Acciona, S.A. and subsidiaries

Consolidated Financial Statements

31 December 2017

Consolidated Directors' Report

2017

(With Independent Auditor's Report Thereon)

(Free translation from the originals in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Auditor's Report on the Consolidated Financial Statements issued by an Independent Auditor

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Acciona, S.A.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Acciona, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the balance sheet at 31 December 2017, the income statement, the statement of comprehensive income, the statement of changes in total equity, the statement of cash flows, and the notes, all of them consolidated, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the equity and financial position of the Group at 31 December 2017 and of its financial performance and cash flows, all of them consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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

Key Audit Matters

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

Recognition of revenue from construction contracts **See notes 4.2.(O) and 25** to the consolidated financial statements	
Key Audit Matter	*How the Matter was Addressed in Our Audit*
A large part of the Group's revenue is from construction service contracts, whereby revenue is recognised in accordance with the percentage of completion method, which requires estimating the margin on each contract, the costs still to be incurred and the probability that revenue arising from any amounts claimed or disputed vis-à-vis clients will be received. The recognition of revenue and results on these contracts therefore requires a high level of judgement by management and the Directors, and rigorous control over the estimates made and any deviations that may arise over the life of the contracts. The estimates take into account all costs and revenue related to the contracts, including any unforeseen cost overruns, risks or claims currently in dispute and any revenue currently being negotiated with or claimed from clients. Revenue is recognised only when the probability of collection from the client is high and the recoverable amount can be reliably determined. Due to the uncertainty associated with these estimates and as any changes therein could give rise to material differences in the revenue recognised, this has been considered a key audit matter.	Our audit procedures included, among others, the following: • We evaluated the design, implementation and effectiveness of key controls in relation to the process for revenue recognition using the percentage of completion method and the process for budget control, evaluating the methodology used to draw up the contract budgets and monitor the assumptions used therein. • Based on certain quantitative and qualitative selection criteria, we obtained a sample of construction contracts and evaluated the most significant and complex estimates therein used by the Group for purposes of revenue recognition. We obtained documentation supporting these estimates and evidencing the judgements made by the Group. • We compared the results on completed contracts with the budgeted results, including the historical performance and the Group's control over the budget, to evaluate the reasonableness of the estimates made regarding the contracts. • For a selection of contracts, we analysed key clauses and identified significant contractual mechanisms, such as penalties and bonuses, in order to evaluate whether these clauses are adequately reflected in the amounts recognised in the consolidated financial statements. • We evaluated the Group's judgement regarding the recognition of revenue at the reporting date in respect of completed work pending certification for which client approval is currently being obtained, and the general reasonableness thereof. On the basis of our own expectations, in turn based on our knowledge of the Group and our experience in the sector and the countries where the Group operates, we updated the status of negotiations with clients per the main case files and verified the reasonableness and consistency of the

Recognition of revenue from construction contracts **See notes 4.2.(O) and 25** to the consolidated financial statements	
Key Audit Matter	*How the Matter was Addressed in Our Audit*
	documentation supporting the probability of recovery. • We visited the main work sites, physically inspecting the projects for stage of completion and identifying areas of potential risk through observation and by analysing documentation and holding discussions with site personnel. • We evaluated whether the provisions recognised at the reporting date for each contract reasonably reflect the main obligations and the level of risk of the contracts, assessing the Group's judgement when drawing up these estimates. • We assessed whether the disclosures in the consolidated financial statements meet the requirements of the financial reporting framework applicable to the Group.

Recoverability of the property, plant and equipment of the Energy division See notes **4.2 (E) and 5** to the consolidated financial statements	
Key Audit Matter	*How the Matter was Addressed in Our Audit*
The Group recognised impairment of Euros 641 million on the property, plant and equipment of the Energy division in prior years. In accordance with the applicable financial reporting framework, at the end of each reporting period the Group assesses whether there has been any indicator of possible impairment or any evidence of changes in the events or circumstances that gave rise to previously recognised impairment and, where applicable, regulatory or other changes that could modify future cash flow expectations. Determining and measuring the indicators requires management and the Directors to make significant judgements and estimates, which increases the risk. Consequently, this area has been considered a key audit matter.	Our audit procedures included, among others, the following: • We obtained an understanding of the evaluation process used by the Group to identify indications of impairment in the valuation of property, plant and equipment or indications that previously recognised impairment should be reassessed, and we evaluated the design and implementation of that process. • We reviewed management's analysis of possible impairment indicators and the conclusions drawn. • We also assessed whether the disclosures in the consolidated financial statements meet the requirements of the applicable financial reporting framework.

KPMG

Valuation of the investment in Nordex SE **See notes 3.2 (f) and 9** to the consolidated financial statements	
Key Audit Matter	*How the Matter was Addressed in Our Audit*
The Group has an investment in Nordex SE, an equity-accounted company listed on the Frankfurt Stock Exchange. Subsequent to the acquisition, the market value of Nordex SE fell to below the carrying amount of the investment on the balance sheet. To determine whether there are any impairment losses, the Group has calculated the recoverable amount of this investment based on its estimated value in use, in turn calculated using the present value of the investment's estimated future cash flows. There is a high level of judgement and complexity involved in determining whether there are indicators of impairment and estimating the value in use of the Group's investment in Nordex SE. Value in use is based, among other things, on financial projections that consider the assumptions made regarding macroeconomic trends, the internal circumstances of the investee and its competitors, discount rates and the future performance of the business. Furthermore, changes in the Group's key assumptions for the valuation of Nordex SE could imply significant modifications to its value in use and, therefore, to its carrying amount at the reporting date. Due to the foregoing, there is a significant risk inherent in the valuation of the aforementioned investment, therefore making it a key audit matter.	Our audit procedures included, among others, the following: • We documented our understanding of the Group's processes for identifying indications of impairment and estimating value in use, which included testing the design and implementation of the key controls established by the Group in connection with these processes. • We evaluated the reasonableness of the methodology and assumptions used by the Group in estimating the recoverable amount of the investment in Nordex SE, with the collaboration of our specialists in business valuations. We reviewed the extent of achievement of the estimates in past business plans and contrasted the information contained in the valuation model with Nordex SE's business plans used by the Group and with estimates and forecasts for the industry of which Nordex SE forms part, obtained from external sources. In addition, we evaluated the growth rates and discount rates used in the calculation of the recoverable amount, and sensitivity of the latter to changes in key assumptions to determine its impact on the valuation. • Lastly, we assessed whether the disclosures in the consolidated financial statements meet the requirements of the applicable financial reporting framework.

Litigation and contingencies **See notes 4.2 (m) and 17** to the consolidated financial statements	
Key Audit Matter	*How the Matter was Addressed in Our Audit*
In the course of its activity, the Group is exposed to claims and disputes and may find itself becoming a party to administrative or judicial proceedings and arbitration. The process for controlling, monitoring and evaluating claims and disputes involving the Group is complex. Management and the Directors must exercise judgement to predict the outcome thereof and estimate the probability of a ruling against the Group, its possible economic consequences and, where appropriate, the amount of any provisions needed to cover the related obligations and other accounting impacts and/or disclosures to be included in the consolidated financial statements. As mentioned in note 17 to the consolidated financial statements, the subsidiary ATLL Sociedad Concesionaria de la Generalitat de Catalunya, S.A. is involved in legal proceedings appealing the decision of the body that granted it the concession. However, at the date of this report, these proceedings have not prevented the aforementioned subsidiary from continuing to operate the service concession. On 21 February 2018, the Spanish Supreme Court dismissed two of the appeals against the decision adopted by the Catalonian High Court on 22 June 2015, thereby confirming the cancellation of the award of the concession. Should the outcome of the appeals that are pending a decision by the Supreme Court be the same as the aforementioned decision, the contract would be cancelled and go into liquidation, and the government would be bound to pay compensation in accordance with the Public Sector Contracts Law. Nevertheless, in accordance with the tender specifications, ATLL Sociedad Concesionaria de la Generalitat de Catalunya is obliged to continue to provide the service until the certificate evidencing the return of the related assets and rights has been signed and the compensation provided for in the tender specifications for early termination of the concession has been received. Based on the opinion of their legal counsel and their best estimate at this date, the Group's Directors consider that the outcome of the aforementioned litigation will not undermine the Group's equity or require an outflow of funds. Consequently no impact has been recognised in this regard at 31 December 2017. Due to the judgement involved in predicting the outcome of these matters and the uncertainty	Our audit procedures included, among others, the following: • We obtained details of claims and litigation involving the Group from the information provided by the Group's legal counsel. • We evaluated the design and implementation of the relevant controls established by the Group in relation to the integrity of claims and litigation and to estimate the possible consequences thereof for the Group and, where appropriate, the necessary provisions and their corresponding recognition. • We obtained responses from the Group's lawyers containing their representations regarding the status, probability and possible consequences for the Group of the most significant claims and disputes in quantitative and qualitative terms. • In the case of the more significant claims and litigation, together with our legal specialists we evaluated the reasonableness of the assumptions and estimates made by management and the Directors and, where appropriate, the Group's lawyers. • We also assessed whether the disclosures in the consolidated financial statements meet the requirements of the applicable financial reporting framework.

Litigation and contingencies **See notes 4.2 (m) and 17** to the consolidated financial statements	
Key Audit Matter	*How the Matter was Addressed in Our Audit*
inherent in the estimates related to claims and disputes, particularly those subject to a court ruling or arbitration, and because changes therein or the outcome of such rulings could give rise to significant differences with respect to the amounts recognised by the Group at the reporting date, we have considered litigation and contingencies to be a key audit matter.	

Other Information: Consolidated Directors' Report

Other information solely comprises the 2017 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not encompass the consolidated directors' report. Our responsibility regarding the content of the consolidated directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels:

a) A specific level applicable to the consolidated statement of non-financial information and to certain information included in the Annual Corporate Governance Report, as defined in article 35.2. b) of Audit Law 22/2015, which consists solely of verifying that this information has been provided in the consolidated directors' report, or where applicable, that the directors' report makes reference to the separate report on non-financial information, as provided for in legislation, and if not, to report on this matter.

b) A general level applicable to the rest of the information included in the consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated financial statements, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the information mentioned in a) above has been provided in the consolidated directors' report and that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated financial statements for 2017 and the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Financial statements

The Parent's Directors are responsible for the preparation of the accompanying consolidated financial statements in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.

- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 26 February 2018.

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 18 May 2017 for a period of three years, from the year ended 31 December 2017.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

(Signed on the original in Spanish)

Borja Guinea López
On the Spanish Official Register of Auditors ("ROAC") with number 16210

26 February 2018

[The text below is a certified translation into English of the consolidated annual financial statements, notes to the statements, appendices and Directors' report for financial year 2017, all of them referred to the Spanish company Acciona, S.A. and its subsidiaries.]

ACCIONA, S.A.

AND

SUBSIDIARIES
(Consolidated Group)

CONSOLIDATED
FINANCIAL STATEMENTS
AND
DIRECTORS' REPORT
2017

CLARA LOIS LOZANO
[illegible]
Nº. 10000

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DIRECTORS' REPORT

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET FOR FINANCIAL YEARS 2017 and 2016 (Thousand euros)

ASSETS	Note	31.12.2017	31.12.2016
Property, plant and equipment	5	6,640,329	7,965,873
Investment property	6	176,757	511,594
Goodwill	7	185,650	79,284
Other intangible assets	8	1,576,022	1,496,958
Other non-current financial assets	11	131,923	179,080
Investments accounted for using the equity method	9	1,391,331	1,160,821
Deferred tax assets	22	805,369	997,393
Non-current receivables and other non-current assets	12	277,250	293,401
NON-CURRENT ASSETS		**11,184,631**	**12,684,404**
Inventories	13	820,965	782,725
Trade and other accounts receivable	14	1,891,893	1,723,658
Other current financial assets	11	246,988	211,223
Current income tax assets	22	146,403	95,872
Other current assets		151,576	154,402
Cash and cash equivalents	15	1,272,781	1,428,319
Non-current assets held for sale	23	1,432,121	327,161
CURRENT ASSETS		**5,962,727**	**4,723,360**
TOTAL ASSETS		**17,147,358**	**17,407,764**

EQUITY AND LIABILITIES	Note	31.12.2017	31.12.2016
Share capital		57,260	57,260
Retained earnings and issue premium		3,943,324	3,849,495
Treasury shares		(3,146)	(14,403)
Translation differences		(237,211)	(60,876)
Interim dividend		--	--
Equity attributable to equity holders of the Parent Company	**16**	**3,760,227**	**3,831,476**
Non-controlling interests	16	203,041	265,870
EQUITY		**3,963,268**	**4,097,346**
Preferred shares, debentures and other marketable securities	18	864,938	621,201
Bank borrowings	18	4,406,936	4,981,051
Deferred tax liabilities	22	490,506	804,282
Provisions	17	528,607	497,472
Other non-current liabilities	21	1,786,271	1,935,335
NON-CURRENT LIABILITIES		**8,077,258**	**8,839,341**
Preferred shares, debentures and other marketable securities	18	641,148	493,408
Bank borrowings	18	831,142	675,098
Trade and other payables	36	2,199,217	2,297,429
Provisions		139,810	164,967
Current income tax liabilities	22	77,385	57,927
Other current liabilities	21	744,590	596,098
Liabilities held for sale	23	473,540	186,150
CURRENT LIABILITIES		**5,106,832**	**4,471,077**
TOTAL EQUITY AND LIABILITIES		**17,147,358**	**17,407,764**

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2017.

