYABLES TO GROUP COMPANIES AND ASSOCIATES</i>		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
Aqualia Industrial Solutions, S.A.	-	1
Aigües del Tomoví, S.A.	13	23
AIE Costa Tropical de Granada	17	-
Aquacartaya, S.L.	9	-
Aqua Campiña, S.A.	18	20
Severomoravske Vodovody A Kanal Ost	1	-
Aqualia Infraestructuras, S.A.	2,987	4,780
Aqualia Infraestructuras de México, S.A. de C.V.	603	60
Aguas de Denia, S.A.	491	388
Aguas de Vallirana, S.A.U.	32	32
Prefabricados Delta, S.A.	9	12
Depurplan 11, S.A.	-	32
Emp. Municipal mixta de Aguas de Nijar	856	302
Emp. Mixta de Aguas y Servicios, S.A.	15	76
Emp. Mixta de Aguas de Ubrique, S.A.	4	-
Emp. Mixta de Aguas de Langreo, S.L.	13	13
Empresa Municipal de Aguas de Algeciras, S.A.	1,259	1,057
Empresa Municipal de Aguas de Linares, S.A.	-	9
Ecoactiva Medioambiente, S.A.	7	5
Entemanser, S.A.	24	204
A.I.E. Itam Delta de la Tordera	271	621
Abrantaqua, S.A.	166	166
Cartagua, S.A.	9	9
FCC Ámbito, S.A.	26	18
FCC Construcción, S.A.	146	73
FCC Equal CEE, S.L.	2	-
Fomento de Construcciones y Contratas, S.A.	7,975	2,731
FCC Medio Ambiente, S.A.	10	264
FCC Industrial y Servicios Energéticos, S.A.	11	-
FS, Colaboración y Asistencia, S.A.	67	-
Gamasur Gibraltar, S.L.	25	2
Fedemes, S.L.	7	17
Hidrotec Tecnología del Agua, S.L.	6,490	11,446
Hormigones Calahorra, S.A.	2	3
Orasqualia Devel. Waste T.P. S.A.E.	21	3
Hormigones y Morteros prep, S.A. U.	-	1
Infraestructuras y Distribución General de Agua, S.L.	135	120
Aquajerez, S.L.	1	1
Nueva Sociedad de Aguas de Ibiza, S.A.	42	49
Proveiments D' Aigua, S.A.	7	18
Aguas de Archidona, S.L.	-	1
Sistemas y Vehículos de Alta Tecnología, S.A.	-	1
Compañía de Control de Residuos	7	29
Abastament en.alta Costa Brava Empresa Mixta	1	1
Sociedad Española de Aguas Filtradas, S.A.	274	185
Tratamiento Industrial de Aguas, S.A.	7,508	8,899
TOTAL	29,561	31,672

14.5. Other Financial Liabilities.

This caption mainly relates to deposits received from subscribers in water contracts and fixed asset suppliers.

NOTE 15 TAX MATTERS

The reconciliation of the accounting loss for 31 December 2015 and 2014 to the taxable profit/tax loss for income tax purposes is as follows:

**RECONCILIATION OF THE ACCOUNTING PROFIT/LOSS
WITH THE TAXABLE INCOME OF THE CORPORATIONS TAX**

(Amounts in thousands of euros)

	31/12/2015	31/12/2014
Accounting profit for the year before tax	70,934	47,122
Permanent differences	(19,492)	17,228
Permanent differences originating in the UTEs	201	(202)
Other permanent differences	4,949	20,386
Double taxation exemption	(24,701)	(3,011)
Non-deductible expenses	59	55
Temporary differences: Advanced	(502)	(1,357)
Advance temporary differences arising in UTEs	-	1,867
Rtdo. Adjusted negative accounting result of UTEs charging profits following year	2,461	(834)
Surplus amortization	(968)	-
Non-deductible provisions	(1,929)	(2,390)
Other temporary differences	(66)	-
Temporary differences: Deferred	(3,921)	5,699
Deferred temporary differences arising in UTEs	-	72
Rtdo. Adjusted positive accounting result of UTEs charging profits following year Next	(4,197)	5,238
Leases	7	7
Free amortisation	292	292
Tax provision for depreciation of portfolios in investees	-	90
Impairment of goodwill	(23)	-
Tax base	47,019	68,692

The "Double taxation exemption" at 31 December 2015 includes the amount of income from equity received by the Company and the results of foreign branches obtained in 2015.

"Other permanent differences" at 31 December 2014 basically included the temporary limitation on the deductibility of the amortization expenses in the amount of EUR 10,914 thousand and the net impairment of commercial loans in the amount of EUR 6,638 thousand, for which the Company did not record any associated deferred tax asset as its recoverability cannot be guaranteed in future periods in the fiscal consolidation environment in which the Company operates.

At 31 December 2015, it basically includes net impairment provisions for which no associated tax asset has been recorded.

The calculation of the accounting provision for corporations tax is as follows:

CALCULATION OF THE ACCOUNTING PROVISION FOR CORPORATIONS TAX

(Amounts in thousands of euros)

	31/12/2015	31/12/2014
Rdo. Before tax	70,934	47,122
-Permanent differences	(19,492)	17,228
Rdo. Adjusted accounting result	51,442	64,350
Gross accrued corporations tax (28%)	14,404	19,305
+Deductions and credits	(43)	(182)
+Other restatements	3,052	(1,567)
Total income tax expense	17,413	17,556

The heading "other adjustments" basically includes, as of 31 December 2015, the corporations tax recorded in the Temporary Joint Ventures and Branches with a permanent establishment abroad.

The Temporary Joint Ventures in which the Company participates are subject to the regime of fiscal transparency and therefore they charge the taxable amounts, withholdings and deductions to their partner companies in the year they are approved.

The sum corresponding to withholdings and interim payments made during 2015, amounted to EUR 763 thousand (EUR 566 thousand in 2014). Once the deductions and rebates have been considered, the net amount payable to the FCC Group for the Corporate Income Tax amounts to EUR 14,361 thousand (EUR 20,022 thousand at 31 December 2014).

Since it is within FCC's 18/89 Consolidated Group, the deductions that exceed those that would have applied to the Company on an individual basis will be passed to the statement of the parent FCC, S.A. However, the Group has limited the loss carryforwards to be recognised in the individual companies, and therefore also the creation of advance payments in the year, as well as the application of deductions, as a result of the fact that the consolidated group has a negative statement.

The breakdown at 31 December 2015 and 2014 with Public Authorities is as follows:

TAX RECEIVABLES		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
Current tax assets	(61)	136
Tax Authorities for long-term subsidies granted	5,284	5,337
Tax Authorities for short-term subsidies granted	15,476	27,942
VAT refundable	7,207	175
Other receivables from Public Authorities	831	-
TOTAL	28,737	33,590
CURRENT PAYABLES TO PUBLIC AUTHORITIES		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
Current tax liabilities	2,404	922
VAT payable	5,174	-
Payables for withholdings and interim payments of personnel	1,877	2,115
Tax Authorities payables for interim withholdings of investment income, property	65	73
Sundry tax payables	50,760	55,099
Accruals of taxes and other duties	1,635	1,616
Invoiced Indirect Taxes	454	454
Payables to social security bodies	3,788	5,135
Tax Authorities payable for current deferrals of VAT	13,720	11,699
Tax Authorities payable for current deferrals of interim income tax withholdings	2,220	6,359
TOTAL	82,097	83,472
NON-CURRENT PAYABLES TO PUBLIC AUTHORITIES		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
Tax Authorities payable for non-current deferrals of VAT	5,547	19,629
Tax Authorities payable for non-current deferrals of interim income tax withholdings	-	2,832
Payable to the Social Security, non-current	705	4,663
TOTAL	6,252	27,124

The heading "Other receivables from Public Authorities" mainly includes the current balance of the amounts granted by Public Authorities in the form of subsidies, which are pending collection at 31 December 2015 and 2014.

The heading "Tax Authorities payable for other items" mainly includes taxes collected by the Company on behalf of certain municipalities, which are outstanding at 31 December 2015 and 2014.

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	6,601	7,120
Amortisation	2,178	2,452
TJV profits recognised in following year and adjustments thereto	2,865	2,189
Other differences	1,901	1,916
TOTAL	13,545	13,677

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	3,807	2,590
Finance leases	46	48
For capitalisation of finance charge, concession agreement.	3,798	3,125
Impairment of goodwill	23	12
Free depreciation	543	642
Other adjustments	1,739	2,359
TOTAL	9,956	8,776

The breakdown of the income tax expense is as follows (in thousands of euros):

Breakdown of income tax expense		
<i>(Amounts in thousands of euros)</i>		
	31/12/2015	31/12/2014
Current tax	(14,361)	(19,289)
On continuing operations	(14,361)	(19,289)
Deferred taxes	(3,052)	1,733
On continuing operations	(3,052)	1,733
Total income tax expense/income	(17,413)	(17,556)

The impact of the changes in the tax rate on the income statement has a net effect of an increased expense of EUR 628 thousand for income tax.

During fiscal year 2015 and 2014, no taxes for a significant amount have been recognised in equity.

Under current legislation, taxes cannot be considered to be definitively settled until the tax returns filed have been reviewed by the tax authorities or the four-year statute of limitation period has elapsed.

At 31 December 2015, the Company is subject to tax audit from 2010 to 2013 for Corporations Tax and from 2012 to 2013 for the value added tax. In these financial statements, no amount is recorded as provisions for tax assessments for these inspections, since the Company understands that if different criteria exist for interpreting the tax and accounting regulations, they will not lead to significant liabilities arising in this report. And in relation to the other taxes to which the Company is subject, the last four years remain open for all taxes, although the directors do not believe significant liabilities would arise.

NOTE 16 NON-CURRENT ACCRUALS AND DEFERRED INCOME

This section of the balance sheet at 31 December 2015 and 2014 includes the amounts received as the rate for the completion of works and investments involving environmental improvements in the water supply networks during the construction phase thereof and until the start of their operation.

NOTE 17 COLLATERAL AND GUARANTEES

At 31 December 2015, the Company has provided collateral primarily to ensure compliance with its contractual obligations as well as a guarantee in the submission of tenders for future contracts, amounting to EUR 210,960 thousand (EUR 156,763 thousand at 31 December 2014).

The increase in the balance of Bank Guarantees in 2015 was due to the guarantees obtained for the new contracts awarded during the year, mainly the Abu Rawash contract in Egypt and the sewage treatment plants in Hadda and Arana in Saudi Arabia.