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR 2017 and 2016
(Thousand euros)

	NOTE	2017	2016
Revenue	25	7,253,974	5,977,419
Other income	4.2 A)	613,346	554,705
Changes in inventories of finished goods and work in progress		29,166	8,395
Cost of good sold	26	(1,975,668)	(1,595,057)
Personnel expenses	26	(1,497,031)	(1,287,557)
Other operating expenses	26	(3,148,568)	(2,466,378)
Depreciation and amortisation charge and change in provisions	4,5,7,26	(662,989)	(778,381)
Impairment and profit/(loss) on disposals of non-current assets	26	104,323	532,194
Other gains and losses		3,774	42,837
PROFIT/(LOSS) FROM OPERATIONS		**720,327**	**988,177**
Financial income	28	45,628	61,921
Finance costs	28	(368,747)	(732,653)
Translation differences		(9,898)	27,689
Profit/(loss) from changes in value of financial instruments at fair value	26	38,482	(7,069)
Profit/(loss) of companies accounted for using the equity method	8	(69,506)	69,570
PROFIT/(LOSS) BEFORE TAX		**356,286**	**407,635**
Income tax expense	22	(105,341)	(33,780)
YEAR'S PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**250,945**	**373,855**
Profit/(Loss) after tax from discontinued operations		–	–
YEAR'S PROFIT/(LOSS)		**250,945**	**373,855**
Non-controlling interests	16	(30,814)	(21,874)
PROFIT/(LOSS) ATTRIBUTABLE TO THE PARENT COMPANY		**220,131**	**351,981**
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS	**31**	**3.85**	**6.17**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	**31**	**3.79**	**6.22**
BASIC EARNINGS PER SHARE (euros)	31	3.85	6.17
DILUTED EARNINGS PER SHARE (euros)	31	3.79	6.22

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2017.

CLARA LOIS LOZANO
TRADUCTORA-INTÉRPRETE JURADA DE INGLÉS
Nº 10039

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2017 and 2016 (Thousand euros)

	Note	2017	2016
A) CONSOLIDATED PROFIT FOR THE YEAR		**250,945**	**373,855**
1. Profit attributed to the Parent		220,131	351,981
2. Non-controlling interests		30,814	21,874
B) ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT		**116**	**(1,146)**
1. Revaluation/(Reversion of revaluation) of property, plant and equipment and intangible assets		–	–
2. Actuarial gains and losses and other adjustments	17	155	(1,372)
3. Tax effect		(39)	226
C) ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT		**(150,288)**	**173,771**
Income and expense recognised directly in equity		**(184,983)**	**(61,232)**
1. Revaluation of financial instruments:		(316)	269
a) Available-for-sale financial assets	16	(316)	269
b) Other income / (expenses)		–	–
2. Cash flow hedges	20	60,879	(130,766)
3. Translation differences		(230,405)	48,854
4. Other income and expenses recognised directly in equity		–	–
5. Tax effect		(15,141)	20,411
Transfers to the income statement:		**34,695**	**235,003**
1. Revaluation of financial instruments:		–	–
a) Available-for-sale financial assets		–	–
b) Other income / (expenses)		–	–
2. Cash flow hedges	20	47,548	320,010
3. Translation differences		(966)	(6,672)
4. Other income and expenses recognised directly in equity		–	–
5. Tax effect		(11,887)	(78,335)
TOTAL RECOGNISED INCOME / (EXPENSE) (A+B+C)		**100,773**	**546,480**
a) Attributed to the Parent		121,324	529,624
b) Attributed to non-controlling interests		(20,551)	16,856

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2017.

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY AT 31 DECEMBER 2017 (thousand euros)

	Equity attributed to the Parent Company (thousand euros)							
	Shareholders' Equity (Note 16)							
	Share capital	Share premium, reserves and interim dividend	Treasury shares	Year's profit attributed to the Parent	Other equity instruments	Value adjust-ments	Non-controlling interests	Total equity
Opening balance at 01/01/17	**57,260**	**3,712,946**	**(14,403)**	**351,981**	—	**(276,308)**	**265,870**	**4,097,346**
Adjustments due to changes in accounting policies	—	—	—	—	—	—	—	—
Adjustments due to errors	—	—	—	—	—	—	—	—
Adjusted opening balance	**57,260**	**3,712,946**	**(14,403)**	**351,981**	—	**(276,308)**	**265,870**	**4,097,346**
Total recognised income/(expense)	—	—	—	220,131	—	(98,807)	(20,551)	**100,773**
Transactions with shareholders or owners	--	(201,992)	(2,195)	--	--	--	(39,053)	(243,240)
Capital increases/(reductions)	--	--	--	--	--	--	--	--
Conversion of financial liabilities into equity	--	--	--	--	--	--	--	--
Dividends paid	--	(164,569)	--	--	--	--	(40,422)	(204,991)
Treasury share transactions (net)	--	(35,711)	(2,195)	--	--	--	--	(37,906)
Increases/(Decreases) due to business combinations	--	--	--	--	--	--	2,426	2,426
Other transactions with shareholders or owners	--	(1,712)	--	--	--	--	(1,057)	(2,769)
Other changes in equity	--	350,143	13,452	(351,981)	--	--	(3,225)	8,389
Share-based payments	--	573	13,452	--	--	--	--	14,025
Transfers between equity items	—	351,981	—	(351,981)	—	—	—	—
Other changes	—	(2,411)	—	—	—	—	(3,225)	(5,636)
Closing balance at 31/12/17	**57,260**	**3,861,097**	**(3,146)**	**220,131**	—	**(375,115)**	**203,041**	**3,963,268**

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2017.

Nº 10009

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY AT 31 DECEMBER 2016 (thousand euros)

	Equity attributed to the Parent Company (thousand euros)							
	Shareholders' Equity (Note 16)							
	Share capital	**Share premium, reserves and interim dividend**	**Treasury shares**	**Year's profit attributed to the Parent**	**Other equity instruments**	**Value adjust-ments**	**Non-controlling interests**	**Total equity**
Opening balance at 01/01/16	57,260	3,702,890	(20,238)	207,324	–	(453,951)	260,860	3,754,145
Adjustments due to changes in accounting policies	–	–	–	–	–	–	–	–
Adjustments due to errors	–	–	–	–	–	–	–	–
Adjusted opening balance	**57,260**	**3,702,890**	**(20,238)**	**207,324**	–	**(453,951)**	**260,860**	**3,754,145**
Total recognised income/(expense)	–	–	–	**351,981**	–	**177,643**	**16,856**	**546,480**
Transactions with shareholders or owners	–	**(197,355)**	**16**	–	–	–	**(12,259)**	**(209,598)**
Capital increases/(reductions)	–	–	–	–	–	–	(12)	(12)
Conversion of financial liabilities into equity	–	–	–	–	–	–	–	–
Dividends paid	–	(143,104)	–	–	–	–	(46,018)	(189,122)
Treasury share transactions (net)	–	(58,029)	16	–	–	–	–	(58,013)
Increases/(Decreases) due to business combinations	–	–	–	–	–	–	32,009	32,009
Other transactions with shareholders or owners	–	3,778	–	–	–	–	1,762	5,540
Other changes in equity	–	**207,411**	**5,819**	**(207,324)**	–	–	**413**	**6,319**
Share-based payments	–	368	5,819	–	–	–	–	6,187
Transfers between equity items	–	207,324	–	(207,324)	–	–	–	–
Other changes	–	(281)	–	–	–	–	413	132
Closing balance at 31/12/16	57,260	3,712,946	(14,403)	351,981	–	(276,308)	265,870	4,097,346

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2017.

ACCIONA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2017 and 2016 (Thousand euros)

	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		**491,087**	**823,002**
Profit before tax from continuing operations		356,286	**407,635**
Adjustments for:		**846,776**	**684,491**
Depreciation and amortisation charge and provisions	5,6,7,8,11,1 3,14, 17,26	627,494	892,998
Other adjustments to profit (net)	9,26,28	219,282	(208,507)
Changes in working capital		(343,096)	**162,145**
Other cash flows from operating activities:		**(368,879)**	**(431,269)**
Interest paid	28	(297,724)	(379,063)
Interest received	28	32,207	65,431
Dividend received	9	20,204	21,808
Income tax recovered/(paid)	25	(110,812)	(79,387)
Other amounts received/(paid) relating to operating activities		(12,754)	(60,058)
CASH FLOWS FROM INVESTING ACTIVITIES	**5,6,8,11**	**(588,435)**	**(625,930)**
Payments due to investment:		**(929,097)**	**(823,776)**
Group companies, associates and business units		(160,329)	(33,540)
Property, plant and equipment, intangible assets and investment property		(768,768)	(790,236)
Proceeds from disposal:		**231,036**	**65,289**
Group companies, associates and business units		188,433	1,222
Property, plant and equipment, intangible assets and investment property		42,603	64,067
Other cash flows from investing activities:		**109,626**	**132,557**
Other amounts received/(paid) relating to investing activities		109,626	132,557
CASH FLOWS FROM FINANCING ACTIVITIES		**(25,574)**	**(231,192)**
Proceeds and (payments) relating to equity instruments:	**16**	**(6,567)**	**(355)**
Purchases		(6,567)	(355)
Disposals		--	--
Proceeds and (payments) relating to financial liability instruments:	***18***	**237,954**	**(326,292)**
Proceeds from issues		2,088,175	3,855,626
Repayments and redemptions		(1,850,221)	(4,181,918)
Dividends and returns on other equity instruments paid	**16**	(204,991)	**(189,122)**
Other cash flows from financing activities		**(51,970)**	**284,576**
Other amounts received/(paid) relating to financing activities		(51,970)	284,576
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(32,616)**	**2,267**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(155,538)**	**(31,854)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,428,319	1,460,173
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,272,781	1,428,319
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash on hand and at banks		909,851	1,116,858
Other financial assets		362,930	311,461
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	**15**	**1,272,781**	**1,428,319**

Accompanying Notes 1 to 36 and the appendices are an integral part of the consolidated financial statements for 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 OF ACCIONA, S.A. AND SUBSIDIARIES (Consolidated Group)

1. - Group activities

Acciona, S.A. ("the Parent Company" or "the Company") and its subsidiaries integrate the Acciona Group ("Acciona" or the "Group"). Acciona, S.A.'s registered office and headquarters are in Alcobendas (Madrid) at Avenida de Europa 18.

The Acciona Group companies operate in several sectors of economic activity, including most notably:

- Acciona Energy: including the electricity business, contemplate development of renewable energy plants, their construction, operation, maintenance, and the sale of the energy produced. All the electricity generated by Acciona Energy comes from renewable sources.

- Acciona Infrastructure Construction: including mainly construction and engineering activities and transport and hospital concessions.

- Acciona Water: including the activities relating to the construction of desalination plants, water treatment plants and drinking water plants as well as the management of the entire water cycle, an activity that covers from the initial water collection, to its treatment, including desalination, to its purification and return to the environment after use. It also operates concessions for services related to the entire water cycle.

- Acciona Service: including the activities of facility services, airport handling services, waste collection and treatment, and logistics services, among others.

- Other Activities: businesses relating to fund management and stock market brokerage, wine production, as well as the activities of the Acciona Trasmediterránea subgroup, and other investments.

Note 27 to the accompanying consolidated financial statements, "Segment Reporting", includes detailed information about the assets, liabilities and transactions carried out in each of the above business divisions that integrate the Acciona Group. The Acciona S.A. Shares are traded on the Madrid Stock Exchange.

2. - Regulatory framework for the energy division

Spain

The regulatory framework for the energy division in Spain is summarised below, as it is the most significant within the Group's activity. The business of electricity production under the special system in Spain was regulated until 2013 by Spanish Electricity Industry Act 54/1997, of 27 November, and by the regulatory provisions developing the Act, mainly Royal Decree 661/2007, of 25 May, which regulated electricity production under the special system.

In addition, most of the Group's electricity production facilities in Spain were constructed under, as far as the remuneration framework for the support of renewable energy sources is concerned, the special system stablished by Royal Decree 661/2007, of 25 May, which regulated electricity production under the special regime.

Transitional Provision One of Royal Decree 661/2007 acknowledged the right of wind generated power facilities, inter alia, with start-up certificates pre-dating 1 January 2008, to continue to receive the premiums and incentives existing under the previous system (Royal Decree 436/2004, of 12 March) until 31 December 2012, before transitioning into the new system. The facilities owned by the Group's subsidiaries that commenced operations prior to that date availed themselves of the aforementioned Transitional Provision. For all the facilities that came into service after 1 January 2008 caps and floors were set for the aggregate price (market price plus premium) applicable to power sales in the market, or a regulated tariff was established.

Royal Decree 6/2009, of 30 April, introduced the facility pre-assignment system for entitlement to the premiums system of the Special System defined in the Spanish Electricity Industry Act until the targets set in the Renewable Energy Plan for 2020 had been met. The facilities that, at the date of publication of the Royal Legislative Decree, met the pre-assignment conditions established therein, would be entitled to the premiums and tariffs provided for in Royal Decree 661/2007.

Royal Decree 1614/2010 was approved on 7 December 2010. The purpose of this legislation was to modify and regulate matters relating to the production of electricity using solar thermal and wind energy technologies, with the aim of containing the deficit. This Royal Decree established a limit on the equivalent hours of operation with entitlement to a premium for solar thermal and wind technologies, the obligation to sell electricity at the regulated tariff for the solar thermal sector for the twelve months following the entry into force of the Royal Decree or following the start-up of the related facility if at a later date, and a 35% reduction in the premiums for wind technology subject to Royal Decree 661/2007 and for the period from the date of approval of the Royal Decree to 31 December 2012, while maintaining the amounts relating to the cap, floor and regulated tariff unchanged.

The reduction in the premiums established by the aforesaid Royal Decree hardly affected the Group's farms, since most of them had start-up certificates pre-dating 1 January 2008 and they availed themselves of the aforementioned Transitional Provision of Royal Decree 661/2007. The remainder of the facilities sold their energy under the regulated tariff system. Also, the limits placed on operating hours had little impact on the Group's facilities, since the number of hours established in the Royal Decree exceeded the hours that the facilities actually operated.