It has also provided guarantees to third parties for the following companies in the FCC group and the following amounts (in thousands of euros):

	31/12/2015	31/12/2014
Abrantaqua	1,800	3,000
Aguas de Langreo, S.A.	1,430	1,690
Aguas de las Galeras, S.L.	727	727
Aigues del Segarra Garrigues, S.A.	60	60
Aquacartaya, S.L.	420	420
Aquafundalia - Agua do Fundao, S.A.	1,050	1,500
Aquaervas – Aguas de Elvas, S.A.	-	-
Aquajerez, S.L.	-	2,145
Aquamaior – Aguas de Campomaior, S.A.	2,825	2,875
Compañía Servicios Medioambientales do Atlántico, S.A.	1,353	1,744
Empresa Gestora de Aguas Linenses, S.L.	10	10
Fomento de Construcciones y Contratas, S.A.	3,701,675	3,678,000
Hidrotec Tecnología del Agua, S.L.	21	21
TOTAL	3,711,371	3,692,192

At 31 December 2015, FCC Aqualia, along with other companies in the FCC Group, is listed as the obligor and joint and several 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). A pledge has also been made on the shares of the Company representing its entire share capital, with the entry into force of that pledge being subject to compliance with certain conditions precedent.

The Directors of the Company do not expect significant liabilities to arise as a result of the guarantees provided.

NOTE 18 INCOME AND EXPENSES

18.1 The distribution of the **net turnover** by geographical location and type of business of the Company is as follows:

REVENUE		
BY GEOGRAPHICAL LOCATION		
<i>(Amounts in thousands of euros)</i>		
Autonomous community	31.12.2015	31.12.2014
Andalusia	164,934	180,500
Aragon	6,737	7,979
Asturias	29,109	30,090
Balearic Islands	32,874	31,923
Canary Islands	25,285	20,770
Cantabria	22,450	22,447
Castile-La Mancha	50,243	52,343
Castile-Leon	43,205	41,691
Catalonia	56,117	54,003
Region of Valencia	34,040	34,418
Extremadura	37,905	37,675
Galicia	37,493	35,273
Madrid	31,992	14,437
Murcia	30,260	32,579
Navarre	1,774	1,857
Basque Country	4,996	7,869
La Rioja	4,567	4,332
International		
United Arab Emirates	435	256
Algeria	12,295	8,429
Egypt	234	209
Italy	3067	704
Mexico	0	2
Portugal	2,355	2,438
Saudi Arabia	4,601	5,855
Tunisia	788	748
TOTAL	637,756	628,827

REVENUE BY		
TYPE OF ACTIVITY		
<i>(Amount in thousands of euros)</i>		
	31.12.2015	31.12.2014
Water supply	365,400	390,306
Sanitation	83,716	78,765
Treatment	75,078	69,518
Water works	56,662	48,217
Income from equity investments	19,392	3,944
Concession arrangement finance income	354	1,009
Other income	37,154	37,068
TOTAL	637,756	628,827

The largest increase in turnover by type of activity arises from the increase in dividends received that have been assigned according to geographic location to the Autonomous Community of Madrid in which the Company has its registered office.

The breakdown of income from equity received from group companies and associates in 2015 and 2014 is presented below:

DIVIDENDS RECEIVED

(Amounts in thousands of euros)

	31/12/2015	31/12/2014
Tratamiento Industrial de aguas, S.A.	-	-
Colaboración, Gestión y Asistencia, S.A.	97	-
Conservación y Sistemas, S.A.	1,657	-
Aqua Campiña, S.A.	-	15
Aqualia Czech, S.L.U.	6,115	-
Entemanser, S. A.	3,436	-
Infraestructuras y Distribución General del Agua, S.A.	375	343
Depurplan 11, S.A.	830	250
Aquajerez, S.L.	131	15
Aquacartaya, S.L.	649	-
Aguas de las Galeras, S.L.	217	-
TOTAL GROUP COMPANIES	13,507	623
AIE ITAM Delta de la Tordera	8	11
AIE Ciudad Real	148	-
AIE Costa Tropical de Granada	191	670
Girona, S.A.	61	61
Aguas de Denia, S.A.	-	14
AIE Costa Brava Ab. Aqualia-Sorea	47	47
AIE Aquagest – Aqualia	46	27
Suministros Aguas de Queretaro SACV	33	47
Aguas de Narixa, S.A.	7	51
Aqualia Mace LLC	4,253	1,045
Nueva Sociedad de Aguas de Ibiza , S.A.	40	-
Empresa Municipal de Aguas de Benalmádena, S.A.	497	617
Concesionaria de Desalación de Ibiza, S.A.	155	627
Orasqualia O&M	346	-
TOTAL ASSOCIATES	5,832	3,217
Citelum Iberica, S.L.	-	104
Aigües del Segarra Garrigues, S.A.	53	-
TOTAL THIRD PARTIES	53	104
TOTAL DIVIDENDS	19,392	3,944

Of the total turnover, the UTEs contribute as detailed below, in thousands of euros:

JOINT VENTURE	31/12/2015	31/12/2014
UTE Agua Santo Domingo	140	132
UTE Aguas de Alcalá	5,541	5,263
UTE Aigües Els Poblets	873	978
UTE Alkhorayef-Fcc Aqualia	1,146	-
UTE aqualia - FCC Vigo	23,068	21,743
UTE aqualia - Riofabar Piloña	298	308
UTE Bombeo Zona Sur	68	-
UTE Cangas de Morrazo	(1)	687
UTE Centro Deportivo Granadilla de Abona	665	617
UTE Consorcio Louro	2,010	1,611
UTE Control Calidad Agua Huesca	-	49
UTE Costa Tropical	187	274
UTE Costa Tropical II	451	587
UTE Costa Tropical III	2,617	821
UTE Depuración Poniente Almería	1,103	1,144
UTE EDAM Santa Eulalia	(793)	780
UTE EDAR A Guarda 2013	40	40
UTE EDAR Chipiona	-	141
UTE EDAR Cuerva	87	101
UTE EDAR Ranilla	491	530
UTE EDAR Reinosa	493	482
UTE EDAR San Vicente de la Barquera	418	355
UTE EDAR Valdepeñas	7	113
UTE ETAP Este	847	868
UTE Explotación ITAM Tordera	1,907	1,391
UTE FCC – aqualia Oviedo	16,477	17,183
UTE FCC – aqualia Salamanca	(1)	-
UTE Gestión Cangas	1,197	53
UTE Gestión Piscinas Vigo	-	1,008
UTE Groupement Solidaire Jerba	789	748
UTE Guadiana	(74)	(73)
UTE Hidr-Inv. Do Centr. Ace	880	578
UTE Ibiza	213	-
UTE La Sagra	-	(30)
UTE Louro	-	255
UTE Mancomunidad de Órbigo	135	130
UTE Mérida	5,953	5,831
UTE Nigrán	1,344	1,330
UTE OYM Cap Djinet	6,047	4,155
UTE OYM Mostaganem	6,219	4,246
UTE Redes CABB	858	961
UTE Redondela	1,794	1,695
UTE Saneamiento Canet l'Almardà	3	57
UTE Santomera	(3)	-
UTE USSA A	724	624
UTE Vigo Piscinas	1,287	335
UTE Villalón de Campos	-	75
TOTAL	85,505	78,176

18.2 Income and expenses with related parties. The following transactions have been performed with related parties in 2015 and 2014:

TRANSACTIONS WITH GROUP COMPANIES IN 2015
(Amounts in thousands of euros)

	OPERATION		INSTITUTIONS	
	EXPENS ES	INCOME	EXPENS ES	INCOME
Abrantaqua, S.A.	-	726	-	24
Alfonso Benítez, S.A.	-	17	-	-
Acque di Caltanissetta, S.P.A.	1	2,904	-	89
Aqualia Infraestructuras, S.A.	8,085	1,685	-	899
Aquamaior - Aguas de Campo Maior, S.A.	-	-	-	19
Aqualia Infraestr. de México, S.A. de C.V.	423	137	410	-
Aquaervas – Aguas de Elvas, S.A.	-	387	-	47
Aquafundalia – Aguas do Fundao, S.A.	-	579	-	51
Aguas de Alcázar Empresa Mixta, S.A.	-	635	-	275
Aguas de Las Galeras, S.L.	-	85	-	405
Aquajerez, S.L.	4	3,715	-	1,698
Aqualia Czech, S.L.U.	834	45	-	184
Aqualia Industrial Solutions, S.A.U.	71	12	80	-
Aqualia New Europe BW	-	296	-	-
Aigües de Vallirana, S.A.U.	-	48	105	-
Aqua Campiña, S.A.	-	456	-	298
Aquacartaya, S.L.	7	1,599	-	170
Asesoría Financiera y de Gestión, S.A.	-	-	-	488
Cartagua, Aguas do Cartaxo, S.A.	-	557	-	178
Compañía de Control de Residuos, S.L.	28	-	-	-
Conservación y Sistemas, S.A.	-	27	371	-
Depurplan 11, S.A.	-	969	-	-
Ecoactiva de Medioambiente, S.A.	14	-	-	-
Ecoparque Mancomunidad del Este, S.A.	-	1	-	-
Empresa Gestora de Aguas Linenses, S.L.	3	857	-	747
Entemanser, S.A.	191	618	-	-
FCC Aqualia USA Corp	-	6	-	-
Fedemes, S.L.	71	-	-	-
Fomento de Construcciones y Contratas, S.A.	14,918	322	19,109	244
FCC Ámbito, S.A.	31	-	-	-
FCC Construcción, S.A.	27	794	-	-
FCC Industrial e Infraestructuras Energéticas, S.A.	37	-	-	-
FCC Medio Ambiente, S.A.	21	13	-	-
F.S. Colaboración y Asistencia, S.A.	-	-	67	-
Gamasur Campo Gibraltar, S.A.	21	-	-	-
Hidrotec Tecnología del Agua, S.L.	16,960	7	53	108
Hormigones y Morteros Prep., S.A.	(21)	-	-	-
Infraestructuras y Distribución General de Agua, S.L.	126	57	-	-
Prefabricados Delta, S.A.	9	-	-	-
Ramalho Rosa Cobetar Sodedade de Construções, S.A.	1	-	-	-
Sdad. Española de Aguas Filtradas, S.A.	1,379	41	563	-
Sociedad Ibérica del Agua, S.A.U.	-	-	4	-
Severomoravske Vodovody A Kanalizace Ostrava AS	-	402	-	-
Tratamiento Industrial de Aguas, S.A.	13,176	140	810	-
TOTAL	56,417	18,137	21,572	5,924

TRANSACTIONS WITH ASSOCIATES IN 2015
(Amounts in thousands of euros)