On 28 January 2012, Royal Decree-Law 1/2012 was published in the Spanish Central Government Gazette and it came into force on that same date, giving rise to the suspension of remuneration pre-assignment procedures and the removal of economic incentives for new electricity production facilities which use combined heat and power, renewable energy sources and waste. Royal Decree-Law 1/2012 affected, inter alia, facilities under the special system that at 28 January 2012 had not been registered in the Pre-assignment Register. Since the Group's facilities had been registered in the aforementioned Register before 28 January 2012, this Royal Decree did not have any effect on the profitability of the Group's facilities.

On 28 December 2012 Act 15/2012 was published, regarding tax measures aimed at energy sustainability, which affected all electricity production facilities in Spain from 2013 onwards. All of Acciona's facilities became subject to the tax on the value of electricity output, which means 7% tax over income from electricity sales. On the other hand, the aforementioned Act also introduced a charge for the use of inland water for electricity production. This charge meant 22% tax on the economic value of electricity output, with a 90% reduction in the tax for facilities with a capacity lower than 50 MW and pumped storage power plants. Lastly, Act 15/2012 also established a dual tax on solar thermal plants: on the one hand, the Act eliminated the premium for power produced using fossil fuels and, on the other, it introduced a tax of 0.65 euros per GJ of gas consumed.

Until 31 December 2012, practically all the facilities owned by the companies in the Group operating on the Spanish market were selling their energy under the free market system ("pool") through Acciona Green Energy Development, S.L., part of Group companies.

Royal Decree-Law 2/2013 of 1 February on urgent measures in the electricity sector was approved in 2013. This RDL, in force from 1 January 2013, set the premiums at 0€/kWh for all special system facilities applying the market sale option, with the option for tariff-based sales being maintained, although the coefficient for annual updating of said tariff was modified, it being referenced to core inflation instead of to the Consumer Price Index (CPI). This RLD established that the registered holders of facilities had to opt for selling the electricity under the regulated tariff option or selling it freely on the market without receiving any premium. Once an option was taken, it was then irrevocable.

For practical purposes, this RLD meant that the Acciona Group's wind farms and thermoelectric or biomass power stations had to choose the regulated tariff sale option from 2013 on. The hydroelectric power plants under the Special System were already selling at the tariff prior to the publication of this RLD.

On 13 July of 2013 Royal Decree-Law 9/2013 was published, whereby urgent measures to guarantee the financial stability of the electricity system were adopted. This Royal Decree-Law repealed the remuneration system supporting renewable energies and introduced substantial changes in the applicable legal and economic framework.

This new regulation meant that, in addition to the remuneration for the sale of electricity generated valued at market prices, facilities could receive a *specific remuneration* comprising (i) a term per unit of power installed, covering, where appropriate, the investment costs for a standard facility that cannot be recovered through electricity sales and (ii) an operating remuneration term that covers, where applicable, the difference between operating costs and the revenue of a "standard" facility that participates on the market, to which each pre-existing facility would assimilate.

To calculate this specific remuneration, for each type of facility, it is considered, throughout its regulatory lifetime and with respect to activities conducted by an efficient and well-managed company:

a) The standard revenue from the sale of the energy generated valued at market production price.
b) Standard operating costs, and
c) The standard value of the initial investment.

According to the regulation, the aim of these parameters is not to exceed the minimum level necessary to cover the costs that enable the renewable facilities to compete on a similar level with the rest of the technologies on the market and make it possible to obtain a reasonable profit.

With regard to this reasonable profit, the Royal Decree-Law indicated that in general it would be similar, before tax, to the average profit of a ten-year Government Bonds on the secondary market after the application of an appropriate differential. For the facilities under the premium-based economic system prior to the enactment of Royal Decree-law 9/2013, the first additional provision specified that reasonable profit would be around (i) the average return for the 24 months prior to the enactment of said Royal Decree-law plus (ii) a differential of 300 basic points, all without prejudice to possible review every six years.

RD-L 9/2013 came into force on 14 July 2013. Its regulatory development (RD relating to the production activity with renewable energies and remuneration parameters order for such activity) was still pending approval at the close of financial year 2013, existing a draft Ministerial Order containing the parameters for remuneration, based on which, at 31 December 2013, the Group estimated and re-appraised its revenue and other key figures, posting the resulting impairments according to the new model.

In December 2013, Act 24/2013, of 26 December was published, on the Electricity Industry, that was enacted to replace Act 54/1997; it stablished the new legal framework for the industry, including the provisions of RDL 9/2013, eliminating the concept of the special system, and regulating specific remuneration and also establishing the formula for defining the reasonable profit of the facilities.

Royal Decree 413/2014, of 6 June, was published in the Central Government Gazette on 10 June 2014, to regulate the activities of electricity generation from renewable energy sources, co-generation and waste. As a follow-up to the same, final Ministerial Order IET 1045/2014 was issued on 20 June 2014 and published in the Central Government Gazette on 29 June 2014. This Order contained the final remuneration parameters applicable to all renewable energy facilities, whether already in existence or planned for the future. The new model defined the remuneration of assets applicable from 14 July 2013 as a consequence of RDL 9/2013.

In financial year 2017, the main regulation with a relevant impact on the electricity generation business based on renewable energies in relation to ACCIONA's assets was the publication of Order ETU/130/2017, dated February 17, whereby remuneration parameters are updated for standard facilities, applicable to certain facilities that produce electricity from renewable energy sources, cogeneration and waste, for the purposes of its application to the regulatory half-period beginning 1 January 2017. 2016 was the last year of the first regulatory half-period, so a partial review of some of the model parameters was necessary (those related to past and future market price estimates). On the basis of the new market price estimates, the Ministerial Order determines the investment and operating remuneration values to be applied to the renewable assets entitled to them in the period 2017-2019. The Group considers that the updating of remuneration parameters applicable as from 2017 has not had a significant impact on the business plans or the value of the energy division assets in Spain.

At last, the European Commission's Decision of 10 November on matters of state aid (SA.40348) is also relevant, where in the European Commission concludes that the Spanish support system for electricity generation from renewable energy sources, high-efficiency cogeneration of heat and electricity and waste, complies with EU standards regarding state aid. In this decision, the Commission declared the compatibility of the current support system with European legislation and noted that the old system - which was in fact built into and replaced by the current one -, did not need to be replaced. Therefore, the possibility of an eventual negative impact on renewable energy producers receiving incentives (currently and/or in the past) that could have been derived on an unfavourable resolution of the matter on that file.

United States

The fight against climate change at the state level has been undermined with the entry of the new Trump administration, which has removed it from its list of priorities, and in addition has announced the country's withdrawal from the Paris Agreement. It is not clear, however, that these measures will have a real impact, since the withdrawal from the Paris Agreement does not come into force until 4 years after its announcement. In addition, there is significant movement of states and corporations who aim to compensate for the efforts of the federal government.

On the other hand, renewable energies have also been affected for several reasons:

- A negative effect is expected on the photovoltaic sector derived from the so-called Suniva Case. The photovoltaic panel company Suniva declared bankruptcy claiming to have suffered "serious damage" due to PV panel imports from China. The Committee on International Trade (CIT) agreed and delivered remedial recommendations to the President, which consisted in duties of $0.25/W and $0.32/W on cells and modules, respectively. These remedial measures may vary at the President's discretion, whose final decision is expected at the beginning of 2018.

- The Department of Energy (DOE) ordered FERC to force RTOs in competitive markets to modify their structures in order to pay nuclear and coal facilities their capital and operation costs, claiming problems of supply security. This would prevent these plants, which are often not competitive, from shutting down. On 8 January 2018, the FERC has rejected the order from the DOE. The FERC has said that it will ask every RTO and Independent System Operator (ISO) for specific information to be provided within 60 days, and from which it will conduct its own analysis on how to deal with the problem.

- A major tax reform was adopted at the end of the year. The drafts of the Senate and the Parliament prior to the version that was finally approved predicted very harmful effects to renewable energies, but the final version will have less dramatic effects. The main points of the reform as it has been approved are:

    - Reduction of the corporation tax from 35% to 21%. This is positive because it increases the profit after tax, but renders the financing of renewable energy projects difficult by reducing the value of the tax credits and the value of the accelerated depreciation benefits.

    - Increase in accelerated depreciation benefits, allowing up to 100% of expenses to be declared as costs (previously only 50% was formerly allowed). This compensates for the reduction in the benefits resulting from the reduction in the corporation tax.

    - Inclusion of the BEAT clause, but allowing 80% of ITCs and PTCs to be used to cancel it. The BEAT Clause (Base Erosion Anti-Abuse Tax), which is designed to penalise multinational companies, means that companies must calculate their taxes on payments made to foreign sites and compare the results with the minimum percentage determined by the BEAT clause (10% for non-financial companies and 11% for financial companies). If the results are below this limit, the company must make an additional payment until it reaches this minimum tax rate. This extra amount can be paid with up to 80% of the ITCs until 2025. In addition, from the year 2026 the minimum determined by the BEAT clause will increase to 12.5% and 13.5% for non-financial and financial companies, respectively.

The "Renewable Portfolio Standard" (RPS) is a market policy freely established by some states which requires that a minimum proportion of the electricity supply comes from renewable sources. The percentages vary between states, with the majority being between 20% and 30% of the supply from 2020 to 2025. The implementation of it is usually done using Renewable Energy Credits (RECs), a system of tradeable certificates that verify that a kWh of electricity has been generated from a renewable source. At the end of a certain year, the electricity generators must have sufficient certificates to cover their annual quota, and sanctions will be applied in the event of non-compliance.

The PTCs grant the electricity generated with a tax deduction during the first 10 operating years for an amount per MWh which is adjusted annually based on the CPI (regulated by the "Energy Policy Act").

In the year 2005, Congress established an investment tax credit of 30% ITC initially applicable to solar energy projects. In the year 2009, a Law was adopted according to which the companies that could not access the PTC regime could receive ITC in exchange, or alternatively, could receive payment equivalent to 30% of the investment.

These tax incentives have always needed to be renewed annually, with the associated uncertainty, but in December 2015 a long-term extension of the PTC and ITC was approved, for both wind and solar energy, with a gradual decrease in the incentive. In the case of wind energy, the PTC decreases 20% each year until 2020, ending with 0% incentive. In the same way, the ITC is also progressively reduced until it is eliminated in 2020. In the case of solar energy, 30% of the ITC is maintained until 2020 (31 December 2019), from when it will begin to decrease until it is set at 10% after 2022. The milestone that determines the time frames is the start of construction.

In May 2016, the Internal Revenue Service (IRS) published a Notice extending the *safe harbours* to 4 years from the end of the year construction started. The *safe harbour* allows the date from which a facility is eligible for the PTC to be determined. In May, the IRS also revised the Notice to make clarifications and corrections and to provide guidance to the projects commissioned after 2 January 2013.

There is also another tax benefit linked to the ability of a wind farm's owner to take advantage of the accelerated depreciation in most of the capital assets (Modified Accelerated Cost Recovery - MACRs), which can be fiscally transferred to an average depreciation period of five years. This benefit has no expiration date.

Australia

The "Renewable Energy (Electricity) Amendment Bill 2015" was approved in June 2015, which introduced stability to the green certificate system, setting RET to 33,000 GWh in 2020 and eliminating the target revisions that took place every 2 years (which are now to be done every 4). The first and only case to date of a company that chose to pay a penalty for non-compliance rather than delivering the corresponding renewable electricity certificates took place in January 2017.

The State of South Australia suffered a major blackout in September 2016. This event caused storage and renewable energy integration issues to become more relevant in the country. In June, the final version of the Finkel report was published, which commissioned by the government after the blackout with the aim of providing recommendations to enhance the safety and reliability of the system and to reduce emissions according to the Paris targets. The report stresses the importance of carrying out the energy transition in an orderly, studied and planned manner, in addition to the need for strong governance and it poses systemic recommendations to maintain the level of security of the system (e.g., revision of market rules). It gives the consumer a greater role to play. A continuation of the RET after 2020: The Clean Energy Target (CET) is also proposed, which would be based on a green certificate system that would include RES and technologies that comply with an emissions limit. Some of the recommendations in the report were approved at the Coalition Joint Party meeting on 20 June, although the Minister of Energy announced that the implementation of the CET would be analysed later more calmly.

In April, the Clean Energy Council published a recommendations report to eliminate regulatory barriers to storage and to improve the security of the network ("Policy and regulatory reforms to unlock the potential of energy storage in Australia"), and in August the Victoria Government announced a renewable energy auction of 650MW, which is part of the Victorian Renewable Energy Auction Scheme (VREAS) to achieve the Victorian Renewable Energy Target (VRET) of 40% of renewable energy by 2025.

In October 2017, the government announced the National Energy Guarantee (NEG) scheme to replace the current CET. Its key aspects are: i) Reliability Guarantee (obligation for retailers to contract a certain amount of "dispatchable" energy - from coal, gas, hydro or stored); (ii) Emissions Guarantee (obligation for retailers to reach an emissions intensity level in their energy portfolio that supports Australia's commitment to reduce emissions by 26% by 2030). The final document is pending publication and a decision is expected by April 2018.

In October 2017, the Victoria Government also proposed a state RET with renewable targets of 25% by 2020 and 40% by 2025, compatible with the start of the VIC RET auction process.

Mexico

Until December 2013, the generation, transmission, distribution and sale of electrical energy was reserved exclusively to the Federal Government through the Federal Energy Commission (FEC).

The only options for the sale of renewable energy were Independent Energy Production (electricity generation plants that sell their production directly to the FEC) or Self-Sufficiency Contracts (electricity generation plants that sell their production to a load centre plant which has a certain ownership percentage of the generation plant).