	OPERATION		INSTITUTIONS	
	EXPENSES	INCOME	EXPENSES	INCOME
Abastecimiento Alta Costa Brava emp. Mixta	1	53	-	-
Aguas de Denia, S.A.	-	15	-	-
Aguas de Archidona, S.L.	1	471	-	36
Aigües del Tomoví, S.A.	39	771	-	4
Aguas de Alcázar Empresa Mixta, S.A.	-	-	-	(27)
Aguas de Langreo, S.A.	22	71	-	260
Aguas de Narixa, S.A.	-	355	-	319
Aguas de Priego, S.L.	-	192	-	189
A.I.E. Costa Tropical de Granada	15	4,666	-	496
A.I.E. I.T.A.M. Delta de la Tordera	30	1,953	-	-
A.I.E. Aquagest-Aqualia	-	57	-	-
A.I.E. Ciudad Real	-	-	-	-
A.I.E. Costa Brava	-	84	-	-
Aqualia Mace LLC	14	435	-	-
Aquos El Realito, S.A. de CV	-	249	-	-
Cía. Servicios Medioambientales Atlántico, S.A.	-	125	-	13
Concesionaria Desalación Aguas de Ibiza, S.A.	-	315	-	-
Empresa Municipal de Aguas de Linares, S.A.	-	3,966	-	2
Emanagua E ^a Mpal. De Aguas de Níjar, S.A.	983	3,878	-	78
Empresa Mixta de Aguas de Ubrique, S.A.	5	882	-	27
Empresa Mixta de Aguas y Servicios, S.A.	50	339	-	-
Empresa Mixta de Aguas de Jódar, S.A.	-	489	-	73
Empresa Mpal. De Aguas de Algeciras, S.A.	2,147	9,399	-	44
Empresa Mpal. Aguas de Benalmádena, S.A.	-	2,849	-	103
Empresa Mpal. Aguas de Toxiria, S.A.	(2)	892	-	7
Generávila, S.L.	-	150	-	-
Girona, S.A.	-	7	-	-
Hormigones Calahorra, S.A.	6	-	-	-
Hormigones Reinares, S.A.	1	-	-	-
Nueva Sociedad de Aguas de Ibiza, S.A.	112	2	-	-
Orasqualia Devel. Waste T.P. S.A.E.	18	147	-	-
Orasqualia O&M	-	87	-	-
Provements d' Aigua, S.A.	23	-	-	-
Shariket Miyeh Ras Djinet	(9)	6,047	-	-
Shariket Tahlya Miyah Mostaganem	-	6,219	-	-
Suministros Aguas de Querétaro, SA de CV	-	-	-	-
TOTAL	3,456	45,165	-	1,624

TRANSACTIONS WITH GROUP COMPANIES IN 2014
(Amounts in thousands of euros)

	OPERATION		INSTITUTIONS	
	EXPENSE S	INCOME	EXPENSES	INCOME
Abrantaqua, S.A.	-	463	-	-
Acque di Caltanissetta, S.P.A.	-	1,440	-	-
Aguas de Las Galeras, S.L.	-	-	-	137
Aqualia Infraestructuras, S.A.	13,458	1,078	-	-
Aqualia Infraestructuras Inzenyring SRO	-	28	-	-
Aqualia Infraestr. de Méjico, S.A. de C.V.	125	195	385	-
Aquaervas – Aguas de Elvas, S.A.	-	798	-	-
Aquafundalia – Aguas do Fundao, S.A.	-	675	-	-
Aguas de Alcázar Empresa Mixta, S.A.	-	187	-	-
Aguas de Las Galeras, S.L.	-	47	-	-
Aquajerez, S.L.	1	3,311	-	1,619
Aqualia Czech, S.L.U.	-	45	-	-
Aqualia Industrial Solutions, S.A.U.	10	-	74	-
Aqualia New Europe BW	-	302	-	-
Aigües de Vallirana, S.A.U.	-	24	96	-
Aqua Campiña, S.A.	1	367	-	15
Aquacartaya, S.L.	-	507	-	116
Áridos y Canteras del Norte, S.A.	(3)	-	-	-
Arriberry, S.L.	1	-	-	-
Cartagua, Aguas do Cartaxo, S.A.	-	610	-	-
Compañía de Control de Residuos, S.L.	123	-	-	-
Conservación y Sistemas, S.A.	-	-	133	-
Depurplan 11, S.A.	1	803	-	250
Ecoactiva de Medioambiente, S.A.	11	-	-	-
Ecoparque Mancomunidad del Este, S.A.	-	1	-	-
Empresa Gestora de Aguas Linenses, S.L.	-	-	-	65
Entemanser, S.A.	256	351	-	-
Fedemes, S.L.	63	-	-	-
Fomento de Construcciones y Contratas, S.A.	18,609	400	13,289	6,048
FCC Ámbito, S.A.	48	-	-	-
FCC Construcción, S.A.	19	1,239	-	-
FCC Industrial e Infraestructuras Energéticas, S.A.	-	1	-	-
FCC Medio Ambiente, S.A.	11	2	-	-
FCC 1, S.L.U.	-	29	-	-
F.S. Colaboración y Asistencia, S.A.	-	-	53	-
Gamasur Campo Gibraltar, S.A.	2	-	-	-
Hidrotec Tecnología del Agua, S.L.	15,142	1	-	-
Hormigones Premezclados del Norte, S.A.	1	-	-	-
Hormigones y Morteros Prep., S.A.	4	-	-	-
Infraestructuras y Distribución General de Agua, S.L.	614	57	-	344
Mantenimiento de Infraestructuras, S.A.	-	18	-	-
Prefabricados Delta, S.A.	18	-	-	-
Sdad. Española de Aguas Filtradas, S.A.	456	39	760	-
Sistemas y Vehículos de Alta Tecnología, S.A.	1	-	-	-
Sociedad Ibérica del Agua, S.A.U.	-	-	4	-
Severomoravske Vodovody A Kanalizace Ostrava AS	4	402	-	-
Tratamiento Industrial de Aguas, S.A.	11,406	304	583	-
TOTAL	60,382	13,724	15,377	8,594