On 20 December 2013, a constitutional reform introducing significant changes to the Mexican energy model was published, leading to the market to open up and accepting greater private participation. The new Law on the Electricity Industry (LEI) published on 11 August 2014 defines these substantial changes to the electricity sector: it reduces the role of the State in the sector, which is limited to operating the system and to providing transmission and distribution services; the legal separation of activities is imposed; a wholesale electrical market is created which is operated by the CENACE, the bids for which will be based on costs, and establishes an obligations system for generators to cover with Clean Energy Certificates (CECs). In addition, auctions for Electricity Coverage Contracts will take place to cover the supply to Basic Services Users. Clean energy, power and CEC electricity coverage contracts are assigned in the Long-Term Auctions. With regards to the existing contracts from the previous law, the LEI contemplates their continuity.

The first market bases were published in 2015 and must be re-evaluated every 3 years (the manual to carry out this re-evaluation is currently being discussed). In January 2016, SENER published a resolution authorising operations to start in the short-term market in the different interconnected systems, and CENACE started the Day-Ahead Market (DAM) operations. The DAM is in operation to date, and the Real Time Market (RTM) will not open to the public until the Market Information System (MIS) is ready. Also, in February 2017 the Power Balancing Market was opened, which determines the price that supports the capacity of the previous year, the volume and the total amount. It is an annual and ex-post market.

2018 will be the first year with CEC obligations, and the certificates must be delivered until 5% of the electricity sold is reached. The CEC Requirements were published in February 2017, corresponding to the Obligation Periods 2020, 2021 and 2022, (7.4%, 10.9% and 13.9%, respectively) that complement the one published in 2016 for 2019 (5.8%).

To date, three long-term auctions have taken place: the first in March 2016, the second in September 2016 and the last in October 2017. The latter already included a clearing house, potentially allowing the participation of suppliers different to the FEC.

The last DEPRONES (Development Programme of the National Electrical System) published by SENER for the period 2017-2030 estimates that in 2031 electricity generation will be of 443 TWh, less than what was estimated in the 2015-2030 estimates for 2030 (456 TWh).

Chile

Chile amended Law 20,257 (Non-Conventional Renewable Energy Law) of 2008 through Law 20.698 (Law 20/25) in 2013, and established a renewable target on the total power generation of 20% by 2025. The electricity companies must prove that a percentage of the energy that is removed from the system comes from this type of technology. The law also imposes a penalty for breaching the obligation amounting to 0.4 UTM per MWh that is not accredited (approximately 32 USD) and, for companies that continue to breach the obligation in the three years following the first breach, the penalty will be 0.6UTM/MWh (approximately 48 USD). The law indicates that those companies that have administrated renewable energy in excess of their obligation may transfer that excess to other companies. However, a green certificate market has not been established, but bilateral contracts are signed between the parties concerned and the transfer certification is made through an authorised copy of the contract.

To achieve the target set, Law 20/25 also introduced annual renewable energy auctions according to the demand forecasts from the Government for the next three years.

In April 2016, an Exempted Resolution was published, approving the preliminary tender report which established the values of regulated consumptions (in GWh-year) that should be put out to tender in the next few years. The volumes included a decrease in the energy demand forecast of approximately 10% between 2021 and 2041, which implies a significant decline of what was going to be auctioned this year (from the 13,750 GWh expected to approximately 12,500 GWh). The volumes of the preliminary report were confirmed in May with the final publication of the report.

Year Call to Tender	Year Awarded	Supply Starts	Volume	Duration
2016	2017	2023	2,500	20
2017	2018	2024	7,000	20
2018	2019	2025	9,000	20
2019	2020	2026	4,500	20

Up to date 2 auctions have been held:

- 2015/01, held in July 2016 which put out 12,430 GWh/year to tender, with supply starting in the years 2021 and 2022.
- 2017/01, held in October 2017 which put out 4,200 GWh/year to tender, with supply starting in 2023.

The Transmission Law was published in July 2016, which establishes a new electrical power transmission system and creates a single independent coordinator entity for the national electrical system. In general, the new Law seems to particularly favour non-conventional Renewable Energies. Work on the associated regulations began after the Transmission Law was approved.

In 2017, the regulation to implement the tax on CO2 emissions was approved (exempted resolution 659), which as it stands involves all generation companies, including non-polluting companies, making compensation payments. However, in the final version this compensation was significantly reduced by changing the way it is quantified (annually instead of monthly - at the suggestion of Acciona).

3. - Basis of presentation of financial statements and consolidation principles

3.1 Basis of presentation

The consolidated financial statements for financial year 2017 of the Acciona Group were prepared by the Directors of Acciona, S.A. at the Board of Directors Meeting held on 26 February 2018, and disclose a true and fair view of the Group's equity and consolidated financial position at 31 December 2017, and of the results of its operations, the changes in the consolidated statement of recognised income and expenses, the changes in the consolidated equity and the consolidated cash flows in the years then ended.

These financial statements were prepared in accordance with the applicable regulatory financial reporting framework and, in particular, with the principles and criteria contained in the International Financial Reporting Standards (IFRS) as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council. The main mandatory accounting principles and measurement criteria applied, the alternative treatments permitted by the relevant legislation in this respect, and the standards and interpretations issued but not yet in force at the date of formal preparation of these financial statements are summarised in Note 4.

These financial statements were prepared on the basis of the accounting records kept by the Parent Company and by the other Group companies. These records include the figures relating to the joint ventures, groupings and consortia considered to be joint operations, in which the Group companies have interests, through the proportional consolidation method, that is, through the inclusion, based on the percentage of participation, of the assets, liabilities and operations of these entities, after asset and liability balances are appropriately eliminated, as well as operations in the year.

The Acciona Group's consolidated financial statements for 2016 were approved by the shareholders at the Annual General Meeting on 18 May 2017. The consolidated financial statements for 2017 of the Acciona Group have not yet been approved by the shareholders at the Annual General Meeting. However, the Parent's Company Board of Directors considers that the aforementioned financial statements will be approved without any material changes.

Unless otherwise indicated, these consolidated financial statements are presented in thousands of euros, because the euro is the functional currency of the principal economic area where the Acciona Group operates. Foreign operations are accounted for in accordance with the policies established in Notes 3.2.g) and 4.2.q).

3.2 Consolidation principles

a. Consolidation methods

The companies over which, under IFRS 10, control is exercised were fully consolidated. These companies are considered subsidiaries and they are listed in Appendix I, and their consolidation method is explained in section d. of this same note.

Entities managed jointly with third parties as a joint operation are proportionately consolidated when it is concluded that the participating company has direct rights and obligations for its share percentage in the assets and liabilities under the agreement. This is explained in section e. in this note. The companies consolidated by applying the proportional method are listed in Appendix II.

Finally, the companies not included in the paragraphs above, where significant influence is held in their management or they are a joint venturer, are associates, and they are measured by applying the equity method (see Appendix III). This consolidation method is explained in section f. in this note.

b. Eliminations on consolidation

All material balances and effects of the transactions performed between the subsidiaries and the associates and joint operations, and intra-subsidiaries, were eliminated on the consolidation process.

The gains on transactions with associates and jointly controlled entities are eliminated to the extent of the Group's share percentage in their capital. Exceptionally, the profit and loss on internal transactions with Group companies, jointly controlled entities or associates in connection with certain concession-related activities were not eliminated.

c. Uniformity

The Spanish resident companies included in the scope of consolidation were consolidated on the basis of their separate financial statements prepared in accordance with the Spanish General Accounting Plan and foreign companies were consolidated in accordance with their local standards. All material adjustments required to adapt these financial statements to International Financial Reporting Standards and/or make them compliant with the Group's accounting policies were considered in the consolidation process.

d. Subsidiaries

"Subsidiaries" are defined as companies over which the Company has the capacity to exercise effective control; control is generally seen in three elements that must be complied with: having authority over the subsidiary, exposure or the right to variable returns from its investment, and the ability to use said authority to influence the amount of these returns.

The financial statements of the subsidiaries are fully consolidated with those of the Company. Accordingly, all material balances and effects of the transactions between consolidated companies were eliminated on consolidation.

When a subsidiary is bought, its assets, liabilities and contingent liabilities are measured at their acquisition-date fair values, as provided for in IFRS 3, Business Combinations. Any excess in the cost of acquisition over the fair values of the identified net assets is recognised as goodwill. If the cost of acquisition is lower than the fair value of the identifiable net assets, the difference is credited to profit or loss on the acquisition date.

For subsidiaries acquired during the year, only the results from the date of acquisition to year-end are included in the consolidation. Similarly, for subsidiaries disposed of during the year, only the results from the beginning of the year to the date of disposal are included in the consolidated income statement.

The interest of non-controlling shareholders is stated at their proportion of the fair values of the assets and liabilities recognised.

The share of third parties in the equity of their investees is disclosed within the Group's equity under "Non-Controlling Interests" on the consolidated balance sheet. Similarly, their share in the profit or loss for the year is disclosed under "Non-Controlling Interests" on the consolidated income statement.

e. Joint operations

Joint arrangements are deemed to be ventures in which the investee (jointly controlled entity) is managed by a Group company and one or more unrelated third parties, all of whom act jointly to manage the relevant activities and where strategic decisions require the unanimous consent of the parties.

Joint arrangements where the investing company is deemed to hold direct rights and obligations for its share percentage in the assets and liabilities under the arrangement are considered joint operations.

The financial statements of joint operations are proportionately consolidated with those of the Company and, therefore, the aggregation of balances and subsequent

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eliminations are only applied in proportion to the Group's share in the capital of these entities.

The assets and liabilities relating to operations are recognised on the consolidated balance sheet classified according to their specific nature. Similarly, the income and expenses from joint operations are disclosed in the consolidated income statement on the basis of their nature.

f. Equity method

In the consolidated financial statements, investments in associates and joint ventures (joint arrangements giving a right to the net assets of the arrangement) are measured by applying the equity method, i.e., at the Group's share in net assets of the investee, after considering the dividends received therefrom and other equity eliminations.

The value of these investments on the consolidated balance sheet implicitly includes, where applicable, the goodwill arising on their acquisition.

When the Group's investments in associates are reduced to zero, any additional implicit obligations in the subsidiaries that are accounted for by the equity method are recognised under "Non-current provisions" on the consolidated balance sheet.

In order to disclose results uniformly, the Group's share in the profit or loss of associates is disclosed on the consolidated income statement before and after tax.

g. Translation differences

On consolidation, the assets and liabilities of the Group's foreign operations with a functional currency other than the euro are translated to euros at the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly. Capital and reserves are translated at the historical exchange rates. Translation differences, if any, are classified as equity. Such translation differences are recognised as income or as expenses in the year in which the investment is made or disposed of.

h. Changes in the scope of consolidation

Appendices I, II and III to the accompanying consolidated financial statements contain relevant information about the Acciona Group's subsidiaries, joint operations and associates and joint ventures, and Appendix IV shows the changes in consolidation scope in the year.

In financial year 2017, the significant change in scope related to the acquisition of Geotech Holdings Pty Ltd, the parent company of the Australian construction group called "Geotech Holding". Acquisition of the subgroup was done through the following corporate structure:

ACCIONA INFRASTRUCTURE ASIA PACIFIC Pty. Limited — 82.40%

Geotech Key Executives:
- Bebe Noonan
- Andre Noonan
- Darren Loidl

— 17.60%

ACCIONA GEOTECH HOLDING PTY LTD

100%

GEOTECH HOLDCO PTY LTD

100%

ACCIONA CONSTRUCTION HOLDINGS PTY LTD
(previously called Geotech Holdings Pty Ltd)
"SUBGROUP GEOTECH HOLDING"

On 8 March 2017, the company Acciona Infrastructure Asia Pacific, Pty. Limited, 100% controlled by the Group, indirectly acquired 82.4% of Geotech Holding subgroup for an adjusted price up to 147 million euros (205 million AUD), with the aim of increasing the Group's presence in the Australian and New Zealand construction market. The acquisition cost includes: (i) the delivery of a cash amount, (ii) a payment commitment in favour of key executives of the company subject to the achievement of certain long-term objectives related to the expected EBITDA of the Subgroup, which would enable them to increase their share up to a maximum of 20% and which has been deemed probable, and (iii) a price adjustment corresponding to changes in working capital, net debt and investment according to the contract.

The Acciona Group acquired control of the Subgroup Geotech Holding after this transaction, and it began to be consolidated by fully consolidated method. Breakdown of the business combination is as follows (in thousand euros).

Subgroup	Acquisition cost	Percent acquired	Carrying amount of 100% of the company	Purchase Price Allocation (PPA)	Goodwill/DFC
Geotech Holding Subgroup	147,483	82.40%	19,963	13,826	117,207

The table below shows the breakdown of the Geotech Holding Subgroup's assets and liabilities consolidated at the time control was taken over:

Thousand euros	08/03/2017	Thousand euros	08/03/2017
ASSETS		LIABILITIES	
Other intangible assets	156	Equity	19,963
Property, plant and equipment	15,450		
Deferred tax assets	768		
Non-current assets	16,374	Non-current liabilities	2,248

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Current assets	40,140	Current liabilities	34,303
Total Assets	**56,514**	**Total Liabilities**	**56,514**

At the time of the acquisition, the Group carried out an analysis of the fair value of the acquired Subgroup's assets and liabilities in order to allocate the purchase price ("Purchase Price Allocation" or PPA) in accordance with the indications of IFRS 3.

As part of the PPA process an asset was recognised, due to the confirmed work portfolio that the Australian subgroup had at the time it was purchased, which was allocated with a total value of 13,826 thousand euros. This amount has been recognised under "Other intangible assets" and it is amortised according to the cash flow generated by the associated work contracts. At 31 December 2017, the amortisation impact due to the allocated intangible asset came to 6,112 thousand euros which has been recognised under "Depreciation and amortisation charge and change in provisions" on the accompanying income statement.

In addition, the fair value of the non-controlling interests identified at the time of the acquisition amounted to 3,513 thousand euros.

As a result of the previous process, and as a consequence of the difference between the fair value of the net assets acquired and the acquisition cost, an amount of 117,207 thousand euros has been recognised as goodwill. According to applicable accounting regulations, the allocation of assets and liabilities identified shall be deemed final once 12 months has passed since the acquisition date.

The notes to these consolidated financial statements detail the main assets and liabilities contributed by the subgroup Geotech Holding. Note 16.f) also details the main amounts contributed by this subgroup in financial year 2017.

It should be noted that the revenue and benefit after tax contributed by the subgroup Geotech Holding before the aforementioned intangible asset is amortised, from the effective acquisition date until 31 December 2017 amounted to 103,751 thousand euros and a profit of 2,208 thousand euros, respectively. If the acquisition date of this subgroup had been 1 January 2017 then the revenue and profit after tax, before the aforementioned intangible asset is amortised, would had been 119,716 thousand euros and a benefit of 2,663 thousand euros, respectively.

The functional currency of the Geotech Holding subgroup is the Australian dollar.

On the other hand, Acciona Wind Energy Canadá Inc (AWEC), a subsidiary of Acciona Energía Internacional, S.A. acquired an additional 50% of the shares of Ripley JV that were owned by Suncor Energy Inc. on 10 July 2017 for 31.9 million euros (47.1 million of Canadian dollars) by exercising their right of first refusal established in the agreement from the JV constitution. With this acquisition AWEC now holds 100% of the shares of the Ripley JV 76 MW wind farm located in Ontario (Canada), meaning that the consolidation method changes from proportionately to fully consolidated. Breakdown of the business combination is as follows (in thousand euros).

JV	Acquisition cost	Percent acquired	Carrying amount of 100% of the company	Purchase Price Allocation (PPA)
Ripley JV	31,832	50%	62,489	1,175

The table below shows the details of the JV's assets and liabilities consolidated at the time control was taken over:

Thousand euros	**10/07/2017**	**Thousand euros**	**10/07/2017**
ASSETS		LIABILITIES	
Property, plant and equipment	79,734	Equity	62,489
Non-current assets	79,734	Non-current liabilities	17,193
Current assets	1,476	Current liabilities	1,528
Total Assets	**81,210**	**Total Liabilities**	**81,210**

A PPA attributed to the wind farm has been identified according to the value analysis under IFRS 3 and IFRS 11, and therefore a gross amount of 1,599 thousand euros that has been recognised in section "Other Plant and Machinery".

At 31 December 2017, the amortised amount of the PPA came to 70 thousand euros. The net income and profit after tax for the financial year 2017 prior to the aforementioned consolidation adjustments came up to 14.3 million euros and 6.7 million euros respectively, if it had been integrated into the Group from 1 January; the consolidated amounts from the time of its acquisition amounted to 10.3 million euros and 4.4 million euros, respectively. The functional currency of Ripley JV is the Canadian dollar.

On 28 July 2017 the Parent Company acquired the additional 50% of the concessionaire Autovía de los Viñedos, S.A. for 8,219 thousand euros; therefore the Group now holds 100% of this company and the consolidation method changes from the equity method to fully consolidated. Breakdown of the business combination is as follows (in thousand euros).

Company	Acquisition cost	Percent acquired	Carrying amount of 100% of the company	Purchase Price Allocation (PPA)
Autovía de los Viñedos, S.A.	8,219	50%	(20,618)	37,056

The table below shows details of the Concessionaire's assets and liabilities consolidated at the time control was taken over:

Thousand euros	**28/07/2017**	**Thousand euros**	**28/07/2017**
ASSETS		LIABILITIES	
Intangible assets	122,606	Equity	(20,618)
Deferred tax assets	26,335		
Other assets	360		

Non-current assets	149,301	Non-current liabilities	196,010
Current assets	36,035	Current liabilities	9,974
Total Assets	**185,336**	**Total Liabilities**	**185,366**

A PPA attributed to the concession asset has been identified according to the value analysis on IFRS 3, and therefore its value has been increased by a gross amount of 49,409 thousand euros. At 31 December 2017, the amortised amount of the PPA amount to 1,594 thousand euros.

The revaluation of the pre-existing investment that the Group held has led to an added value of 21 million euros recognition, as the reclassification of the derivatives reserves to the income statement for a negative amount of 16 million euros, recorded under "other gains and losses".

The net income and profit after tax for the financial year 2017 prior to the aforementioned consolidation adjustments amount to 19,428 thousand euros and 458 thousand euros, respectively if it had been integrated on the Group from 1 January, and the consolidated amounts from the time of its acquisition amounted to 10,088 thousand euros and 1,351 thousand euros respectively.

On 27 July 2017 an agreement was signed for the non-cash contribution of the investments that the Group held in Compañía Urbanizadora del Coto, S.L., Valgrand, S.A., and certain real estate assets from Acciona Real Estate, S.A., valued at 336 million euros, to Testa Residencial SOCIMI, S.A. In exchange for this contribution, Acciona Real Estate, S.A. subscribed and paid up 2,645,404,051 new shares (with a nominal value of 26 million euros), representing 21.02% of the share capital of Testa Residencial SOCIMI, S.A., with an associated share premium of 309 million euros. The operation took effect on 20 September 2017, the date on which the precedent conditions established on the agreement of the non-cash contribution were reached. The capital gains from the operation amounted to 74 million euros, recognised in "Impairment and profit/(loss) on disposal of non-current assets" section of the accompanying consolidated income statement.

On 24 October 2017, authorisation was given by Chilean competition authorities through which the purchase agreement signed on 11 August 2017 with Global Vía Infraestructuras Chile, S.A. and Globalvía Chile, S.p.a. was approved over 100% of shares that the Group held in the Concessionaire Acciona Concesiones Ruta 160, S.A. at a purchase price of 335 million euros, of which 109 million correspond to the assumption of financial debt, and 33 million to the market value of the financial derivatives associated to the debt, and through which capital gains of 34 million euros have been recognised in the income statement.

In financial year 2017 no significant additions to or removals from the scope of consolidation took place, apart from those described in the paragraphs above.

4.- Main accounting policies

4.1 Adoption of new standards and interpretations issued

Standards and interpretations applicable in this financial year

In financial year 2017, the following accounting standards, amendments and interpretations came into force and, accordingly, were considered in the preparation of the accompanying consolidated financial statements.

Standards, amendments and interpretations:		Mandatorily applicable in annual periods beginning on or after:
Approved to be applied in the EU		
Amendments to IAS 7: Disclosure initiative	Introduces additional disclosure requirements in relation to the reconciliation of movements of financial liabilities with the cash flows from financing activities.	01 January 2017
Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses.	Clarification of the principles established regarding the recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	01 January 2017
Not approved for use in the EU at 31 December 2017		
Improvements to IFRS Cycle 2014-2016: Clarification regarding IFRS 12	The clarification regarding the scope of IFRS 12 and its interaction with IFRS 5 comes into force in this period.	01 January 2017

The standards were applied with no impact on the reported figures or on the presentation and disclosure of the information, either because they do not involve relevant changes or because they refer to economic events that do not affect the Acciona Group.

Standards and interpretations issued but not in force

At 31 December 2017, the following were the most significant standards and interpretations published by the IASB, but they have not come into effect yet, either because their effective date is later than the date of the consolidated financial statements, or because they have not been adopted by the European Union yet:

Standards, amendments and interpretations:		Mandatorily applicable in annual periods beginning on or after:
Approved to be applied in the EU		
IFRS 15 – Revenue from contracts with clients	New standard for revenue recognition (replacing IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31).	01 January 2018
IFRS 9 - Financial Instruments	This new standard replaces the requirements for classification, measurement, recognition and de-recognition of financial assets and liabilities, hedge accounting and impairment under IAS 39.	01 January 2018
Amendments to IFRS 4 - Insurance Contracts	It gives entities within the scope of IFRS 4 the option to apply IFRS 9 ("overlay approach") or temporary exemption.	01 January 2018

IFRS 16 - Leases	Replaces IAS 17 and related interpretations. The novelty centres around a unique accounting model for lessees, which will include all leases in the balance sheet (with some limited exceptions) with an impact similar to that of the current financial leases (there will be amortisation of the asset by the right of use and a finance expense for the amortised cost of the liability on leases).	01 January 2019
Not approved for use in the EU		
Amendments to IFRS 2: Classification and measurement of share-based payments	They are limited amendments which clarify specific issues such as the effects of accrual conditions on share-based payments settled in cash, the classification of share-based payments when it has net settlement clauses, and some aspects of changes in the type of share-based payment.	01 January 2018
Amendments to IAS 40: Reclassification of property investments	The amendment clarifies that reclassification of an investment from or to a property investment is allowed only when there is evidence of a change in use.	01 January 2018
Improvements to IFRS Cycle 2014-2016	Minor amendments to a number of standards.	01 January 2018
IFRIC 22 – Foreign currency transactions and advances	This interpretation establishes the "transaction date" to the effects of determining the exchange rate applicable to transactions with foreign currency advances.	01 January 2018
IFRIC 23 - Uncertainty over tax treatments	This interpretation clarifies how to apply the recognition and measurement criteria from IAS 12 when there is uncertainty about the tax authority's acceptability of a particular tax treatment used by the entity.	01 January 2019
Amendments to IFRS 9: Prepayment features with negative compensation.	It allows certain financial instruments with prepayment features to be measured at amortised cost, allowing payment of an amount less than the unpaid amounts of capital and interest.	01 January 2019
Amendments to IAS 28: Long-term interests in associates and joint ventures	Minor amendments to a number of standards.	01 January 2019
Improvements to IFRS Cycle 2015-2017	Clarifies that IFRS 9 should be applied to the long-term interests in an associate or joint venture if the equity method is not applied.	01 January 2019
IFRS 17 - Insurance Contracts	Replaces IFRS 4, and incorporates the principles of recognition, measurement, presentation and disclosure of insurance contracts with the aim that the entity provides relevant and reliable information that enables users of the information to determine the effect that contracts have on the financial statements.	01 January 2021
Amendment to IFRS 10 and IAS 28: Sales or contribution of assets between an investor and its associate/joint venture	Clarification about the gain or loss from these operations if it is related to businesses or assets.	No set date

- <u>IFRS 9 - Financial Instruments:</u>

IFRS will replace IAS 39 from the financial year starting on 1 January 2018 and it affects both financial assets and financial liabilities. The differences with the current standard are related to three major blocks: (i) classification and measurement, (ii) value impairment and (iii) hedge accounting. The Group is carrying out a preliminary analysis on the impacts that IFRS 9 will have on the consolidated financial statements at 31 December 2017 and the most relevant conclusions obtained from this analysis are the following:

- Classification and measurement:

  The new asset classification approach is based on the asset's contractual cash flow characteristics and the entity's business model. IFRS 9 includes three financial asset classifications: (i) amortised cost, (ii) fair value with changes in equity and (iii) fair value with changes in the income statement. Entities may choose to submit certain equity instruments in the fair value with changes in equity category without recycling back to the income statement. The analysis carried out has found that the transition to these categories would involve a change in nomenclature, but no significant impacts on the measurement of affected financial assets are expected.

  On the other hand, in relation to the contractual amendments of financial liabilities which in accordance with IAS 39 were not de-recognised from the balance sheet as they were considered to be non-substantial amendments, the new standard provides that they should be accounted for as a change in the estimate of the liability's contractual cash flows, maintaining the original effective interest rate and adjusting its value at the date of the amendment, recording the difference in the income statement. The Acciona Group has carried out a number of debt refinancing operations in the last few years. The approximate impact at 1 January 2018 (date standard is first applied) is an 8 million euro reduction in the carrying amount of the financial liability and an increase in retained earnings.

- Value impairment:

  The new standard establishes an impairment model based on the expected losses, compared to incurred losses in the previous model. This new model requires the expected losses resulting from a "default" event for the next 12 months, or for the life of the financial instrument according to the evolution of the financial asset's credit risk since its initial recognition, to be recognised at the financial asset's initial recognition date.

  The standard also puts forward a simplified model for trade receivable accounts, accounts receivable for finance leases and assets under IFRS 15, which the Group will use as a general rule, and which calculates the expected loss over the life of these credits.

  The Group is in the process of finalising the complete model of the expected losses. The analysis carried out has estimated a negative impact of 23 million euros, net of the tax effect, which will be recognised as a balancing entry in the retained earnings at 1 January 2018 in accordance with the standard.

- Hedge accounting:

  IFRS 9 seeks to align hedge accounting with company risk management policies, and in this way the requirements to designate hedging instruments and hedged items are relaxed and extended. The Group has determined that the existing hedging relationships which are currently designated as effective hedges could continue to be classified as hedges

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under IFRS 9. As IFRS 9 does not change the general principles on how hedges are to be recognised, the Group does not expect the application of this standard to have a significant impact.

On applying this new standard, the Group would not re-state comparative figures from previous years.

- IFRS 15 – Revenue recognition:

IFRS 15 is the new standard for recognising revenue with customers that from 1 January 2018 will replace the following standards and interpretations in force at 31 December 2017: IAS 11 – Construction contracts, IAS 18 – Revenue, IFRIC 13 – Customer loyalty programmes, IFRIC 15 – Agreements for the construction of Real Estate, IFRIC 18 – Transfers of assets from Customers and SIC 31 – Revenue - Barter Transaction Involving Advertising Services.

An initial assessment of the impact of this standard on the scope of the various businesses has been carried out, including changes to internal policies, information systems and controls in order to establish practical criteria to be applied. The main effects with impacts have been identified for the Construction, Water and Services divisions, and they are related to: (i) the customers' level of acceptance in relation to the work performed, (ii) the identification of different obligations when undertaking long-term contracts, and (iii) the treatment of incremental costs of obtaining a contract.

- Customers' level of acceptance in relation to the work performed

IFRS 15 requires approval from the Customer (in writing, by oral agreement or implicitly following traditional business practices), stating that "... a contract modification is a change in the scope or the price of a contract (or both) that the Parties to the contract approve... There is a modification to the contract when the parties approve a modification that creates new rights and obligations or changes in the existing ones".