TRANSACTIONS WITH ASSOCIATES IN 2014
(Amounts in thousands of euros)

	OPERATION		INSTITUTIONS	
	EXPENSES	INCOME	EXPENSES	INCOME
Abastecimiento Alta Costa Brava emp. Mixta	1	33	-	-
Aguas de Denia, S.A.	256	-	-	14
Aguas de Archidona, S.L.	1	595	-	-
Aigües del Tomoví, S.A.	35	816	-	-
Aguas de Langreo, S.A.	22	76	-	-
Aguas de Narixa, S.A.	-	451	-	51
Aguas de Priego, S.L.	-	142	-	194
Aguas de Ubrique, S.A.	-	590	-	-
A.I.E. Costa Tropical de Granada	-	2,635	-	670
A.I.E. I.T.A.M. Delta de la Tordera	30	1,574	-	11
A.I.E. Aquagest-Aqualia	-	53	-	27
A.I.E. Costa Brava	-	91	-	47
Aqualia Mace LLC	-	256	-	1,045
Aquos El Realito, S.A. de CV	-	252	-	-
Cía. Servicios Medioambientales Atlántico, S.A.	-	127	-	-
Concesionaria Desalación Aguas de Ibiza, S.A.	-	307	-	627
Empresa Municipal de Aguas de Linares, S.A.	18	4,079	-	-
Emanagua Eª Mpal. De Aguas de Níjar, S.A.	851	4,423	-	-
Empresa Mixta de Aguas y Servicios, S.A.	63	291	-	-
Empresa Mixta de Aguas de Jódar, S.A.	-	578	-	-
Empresa Mpal. De Aguas de Algeciras, S.A.	1,911	9,514	-	60
Empresa Mpal. Aguas de Benalmádena, S.A.	-	2,666	-	617
Empresa Mpal. Aguas de Toxiria, S.A.	2	944	-	-
Generávila, S.L.	-	139	-	-
Girona, S.A.	-	7	-	60
Hormigones Calahorra, S.A.	5	-	-	-
Hormigones Reinales, S.A.	1	-	-	-
Nueva Sociedad de Aguas de Ibiza, S.A.	107	2	-	-
Shariket Miyeh Ras Djinet	-	4,155	-	-
Shariket Tahlya Miyah Mostaganem	-	4,246	-	-
Orasqualia Devel. Waste T.P. S.A.E.	1	107	-	-
Orasqualia O&M	-	102	-	-
Proveiments d' Aigua, S.A.	38	-	-	-
Suministros Aguas de Querétaro, SA de CV	-	-	-	47
TOTAL	3,342	39,251	-	3,470

Transactions with the companies Shariket Tahlya Miyah Mostaganem S.p.A. and Shariket Miyeh Ras Djinet S.p.A. are denominated in US Dollars, while those made with Orasqualia Development Waste Water Treatment Plant, S.A.E. are denominated in Egyptian pounds; those made with Aquos El Realito, S.A. de C.V. are denominated in Mexican Pesos and those with SmVak are denominated in Czech crowns.

The information on balances and transactions with members of the Board are detailed in Note 21.

18.3. Procurements It has the following breakdown at 31 December 2015 and 2014:

CONSUMPTION OF GOODS		
<i>(Amount in thousands of euros)</i>		
	31.12.2015	31.12.2014
Purchases of merchandise	85,991	82,300
Raw materials and other consumables purchased	75,001	71,528
Outsourced work	68,132	65,740
Change in inventories	511	573
Reversal of impairment losses	-	(39)
TOTAL	229,635	220,102

18.4. Outside services It has the following breakdown at 31 December 2015 and 2014:

OUTSIDE SERVICES		
<i>(Amount in thousands of euros)</i>		
	31.12.2015	31.12.2014
Research and development expenditure:	387	343
Leases and royalties	48,150	52,941
Repairs and upkeep expenses	2,499	2,782
Independent professional services	5,018	6,572
Transport	551	298
Insurance premiums	3,013	794
Banking and similar services	5,382	3,805
Advertising, publicity and public relations	636	917
Utilities	2,704	3,163
Other services	47,732	46,434
TOTAL	116,072	118,049

18.5. The average number of employees during the years 2015 and 2014 are shown below:

JOB CATEGORY	No. of employees		Male		Female	
	2015	2014	2015	2014	2015	2014
Management and advanced degree holders	167	173	143	150	24	23
Technicians and intermediate degree holders	573	643	407	474	166	169
Administrative and similar staff	621	609	193	203	428	406
Other staff on payroll	3,474	3,446	3,102	3,091	372	355
TOTAL	4,835	4,871	3,845	3,918	990	953

The number of people employed at the end of each year is shown below:

JOB CATEGORY	No. of employees		Male		Female	
	2015	2014	2015	2014	2015	2014
Management and advanced degree holders	174	178	150	155	24	23
Technicians and intermediate degree holders	574	640	407	465	167	175
Administrative and similar staff	684	630	236	203	448	427
Other staff on payroll	3,449	3,428	3,069	3,064	380	364
TOTAL	4,881	4,876	3,862	3,887	1,019	989

18.6. Wages, salaries and similar payments. They have the following breakdown at 31 December 2015 and 2014.

WAGES AND SALARIES		
<i>(Amount in thousands of euros)</i>		
	31.12.2015	31.12.2014
Wages, salaries and similar payments.	124,541	125,872
Termination benefits	1,547	1,351
TOTAL	126,088	127,223

18.7. Employee benefit costs They have the following breakdown at 31 December 2015 and 2014.

EMPLOYEE BENEFIT COSTS		
<i>(Amount in thousands of euros)</i>		
	31.12.2015	31.12.2014
Employer social security costs	38,535	38,804
Pension plan contributions	2	-
Other employee welfare expenses	1,619	1,777
TOTAL	40,156	40,581

18.8. Finance costs. They have the following breakdown at 31 December 2015 and 2014:

FINANCE COSTS		
<i>(Amount in thousands of euros)</i>		
	31.12.2015	31.12.2014
Interests on debts to Group companies and associates (Note 18.2)	21,572	15,378
Interest payable to third parties	5,577	12,410
Interest cost relating to provisions (Note 13)	1,404	1,161
TOTAL	28,553	28,949

18.9. Exchange differences. They have the following breakdown at 31 December 2015 and 2014:

EXCHANGE DIFFERENCES		
<i>(Amount in thousands of euros)</i>		
	31.12.2015	31.12.2014
Exchange gains	3,025	1,784
Exchange losses	(2,126)	(1,581)
TOTAL	899	203

18.10. Impairment losses and gains or losses on disposal of financial instruments. They have the following breakdown at 31 December 2015 and 2014:

IMPAIRMENT AND OTHER LOSSES		
<i>(Amount in thousands of euros)</i>		
	31.12.2015	31.12.2014
Impairment of non-current holdings in Group companies and associates	295	194
Impairment of receivables (Note 8.2 and 8.4)	(3,595)	(4,257)
Gains or losses on disposals and other	(128)	32
TOTAL	(3,428)	(4,031)

The heading "Results from disposals and other" includes EUR 54 thousand as a loss in the liquidation of the company Sevilla Seed Capital (see note 8.1).

18.11. Losses, impairment and changes in trade provisions.

The heading "Losses, impairment and variation of provisions for commercial operations" in the accompanying Income Statement for the year 2015 and 2014 basically includes the following:

LOSSES ON, IMPAIRMENT OF AND CHANGES IN ALLOWANCES FOR TRADE RECEIVABLES		
<i>(Amount in thousands of euros)</i>		
	31.12.2015	31.12.2014
Provision for bad debts (see Note 10.4)	8,168	9,740
Reversion Provision for bad debts (see Note 10.4)	(6,416)	(6,351)
Losses from unrecovered receivables	3,909	4,771
Other contributions to Short-term provisions	977	3,054
TOTAL	6,638	11,214

18.12. Other current operating expense.

The heading "Other current operating expenses" in the accompanying Income Statement for the year 2015 basically includes at 31 December 2015, EUR 5,791 thousand arising from the contribution to Long-term provisions (see note 13) 31. (EUR 10,505 thousand for the same item at 31 December 2014)

18.13. Gains or losses on disposals and other

The heading "Profit on disposals and others" in the accompanying income statement for the year 2015 basically includes at 31 December 2015, EUR 2,168 thousand arising from the provision for impairment of intangible assets (see note 5.1) and other results for extraordinary charges of customers that had been regarded as uncollectible.

18.14. Taxes.

The changes under this caption are basically due to the reclassification as a result of the ICAC consultation of 22 October 2015, according to which at 31 December 2015 the company classified as a reduction of net turnover certain items which until 31 December 2014 were classified as taxes, in the amount of EUR 14,356 thousand at year-end 2015. These amounts stem from charges of municipal taxes, which —as mentioned— the Company has historically recorded as operating costs.

NOTE 19 _____ **FEES PAID TO AUDITORS**

At year-end 2015 the Company auditor is Deloitte S.L.

Audit fees paid during the year for services rendered by the auditor of accounts are as follows:

AUDIT SERVICES		
<i>(Amount in thousands of euros)</i>		
	31.12.2015	31.12.2014
Fees for audit services		
Main auditor	119	105
Other auditors	-	-
Fees for verification services		
Main auditor	18	6
Other auditors	-	-
Fees for other services		
Main auditor	-	-
Other auditors	-	-
	137	111

NOTE 20 INFORMATION ON 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.

NOTE 21 DUTY OF LOYALTY

Board of Directors.

In 2015 and 2014 the members of the Board of Directors, in their capacity as board members, did not receive any fixed or variable remuneration. Moreover, no advances, loans or any other type of guarantees have been granted to such members of the Board of Directors, nor are there any obligations in place regarding pensions or life insurance for such parties.

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.

Senior Management:

The members of senior management (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).

NOTE 22 FINANCIAL RISK MANAGEMENT POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Company as a result of political, market and other factors and the repercussion thereof on the consolidated financial statements.

The FCC Aqualia'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 Company's operations, and the risk policy is appropriately integrated into the organisation.