For those cases in which the assessment of the approved modification is pending, the standard provides that the income is recognised by an amount for which it is highly likely that a significant reversal of the cumulative amount of ordinary revenue recognised would not be produced when the uncertainty is resolved in the future. This criterion is more demanding that the requirement of IAS 11 and IAS 19 which establish that there should be a probability that the customer will approve the contract modification. Therefore, there will be a delay in recognising the revenue in comparison with the current standard.

- Identification of different obligations when undertaking long-term contracts

IFRS 15 pays special attention to the identification and separation of the different commitments when transferring goods or services referred to in a contract. This implies that the revenue recognised for each of the obligations that can be identified individually within the same main contract be carried out separately instead of treating them as a single contract. This separation of the different performance obligations, as defined in IFRS 15, affects a number of contracts in which up to now the various contract elements had been grouped together and the combined margin recorded.

- Treatment of incremental costs of obtaining a contract

  IFRS 15 establishes that the only capitalised costs associated with obtaining a contract with a customer of those which the entity would not have incurred if they had not obtained the contract. This implies that certain bidding costs capitalised at the close of the financial year must be reversed and charged to the reserves as they do not comply with the definition of incremental costs established in the standard.

  The analysis carried out has initially estimated a negative impact of 390 million euros, net of the tax effect, which will be recognised as a balancing entry in the retained earnings at 1 January 2018 in accordance with the standard.

On applying this new standard, the Group would not re-state comparative figures from previous years.

- <u>IFRS 16 - Leases:</u>

IFRS 16 - Leases will replace IAS 17 – Leases in the financial years beginning on or after 1 January 2019. This new standard provides for the lessee a single accounting model where all the leases (leases of little value and those covering a period shorter than twelve months can be excluded) will be recognised on the balance sheet in a similar manner to current finance leases (recognising finance cost for the amortised cost of the liability and depreciation for the right of use). For the lessor a dual model based on current IAS 17 is maintained and leases will be finance or operating.

The Group has not yet completed the analysis of the effects of this standard. The expected theoretical impact will be potentially in line with the analyses published by different accounting experts in relation to increases in assets and financial liabilities for the future payment obligations associated with operating leases. The mandatory date of application is 2019 and the Group does not anticipate early application.

Except for the impacts of the standards indicated in the paragraphs above, the Group's Directors do not anticipate any significant changes to arise as a result of the introduction of the other standards, amendments and interpretations published but not yet in force, since they are applications to be applied prospectively, amendments related to presentation and disclosure issues and/or matters that are not applicable to the Group's operations.

4.2 Measurement standards

The main measurement standards applied in the preparation of the Group's consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, were as follows:

A) Property, plant and equipment

Property, plant and equipment acquired for use in the production or supply of goods or services or for administrative purposes are stated on the consolidated balance sheet at the lower of acquisition or production cost less any accumulated depreciation and their recoverable amounts.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised. Acquisition cost includes professional fees and borrowing costs incurred during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use. The finance costs relating to this funding used for the construction of these assets are entirely capitalised during their construction.

The acquisition cost of elements acquired before 31 December 2003 includes any asset revaluations permitted in the various countries to adjust the value of the property, plant and equipment due to the effect of inflation until that date.

The balances of assets retired as a result of modernisation or for any other reason are de-recognised from the related cost and accumulated depreciation accounts.

In-house work done by the Group on its own property, plant and equipment is recognised at accumulated cost (external costs plus internal costs calculated on the basis of in-house consumption of warehouse materials and manufacturing costs incurred). At 31 December 2017 "other income" on the accompanying consolidated income statement recorded the amount of 351 million euros for work done by the Group on its own property, plant and equipment, mostly related to wind projects developed in Chile, India, Mexico and Australia, and a photovoltaic project in Chile.

Upkeep and maintenance costs are charged to the consolidated income statement for the year in which they are incurred.

Generally, depreciation is calculated using the straight-line method, on the basis of the acquisition cost of the assets less their residual value, it is understood that the land on which the buildings and other structures stand have an indefinite useful life and, therefore, is not depreciated. The Group companies depreciate their property, plant and equipment over the years of estimated useful life. The annual depreciation rates applicable in 2017 were as follows:

Annual depreciation rates

Buildings	2 - 10%
Special facilities:	
Wind farms	4%
Hydroelectric power plants	1 - 4%
Biomass plants	4%
Solar thermal plants	3.33%
Photovoltaic solar plants	4%
Vessels (*)	5 - 6%
Remaining plant	3 - 30%
Machinery	5 - 33 %
Furniture	5 - 33%
Computer hardware	13 - 33%
Transport equipment	7 - 25%
Other property, plant and equipment	2 - 33%

(*) It should be noted that Acciona Group, based on an analysis using internal information sources, has made a new estimate of the useful life of the subgroup Trasmediterránea's cargo vessels, passenger ships and high-speed vessels, increasing it from 15 to 25 years for fast ferry vessels and from 20 to 25 years for the remaining vessels. Consequently, the "Depreciation and amortisation charge" in the consolidated income statement includes the impact of this change in estimate from 1 January 2017, which has resulted in a lower amortisation of 2 million euros.

The consolidated companies recognise in the books any loss that may have occurred in the registered value of these assets due to their impairment, and the heading "result due to impairment of assets" on the consolidated income statement is used as balancing entry. The criteria to recognise the impairment losses of these assets and, if appropriate, the loss recoveries that might occur subsequently are detailed in section E) in this note.

Finance leases

Property, plant and equipment held under finance leases are recognised in the corresponding asset category and are depreciated over their expected useful lives on the same basis as owned assets.

B) Investment property

"Investment Property" on the accompanying consolidated balance sheet reflects the net values (i.e. less any accumulated depreciation) of the land, buildings and other structures held either to earn rentals or for capital appreciation on their sale.

Investment property is stated at acquisition cost and for all purposes the Group applies the same policies as those used for property, plant and equipment of the same kind.

Each year the Group determines the fair value of its investment property with the support of appraisals undertaken by independent experts (see Note 6).

Investment property is depreciated on a straight-line basis over the years of estimated useful life of the assets, which constitutes the period over which the Group companies expect to use them. The average depreciation rate is as follows:

	Annual depreciation rate
Buildings held for rental	2 - 5%

C) Goodwill

As part of the process carried out in a business combination, the existing excess between the given consideration, plus the allocated value to non-dominant stake holdings and the net amount of the assets acquired and the liabilities assumed measured at fair value are recognised as goodwill. If applicable, the shortcoming after measuring the given consideration, the value assigned to non-dominant stake holdings and the identification and measurement of the net amount of the assets acquired at fair value is recognised in the profit/(loss).

The assets and liabilities acquired are measured provisionally at the date on which control is acquired, and the resulting value is reviewed no later than one year from the date of acquisition.

Goodwill is not amortised, but impairment is verified each year, or before then if there are signs of a potential loss of asset value. For these purposes, the goodwill resulting from the business combination is assigned to each of the Cash-Generating Units (CGU) or groups of CGUs that belong to the Group which are expected to benefit from the synergies of the combination. After the initial recognition, goodwill is measured at its cost less the accumulated impairment losses.

Goodwill generated internally is not recognised as an asset. Goodwill is only recognised when it has been acquired for a consideration and represents, therefore, a payment made by the buyer in anticipation of future economic benefits from assets of the acquired company that are not individually and separately identifiable and recognisable.

Goodwill arising in the acquisition of companies with a functional currency other than the euro is translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet.

D) Other intangible assets

Intangible assets are recognised initially at acquisition or production cost and are subsequently measured at cost less, if applicable, any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over those useful lives using methods similar to those used to depreciate property, plant and equipment. The amortisation rates, which were determined on the basis of the average years of estimated useful life of the assets, are basically as follows:

	Annual depreciation rate
Development expenditure	10 - 20%
Administrative concessions	2 - 25%
Leasehold assignment rights	10 - 20%
Computer software	7 - 33%

The consolidated companies recognise any impairment loss in the carrying amount of these assets with a charge to "Impairment and profit/(loss) on Disposals of Non-Current Assets" on the consolidated income statement. The criteria to recognise the impairment losses of these assets and, if appropriate, the loss recoveries that might occur subsequently are detailed in section E) in this note.

Research and development

As a general rule, expenditure on research activities is recognised as an expense in the year in which it is incurred, except in development projects in which an identifiable asset is created, it is probable that the asset will generate future economic benefits, and the development cost of the asset can be reliably measured. The Group's development expenditure, basically related to the wind power business, is only recognised as an asset if it is probable that it will generate future economic benefits and the development cost of the asset can be reliably measured.

Development expenditure is amortised on a straight-line basis over its useful life. Unless the aforementioned conditions for recognition as an asset are met, development expenditure is recognised as an expense in the year in which it is incurred.

Administrative concessions

The "Administrative Concessions" line item includes concessions that have been acquired by the Group for a consideration (in the case of concessions that can be transferred) or for the amount of the expenses incurred to directly obtain the concession from the Government or from a public agency. Administrative concessions are amortised on a straight-line basis over the term of the concession. Appendix V details the duration (and, therefore, amortisation) of the main concessions.

Intangible assets in infrastructure projects

Since the adoption of IFRIC 12, the Acciona Group has included under "Intangible Assets in Infrastructure Projects", the intangible assets associated with concessions in which the demand risk is borne by the operator. This type of concession-related activity is carried out through investments mainly in transport and water supply infrastructure that is operated by subsidiaries, jointly controlled entities or associates (concession operators), the main characteristics being as follows:

- The concession infrastructure is owned by the grantor in most cases.

- The concession grantor, which can be a public or private sector entity, controls or regulates the service offered by the concession operator and the conditions under which it should be provided.

- The infrastructure is operated by the concession operator as established in the concession tender specifications for an established concession term. At the end of this period, the assets are handed over to the concession grantor, and the concession operator has no right whatsoever over these assets.

- The concession operator receives revenue for the services provided either directly from the users or through the concession grantor.

The most significant accounting criteria applied by the Acciona Group in relation to these concession arrangements are as follows:

- Capitalisation of the borrowing costs incurred during the construction period and non-capitalisation of the borrowing costs subsequent to the entry into service of the related assets.

- Amortisation of the concession infrastructure on a straight-line basis over the concession term.

- Concession operators amortise these assets so that the carrying amount of the investment made plus the costs considered necessary to return the assets in working order is zero at the end of the concession term.

- Practically in all the concessions of the Acciona Group, the construction work was carried out by Group companies. In this regard, the income and expenses corresponding to infrastructure construction or upgrade services are recognised at their gross amount (recognition of the sales and the cost of sales on the consolidated financial statements of the Acciona Group), with the construction margin recognised on the consolidated financial statements. If construction were not carried out by the Group itself, this fact would be considered for the purpose of recognising sales and the cost of sales on the consolidated financial statements. No adjustment was necessary in 2017 for this reason.

Computer software

The acquisition and development costs incurred in relation to the basic computer systems used in the Group's management are recognised at acquisition cost with a charge to "Other Intangible Assets" on the consolidated balance sheet.

Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

E) Impairment of non-current assets

At the closing date of each balance sheet, the Group reviews the carrying amounts of its property, plant and equipment, investment property and intangible assets, to determine whether there is any indication that those assets might have sustained an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the value impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the smallest identifiable cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in previous years.

At the end of each reporting period, goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and any impairment is written down with a charge to "Impairment and profit/(loss) on Disposals of Non-Current Assets" on the consolidated income statement. Impairment losses recognised for goodwill do not reverse in a subsequent period.

Recoverable amount is the higher of fair value less costs to sell and value in use. The methodology used to estimate value in use varies on the basis of the type of asset in question. For these purposes, the Group considers three types of assets: investment property (assets held to earn rentals), goodwill of companies and assets of a limited duration (primarily assets related to electricity production and infrastructure concessions); the way they are measured is explained below. Similarly, due to its specificity, the following paragraphs explain how the recoverable value is estimated for the vessels from the Compañía Trasmediterránea, S.A. subgroup.

Real estate assets (assets held to earn rentals and inventories)

The Group's real estate investment relates to properties earmarked for lease. The fair value at 31 December 2017 of the Group's real estate investment was calculated with the support of valuations conducted at that date by "Aguirre Newman Valoraciones y Tasaciones, S.A." (its report was issued on 31/12/2017), and Savills Consultores Inmobiliarios S.A. (its report was issued on 16/02/2018).

Assets of this type are measured by updating the rents at rates that vary on the basis of the type of building earmarked for lease and of the specific characteristics of the buildings. In proportion to their carrying amounts, the assets held to earn rentals may be classified as residential for rent (22.59%), offices (48.66%), land for development (15.10%) and other property (13.65%) (housing, car parks, etc.) The update rates used for each type of property lie in the following ranges: residential property for rent (6-8%), offices (7.25-10%) and other property (8-11%).

The method used to calculate the market value of investment goods consists in preparing ten-year forecasts for the income and expenses of each asset that will then be updated at the date of the statement of financial position, through a market discount rate. The residual amount at the end of the tenth year is calculated by applying a yield rate ("exit yield" or cap rate") from the forecasts for net income in the eleventh year. The market values thus obtained are analysed through calculation and analysis of the capitalisation of the yield implicit in these values. The forecasts are used to reflect the best estimate of income and expenses of property assets over the future. The yield rate and the discount rate are defined according to the domestic market; the reasonability of the market value thus obtained is proved in terms of initial gain.

To calculate the fair value of land, the residual method was applied. This method consists in estimating the value of the final product on the basis of the comparison or cash flow discount method, and the development costs are taken off this value. Development costs include the cost or urbanisation, construction, fees, levies and all the costs needed to carry out the projected development. Revenue and costs are distributed over time according to the development and sale periods estimated by the appraiser. The update rate used is the rate representing the annual average yield of the project, and the external financing that would be required by an average developer for a development of the characteristics of the development analysed is not considered. This update rate is calculated by adding the risk premium (determined through the risk assessment of the development, with the type of property asset to build, its location, liquidity, term of construction and amount of required investment being considered) to the free-risk rate. Where in the determination of the cash flows external financing is considered, the risk premium mentioned above increases depending on the percentage of said financing (leverage level) attributed to the project and on the usual interest rates on the mortgage market.

Taking the valuations made as a benchmark, the related impairment if any is booked and recognised in "Impairment and profit/loss on disposal of non-current assets" on the income statement (see Note 6).

Goodwill of companies

The impairment test takes into consideration the cash-generating units' overall capacity to generate future cash flows.

The Group prepares five-year forecasts of projected cash flows, including the best available estimates of income and expenses for the cash-generating units, using industry projections, past experience and future expectations.

Also, a residual value is calculated on the basis of the normalised cash flows of the last year of the forecast, to which a perpetuity growth rate is applied which under no circumstances exceeds the growth rates of previous years or those estimated in the long term for the market where the cash generating unit is located. The cash flow used to calculate residual value considers the replacement investments required for the continuity of the business in the future at the estimated growth rate.

The weighted average cost of capital (WACC) is used to discount cash flows, which will depend on the type of business and on the market in which it is carried on. The average leverage during the projection period is considered in the calculation of the WACC.

Other items calculated include: i) the effective cost of borrowings, which takes into account the tax shield that they give rise to, based on the average tax rates in each country; and ii) the estimated cost of equity based on a risk-free interest rate, (generally using as a benchmark the return on a ten-year bond in each market), the beta (which factors in the leverage and the risk associated with the asset), and a market premium (estimated on the basis of historical yields on the capital markets). These variables are tested using recent studies on premiums required at long term, comparable companies in the industry and rates habitually used by investment banks.

At 31 December 2017 the impairment tests implemented did not show the need to register impairment (see Note 7).

Non-current assets in projects

This line item includes concession assets and projects with a limited duration and characterised by having a contractual structure that makes it possible for the costs incurred in the project to be clearly determined (both at the initial investment stage and at the operating phase) and the related revenue to be reasonably projected over the life of the project (basically property, plant and equipment from the energy division). They are registered under property, plant and equipment (mainly under electric power generation facilities) and in other intangible assets under intangible concessions (IFRIC 12).

To calculate the value in use of assets of this nature, the expected cash flows are projected until the end of the life of the asset. Therefore, it is assumed that there is no terminal value. This is possible because:

- These assets have a stable long-term production, thus making it possible for reliable long-term estimates to be made.
- There are extensive series of historical data from reliable external sources.
- In connection with the energy division, the estimates of prices used by the Acciona Group for revenue determination (pool price) are based on a profound understanding of the market and on the analysis of the parameters determining pool prices.
- The operating costs are known and with scant variability.
- Most of them have been financed with long-term debt with known and constant terms and conditions that make it possible to forecast easily the necessary outflows of cash to cover the debt service.

The projections include both known data (based on project contracts) and basic assumptions supported by specific studies performed by experts or by historical data (on demand, production, etc.). Also, macroeconomic data, such as inflation, interest rates, etc., are projected using data provided by independent specialist sources (e.g. Bloomberg).

The discounted cash flows are those obtained by the shareholder after servicing the debt. The rates used to discount these cash flows are based on the cost of equity, and in each case include the business risk and the sovereign risk relating to the location where the operation is being performed.

At 31 December 2017, the Acciona Group recognised the amount of 13 million euros in "Impairment and profit/(loss) on disposal of assets" on the accompanying consolidated income statement in accordance with these analyses carried out for a concession asset in Brazil, as mentioned in Note 8.

Property, plant and equipment – Other plant: vessels

To calculate the recoverable amount of the ships from the Compañía Trasmediterránea, S.A. subgroup, the specific characteristics of the market for seagoing vessels are taken into account; it's a narrow market where the specific features of each ship is particularly important, as they are not built on a production line but tailor-made for certain types of traffic; their value depends on the year and country of construction, ramps, linear metres, height of the hold, passenger capacity, speed, etc., so the measurement of value usually takes into account comparable market features through the international brokers the Group works with (see Note 5). It should be noted that the Group's vessels have been reclassified under the line "Non-current assets held for sale" (see Note 23).

F) Leases

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

Finance leases

When the consolidated companies act as the lessee, they disclose the cost of the leased assets on the consolidated balance sheet, based on the nature of the leased asset, and, simultaneously, recognise a liability for the same amount (which will be the lower of the fair value of the leased asset and the aggregate present values of the amounts payable to the lessor plus, where applicable, the price of exercising the purchase option). These assets are depreciated using the same criteria as those applied to similar items of property, plant and equipment that are owned.

The finance charges arising under finance leases are charged to the consolidated income statement on a straight-line basis over the term of the leases.

Operating leases

In operating leases, the ownership of the leased asset and substantially all the risks and rewards relating to the leased assets remain with the lessor, which recognises the assets at their acquisition cost.

These assets are depreciated using a policy consistent with the lessor's normal depreciation policy for similar items and lease income is recognised on the income statement on a straight-line basis.

When the consolidated companies act as the lessee, lease costs, including any incentives granted by the lessor, are recognised as an expense on a straight-line basis on their income statements.

Amounts received and receivable as incentives for the arrangement of operating leases are also recognised in profit or loss on a straight-line basis over the term of the lease.

G) Non-current receivables and other non-current assets

"Non-Current Receivables and Other Non-Current Assets" includes the non-current trade receivables, mainly from public authorities, and withholdings from trade receivables, mainly from the Infrastructure Construction division.

Since the Acciona Group adopted IFRIC 12, it has recognised under "Other Non-Current Assets" non-current assets associated with concessions in which the grantor guarantees the demand risk is mitigated through the payment of a quantified or quantifiable amount, and where, therefore, the operator does not bear any demand risk.

This type of concession-related activity was carried on through investments mainly in transport, water supply and hospital infrastructure operated by subsidiaries, jointly controlled entities or associates (concession operators), the detail being as follows:

- The concession infrastructure is owned by the grantor in most cases.

- The concession grantor, which can be a public or private sector entity, controls or regulates the service offered by the concession operator and the conditions under which it should be provided.

- The infrastructure is operated by the concession operator as established in the concession tender specifications for an established concession term. At the end of this period, the assets are handed over to the concession grantor, and the concession operator has no right whatsoever over these assets.

- The concession operator receives revenue for the services provided either directly from the users or through the concession grantor.

The most significant accounting criteria applied by the Acciona Group in relation to these concession arrangements are as follows:

- The account receivable is recognised for the present value of the amount receivable from the grantor.

- Borrowing costs are not capitalised, either during the construction phase or after the concession has started to operate.

- The Group recognises interest income earned on the financial asset, even during the construction phase, by applying the effective interest rate of the financial asset. This income is recognised in the net revenue.

- Practically in all the concessions of the Acciona Group, the construction work was carried out by Group companies. In this regard, the income and expenses corresponding to infrastructure construction or upgrade services are recognised at their gross amount (recognition of the sales and the cost of sales on the consolidated financial statements of the Acciona Group), with the construction margin recognised on the consolidated financial statements. If construction were not carried out by the Group itself, this fact would be considered for the purpose of recognising sales and the cost of sales on the consolidated financial statements.

- There is no depreciation or amortisation charge since the arrangements constitute a financial asset.

- Annual billings are divided into a financial asset component recognised on the balance sheet (and, therefore, not recognised as sales) and the component relating to services provided, which is recognised under "Revenue".

H) Financial instrument disclosures

The qualitative and quantitative disclosures in the financial statements regarding financial instruments and risk and capital management are detailed in the following notes:

- Financial asset and liability categories, including derivative financial instruments and accounting policies are detailed in Note 4.2 i).
- Classification of the fair value measurements of financial assets and for derivative financial instruments consistent with the fair value hierarchy established in IFRS 7, detailed in Note 4.2 i).
- Disclosure requirements (qualitative and quantitative information) regarding the capital are detailed in Note 16 g).
- Risk accounting and management policies are detailed in Note 19.
- Derivative financial instruments and hedge accounting are detailed in Note 20.
- Transfers from equity to the year's profit or loss, for settlements of hedging derivative financial instrument transactions, are detailed in Note 28.

I) Financial instruments

Non-current and current financial assets excluding hedging derivatives

The financial assets held by the Group companies are classified in the following way:

- Loans and receivables: financial assets originated by the companies in exchange for supplying cash, goods or services directly to a debtor. These items are measured at amortised cost, which is basically the initial market value, less principal repayments, plus the accrued interest receivable calculated using the effective interest method. This category is comprised practically in its entirety of the assets recorded in "Trade and other accounts receivable" and "Loans and credits to companies accounted for using the equity method".

- Cash and cash equivalents: this item comprises both cash and bank deposits on demand. Other cash equivalents comprise short-term investments, with maturity under three months, and not subject to a relevant risk of change in value.

- Held-to-maturity investments: assets with quantified or quantifiable payments and fixed maturity. The Group has the positive intention and ability to hold them from the date of purchase to the date of maturity. This category includes mainly short-term deposits, which are booked at amortised cost, as indicated above, and deposits and guarantees.

- Available-for-sale financial assets: these relate to securities acquired that are not classified in the other categories; almost all of them relate to investments in the capital of companies. They are measured:

  - In the case of shareholdings in unlisted companies, given that the fair value cannot always be reliably determined, at acquisition cost, adjusted for any impairment losses disclosed. The main criterion applied by the Acciona Group to determine if there is objective evidence of impairment is to have incurred significant or permanent losses in the investee.

  - At fair value when it is possible to determine it reliably, either through the market price or, in the absence thereof, using the price established in recent transactions or the discounted present value of the future cash flows. The gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of, at which time the cumulative gains or losses previously recognised in equity are recognised on the income statement for the year. If the fair value is lower than the acquisition cost and there is objective evidence that the asset has sustained an impairment loss that cannot be considered reversible, the difference is recognised directly on the consolidated income statement.

  At 31 December 2017 and 2016, the available-for-sale financial assets were measured by reference to quoted (unadjusted) market prices and categorised in level one of the hierarchy established in IFRS 7.

In financial years 2017 and 2016, no financial assets were reclassified among the categories defined in the foregoing paragraphs.

Purchases and sales of financial assets are booked using the trade date method.

Transfers of financial assets

The Acciona Group de-recognises financial assets when they expire or when the rights to the cash flows from the financial asset and substantially all the risks and rewards of ownership 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, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinate financing or award any kind of guarantee or assume any other kind of risk.

Bank borrowings other than derivatives

Interest-bearing bank loans and overdrafts are recognised at the amount received, net of direct issue costs. Borrowing costs, including premiums payable on settlement or redemption and direct issue costs, are recognised in the income statement on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. In subsequent periods, these obligations are measured at amortised cost using the effective interest method.

In specific cases where liabilities are the underlying of a fair value hedge, they are measured, exceptionally, at fair value for the portion of the hedged risk.

The Group writes off financial liabilities or part of them when the obligations contained therein expire, or when it is legally released from the main responsibility of the liability through a legal process or by the creditor.

The exchange of debt instruments between Group and the counterparty, or substantial modifications to the liabilities that had initially been recognised, are accounted for as the cancellation of the original financial liability and the recognition of a new financial liability, whenever the instruments have substantially different terms.

The Group considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange is accounted for as an extinguishment of the original financial liability, then any costs or fees incurred are recognised as part of the profit or loss. Otherwise, the cash flows are discounted at the original effective interest rate and any difference with the previous carrying amount is recognised in profit or loss. In addition, the costs or fees adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The Group recognises the difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to a third party and the consideration paid, including any non-cash assets transferred or liabilities assumed in profit or loss.

The Group also applies this accounting treatment to debt renegotiations arising from agreements with creditors, recognising the effect of them at the date the agreement is legally approved. Positive results are recognised under “financial income arising from agreements with creditors” in the consolidated income statement.

Derivative financial instruments and hedge accounting

Because of its activities, the Group is mainly exposed to the financial risks derived from fluctuations in foreign exchange rates and interest rates and in certain fuel stocks and fuel supplies. The Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. Electricity and fuel price and supply hedging transactions are also arranged. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors.

Accounting policies:

Derivatives are recognised at fair value (see measurement bases below) at the consolidated balance sheet date under "Other Current Financial Assets" or "Non-Current Financial Assets" if positive and under "Bank Borrowings" (both current and non-current) if negative. Changes in the fair value of derivative financial instruments are recognised on the consolidated income statement as they arise. If the derivative has been designated as a hedge which is highly effective, it is recognised as follows:

- Fair value hedges: these hedges are arranged to fully or partially reduce the risk of fluctuations in the value of assets and liabilities (underlying) recognised on the consolidated balance sheet. The portion of the underlying for which the risk is being hedged is measured at fair value, as is the related hedging instrument, and changes in the fair values of both items are recognised under the same heading on the consolidated income statement. At 31 December 2017, the Group had no fair value hedges.

- Cash flow hedges: these hedges are arranged to reduce the risk of potential changes in the cash flows associated with the interest payments on non-current floating-rate financial liabilities, exchange rates and fuel stock and fuel hedges. Changes in the fair value of derivatives are recognised, with respect to the effective portion of the hedge, in "Reserves - Value Adjustments" under equity. The cumulative gain or loss recognised in this heading is transferred to the consolidated income statement to the extent of the impact of the underlying (resulting from the risk hedged) on the consolidated income statement; thus, this effect is netted off under the same heading on the consolidated income statement. Gains or losses on the ineffective portion of the hedges are recognised directly on the consolidated income statement.

- Hedges of a net investment in a foreign operation: changes in fair value are recognised, in respect of the effective portion of these hedges, net of the related tax effect, as "Translation Differences" in equity, and are transferred to the consolidated income statement when the hedged investment is disposed of. At 31 December 2017, the Group had no hedges relating to net investments in a foreign operation.