Currency risk

FCC Aqualia's current position in the international markets means the concept of currency risk, for the Company as a whole, is of reduced significance.

Credit risk.

Credit risk is the risk that a counterparty to a contract does not meet its contractual obligations, giving rise to a financial loss for the Company. The Company has adopted a policy of only trading with solvent third parties and obtaining sufficient guarantees to mitigate the risk of incurring losses in the event of non-compliance.

Its main customers are public agencies or end consumers related to the integrated water cycle activities, and, therefore, there is scant exposure to credit risk. Similarly, credit risk concentration is not significant.

Solvency risk

At 31 December 2015, the net financial indebtedness of FCC Aqualia amounted to EUR 78,981 thousand (EUR 95,627 thousand in 2014), as shown in the following table:

	Amounts in thousands of euros	
	2015	2014
Bank borrowings	-	-
Obligations under finance leases	115	32
Non-current financial debt with group companies (Note 14)	361,301	376,148
Current financ. debts. group comp. (excluding tax effect) (note 14)	151,323	63,080
Financial debts with third parties (note 14)	33,764	3,904
Current collection rights – concession arrangements	(13,057)	(2,637)
Loans to companies (excluding tax effect) (note 9.1)	(371,114)	(256,826)
Other financial assets (Note 8.3)	(30,077)	(22,603)
Loans to third parties (Note 9.2)	(16,823)	(15,388)
Cash and cash equivalents	(36,451)	(50,083)
Net interest-bearing debt	78,981	95,627

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 has a working capital of EUR 111,797 thousand (EUR 100,164 thousand at 31 December 2014).

As indicated in Note 17 “Collateral and Guarantees”, the Company acts as guarantor in the syndicated loans signed by its parent, “Fomento de Construcciones y Contratas, S.A.”

NOTE 23 OTHER DISCLOSURES

23.1. Events after the reporting period

No events have taken place subsequent to year end that significantly affect the content of these financial statements.

23.2. Information on 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 457 thousand, with the drawn down balance being EUR 406 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	76
Ratio of payments made	71
Ratio of outstanding payments	91
	Sum
Total payments made in the year	245,192
Total payments outstanding	87,945

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.

MANAGEMENT REPORT - 2015

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 between FCC Aqualia and the Pere Martell Institute of Tarragona to promote, encourage and develop, under a system of alternation and with Dual Professional Training, the Mid-Level Training Course on Networks, Facilities and Water Treatment Plants.

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 Remembrane (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 **Remembrane** project, 50% subsidised by the EU's Life programme, has demonstrated a new way to recover reverse osmosis desalination membrane modules. Together with Leitat, Tecnoma, 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 continuing (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:

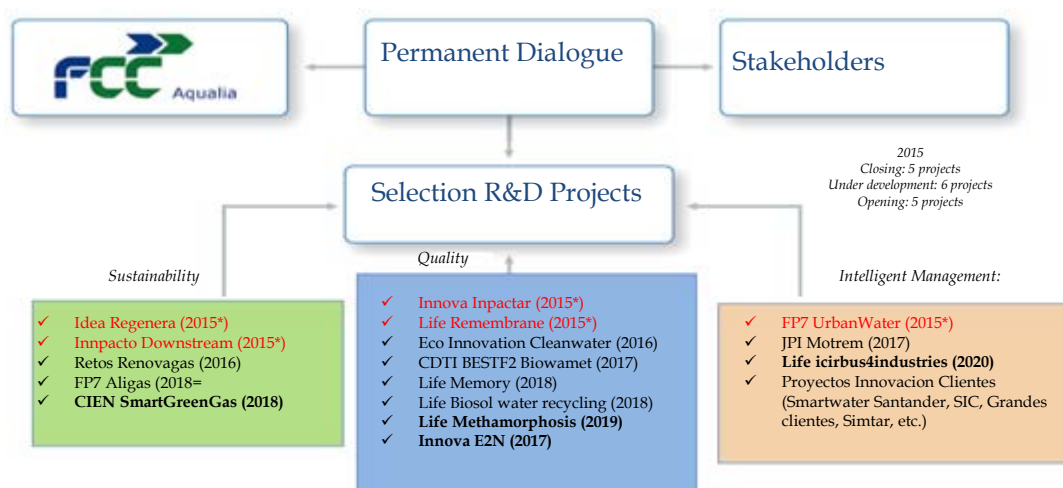
1. **CIEN Smart Green Gas.** In the CDTI programme of Consortia of National Business Research (CIEN) Aqualia leads a consortium of 6 (including Natural Gas, Naturgas/EDP, BiofuelCell, Ecobiogas and DimWater) to develop an efficient infrastructure for production and management of biomethane networks. 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 energy
 5 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.
- Reinosa (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.

APPENDIX I

REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF FCC AQUALIA, S.A. FOR THE DISTRIBUTION OF A 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.

The Company's Financial Statements and Directors' Report for FCC Aqualia, S.A. corresponding to the year ended 31 December 2015 were prepared by the directors of the company on 25 February 2016 and are issued on 56 sheets of duty-stamped paper printed on both sides, series 0M, numbers 6215944 to 6215999, inclusive, signed in approval on the duty-stamped sheet of paper, series 0M, number 6216000.

Vice-Chairman

Director

Mr. Félix Parra Mediavilla

Mr. Isidoro Marbán Fernández

Secretary

Ms. Cristina López Barranco