Group policy on hedging:

At the inception of the transaction, the Group designates and formally documents the hedging relationship and the objective and strategy for undertaking the hedge. Hedges are only recognised when the hedging relationship is expected, prospectively, to be highly effective from inception and in subsequent years it will be effective to offset the changes in the fair value or cash flows of the hedged item during the life of the hedge and, retrospectively, that the actual effectiveness of the hedge, which can be reliably calculated, is within a range of 80 - 125% of the gain or loss on the hedged item.

The Group does not hedge projected transactions, but rather only firm financing commitments. If the cash flows from projected transactions were hedged, the Group would assess whether such transactions were highly probable and whether they were exposed to changes in cash flows that could ultimately affect the year's profit or loss.

If the cash flow hedge of a firm commitment or projected transaction results in the recognition of a non-financial asset or a non-financial liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in recognition of a non-financial asset or liability, amounts deferred in equity are recognised in the income statement in the same period as that in which the hedged item affects net profit or loss.

Compound financial instruments with multiple embedded derivatives

The Acciona Group does not have any compound financial instruments with embedded derivatives.

Measurement and adjustment for credit risk bases

The Group measures derivatives not traded on an organised market (OTC) by discounting the expected cash flows and using generally accepted option pricing models based on spot and futures market conditions at the closing date of every financial year. The fair value calculations for each type of financial instrument are as follows:

- Interest rate swaps are valued by discounting future settlements between fixed and floating interest rates to their present value, in line with implicit market rates, obtained from long-term interest rate swap curves. Implicit volatility is used to calculate the fair values of caps and floors using option pricing models.

- Foreign currency hedging and option contracts are valued using the spot exchange rate, forward spots of the related currencies and, in the case of options, implicit volatility until maturity.

- Commodities contracts (for fuel) are valued in a similar way, in this case, taking into account the futures prices of the underlying and the implicit volatility of the options.

In order to determine the adjustment for credit risk in the measurement of derivatives at 31 December 2017, the technique applied was based on a calculation through simulations of the total expected exposure (incorporating both the actual and the potential exposure) adjusted in line with the probability of default over time and the severity (or potential loss) assigned to the Company and to each of the counterparties.

More specifically, the adjustment for credit risk was obtained from the following formula:

EAD * PD * LGD, where

- EAD: Exposure at default at any given moment. This is calculated through the simulation of scenarios with market price curves.
- PD: Probability of default, i.e., that one or other of the counterparties may fail to fulfil its payment obligations at any given moment.
- LGD: Loss given default with a severity = 1- (recovery rate): The percentage of losses ultimately occurring when one of the counterparties has incurred default.

The total expected exposure from derivatives is obtained using observable market inputs, such as interest curves, exchange rates and volatilities depending on the market conditions on the measurement date.

The inputs applied to obtain credit risk and counterparty risk (determination of the probability of default) are mainly based on the application of credit spreads of the Company or other comparable businesses currently traded on the market (CDS curves, IRR of debt issues). In the absence of credit spreads of the Company or other comparable businesses and in order to maximise the use of relevant observable variables, the listed references considered are those considered most suitable in each case (listed credit spread indices). For counterparties with credit information available, the credit spreads used are obtained from the Credit Default Swaps (CDS) listed on the market.

Furthermore, for the fair value (adjustment of the market value to the bilateral credit risk), consideration has been given to the credit enhancements in terms of collateral or guarantees when determining the severity rate to be applied to each position. Severity is considered to be unique over time. If there are no credit enhancements in terms of collateral or guarantees, a standard market recovery rate has been applied which corresponds to a senior unsecured debt of 40%. Nonetheless, this recovery rate would range between 71.40% and 90.60%, depending on the degree of progress in the project (construction or operation phase), and its geographical area (Western Europe, Eastern Europe, North America, Latin America, Oceania and Africa), for derivatives contracted under Project Finance structures.

The measurements at fair value made over the different derivative financial instruments including the information used for the calculation of the adjustment for credit risk of both the Company and its counterparty are classified at level 2 in the fair value hierarchy established in IFRS 7 as the inputs based on prices listed for similar instruments on active markets (not included in level 1), listed prices for identical or similar instruments on markets that are not active, and techniques based on valuation models for which all the significant inputs are observable on the market or can be corroborated by observable market data.

Although the Acciona Group has determined that most of the inputs used to evaluate the derivatives are at level 2 in the fair value hierarchy, the credit risk adjustments use level 3 inputs such as the credit estimations based on the credit rating or comparable companies to assess the probability of insolvency for the Company or its counterparty. The Group has assessed the relevance of the credit risk adjustments for the total valuation of the derivative financial instruments and has concluded that they are not material.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value, which does not differ substantially from their fair value.

Trade payables include unpaid balances to suppliers which are handled through confirming contracts with financial entities and, in the same way, payments related thereto are classified as transaction flows, since these transactions do not include either special guarantees given as pledge for the payments to be made or modifications that change the commercial nature of the transactions.

Current/Non-current classification

On the accompanying consolidated balance sheet, assets and liabilities maturing within no more than twelve months are generally classified as current items and those maturing within more than twelve months are classified as non-current items. However, the companies in the Real Estate division classify them based on the operation cycle, which is usually greater than one year. The current assets and liabilities allocated to this division with an estimated maturity of more than twelve months are as follows:

	Thousand euros	
	2017	**2016**
Inventories	414,273	366,835
Trade receivables	--	--
Total current assets	**414,273**	**366,835**
Bank borrowings	9,375	6,491
Other current liabilities	8,627	5,723
Total current liabilities	**18,002**	**12,214**

Loans that mature in the short term but whose long-term refinancing is, at the Group's discretion, ensured through available long-term credit facilities are classified as non-current liabilities.

J) Inventories

The Group companies measure their inventories as follows:

- In the Construction business, procurements, consisting basically of construction materials located at the sites of the various construction projects in progress, are measured at acquisition cost. Semi-finished goods or work in progress to be included in the value of the construction projects are recognised at production cost.

- In the real estate business, land is measured at acquisition cost, plus urban development costs, if any, purchase transaction costs and borrowing costs incurred from the date of commencement of the development of the site for its desired use until construction begins, or at their estimated market value, whichever is the lower. If the building work is halted due to its rescheduling or other reasons, the borrowing costs cease to be capitalised.

The costs incurred in property developments or part thereof whose construction has not been completed at the closing date of the financial year are treated as inventories. These costs include land, urban development and construction costs, capitalised borrowing costs incurred in the construction period, and other allocable direct and indirect costs. Commercial costs are charged to the income statement in the year in which they are incurred.

In financial year 2017, the capitalised borrowing costs in inventories came to 672 thousand euros, the capitalised amount not being significant for this line item during financial year 2016 (see Note 28).

- Other inventories are recognised generally at the lower of weighted average cost and net realisable value. These inventories can, on a residual basis, be measured at FIFO cost.

As regards real estate inventories, the Group's Directors estimate their fair value at the end of every year on the basis of the valuations carried out by independent experts "Savills Consultores Inmobiliarios, S.A.", whose report was issued on 16/02/2018, and "CB Richard Ellis, S.A.", whose report was issued on 16/02/2018, allocating if necessary provisions for impairment when the properties are found to be overvalued.

The valuations were carried out in accordance with the Appraisal and Valuation Standards issued by the Royal Institute of Chartered Surveyors (RICS) of Great Britain and the International Valuation Standards (IVS) issued by the International Valuation Standards Committee (IVSC). The residual method was used to calculate the fair value, supplemented by the comparative method.

Whenever there is a reasonable change in the basic assumptions that affect the recoverable amount of the assets, the Group performs a sensitivity analysis to determine whether this change may reduce the realisable value to below the carrying amount, in which case, an impairment loss is recognised.

K) Treasury shares

At 31 December 2017, Acciona, S.A. held 45,702 treasury shares representing 0.0798% of the share capital at the time. The acquisition cost of these shares amounted to 3,146 thousand euros. The acquisition cost of the treasury shares and the gains or losses on transactions involving them were recognised directly in equity (see Note 16).

At 31 December 2016, Acciona, S.A. and its subsidiary Finanzas Dos, S.A. held 233,898 treasury shares representing 0.4085% of the share capital at that date. The acquisition cost of these shares amounted to 14,403 thousand euros.

L) Termination benefits

Under the legislation for the time being in force, the Spanish consolidated companies and certain foreign companies are required to pay termination benefits to employees dismissed on unfair grounds. The Acciona Group companies do not currently have any employee termination plans that have not been appropriately provisioned in accordance with the regulations in force.

M) Provisions

The Group's consolidated financial statements include all the provisions covering present obligations at the balance sheet date arising from past events which could give rise to a loss for the companies, certain as to its nature but uncertain as to its amount and/or timing. They include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the close of every accounting period, are used to cater for the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

Litigation and/or claims in process

At the close of financial years 2017 and 2016, certain litigation and claims arising from the ordinary course of operations were in process against the consolidated companies. The Group's Directors, considering the opinion of its legal advisers, consider that the outcome of litigation and claims will not have a material effect on the consolidated financial statements for the years in which they are settled. Accordingly, they did not deem it necessary to record an additional provision in this respect.

Operating provisions and allowances

These provisions and allowances include costs that have not yet been incurred. The provision for the cost of completion of construction projects is intended to cover the expenses arising from the date on which project units are completed to the date of delivery to the client.

Provisions for pensions and similar obligations

Except for the two groups discussed below, the Acciona Group companies do not have any pension plans to supplement social security pensions. The appropriate provisions are recognised for terminations of permanent site personnel.

- The collective agreements of certain companies in the Compañía Trasmediterránea subgroup establish benefits of specific amounts for employees who reach retirement age, subject to compliance with the conditions stipulated in these agreements. These collective agreements also establish a loyalty bonus based on the employee's length of service at the companies. The subgroup currently recognises these obligations at the moment of their effective payment; the cost recognised for these commitments in 2017 and 2016 were 5 thousand euros and 8 thousand euros, respectively.

On 15 December 2002, pursuant to Royal Decree 1588/1999, of 15 October, Compañía Trasmediterránea externalised its employee retirement benefit obligations by arranging a single-premium insurance policy. The cost recognised at 31 December 2017 and 2016 relating to the amounts payable to the insurance company for the benefit obligations accrued in these two years amounted to 281 and 346 thousand euros, respectively, and this amount was recognised under "Wages and Salaries" on the accompanying consolidated income statement.

- Certain companies from Acciona Group entered into or were subrogated to collective agreements that establish benefits of specific amounts for employees included in such agreements that reach retirement age, provided that the conditions established in the agreements are met. Some of these collective agreements also establish a loyalty bonus based on the employee's length of service at the companies. The impact of these obligations is not material.

These companies have various pension obligations to their employees. These defined benefit obligations are basically formalised in pension plans, except as regards certain benefits in kind, mainly electricity supply commitments, which, due to their nature, have not been externalised and are covered by the related in-house provisions.

For the defined benefit plans, the companies recognise the expenditure relating to these obligations on an accrual basis over the working life of the employees by performing at the consolidated balance sheet date the appropriate actuarial studies calculated using the projected unit credit method. The past service costs relating to changes in benefits are recognised immediately on the consolidated income statement as the benefits are accrued.

The defined benefit plan obligations represent the present value of the accrued benefits after deducting the fair value of the qualifying plan assets. The actuarial losses and gains arising in the measurement of both the plan liabilities and the plan assets are recognised directly in equity under "Reserves - Change due to Actuarial Losses and Gains on Pension Schemes".

For each of the plans, any positive difference between the actuarial liability for past services and the plan assets is recognised under "Provisions" on the consolidated balance sheet and any negative difference is recognised under "Trade and Other Receivables" on the asset side of the consolidated balance sheet, provided that such negative difference is recoverable by the Group, usually through a reduction in future contributions.

The impact of these plans on the consolidated income statement is not material (see Note 17).

The Group recognises termination benefits when there is an individual or collective agreement with the employees or a genuine expectation that such an agreement will be reached that will enable the employees, unilaterally or by mutual agreement with the company, to cease working for the Group in exchange for a termination benefit. If a mutual agreement is required, a provision is only recorded in situations in which the Group has decided to consent to the termination of the employees when this has been requested by them. In all cases in which these provisions are recognised the employees have an expectation that these early retirements will take place.

N) Grants

Government grants related to assets to cover staff re-training costs are recognised as income once all the conditions attached to them have been fulfilled over the periods necessary to match them with the related costs.

Government grants related to property, plant and equipment and intangible assets are treated as deferred income, are classified under "Other Non-Current Liabilities" and are taken to income over the expected useful lives of the assets concerned under "Other Income".

O) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Sales of goods are recognised when substantially all the risks and rewards have been transferred.

Following is a detail of some of the particular features of the business activities carried on by the Group:

Construction business:

Revenue:
Given the type of activity, revenue usually comes from long-term contracts where the start date of the contract activity and the date of completion of same generally fall into different accounting periods, so the initial revenue and cost estimates may suffer variations that could affect the recognition of revenue, expenses and results thereof.

The Group companies recognise construction contract revenue and expenses by reference to the stage of completion of the activity under contract at the closing date of the balance sheet, determined on the basis of the examination of the work carried out, or by the percentage of costs incurred in relation to total estimated costs. In the first case, based on the measurement of the units made, the production of the month is recorded as revenue and costs are recognised based on the accrual related to the units performed. In the second case, revenue is recognised in the revenue statement according to the percentage of progress in costs (costs incurred versus total costs estimated on the contract), applied to the total revenue from the project. The latter is commonly used in markets of Anglo-Saxon influence and contracts without unit prices.

In exceptional cases, where the outcome of a construction contract cannot be reliably estimated, contract costs are recognised as expenses in the period in which they are incurred, and contract revenue is recognised only to the extent that the contract costs incurred are likely to be recovered.

In addition, for contracts where it is considered probable that the estimated costs of the contract will exceed the revenue derived from same, the expected losses are provisioned against the income statement for the year in which they are known.

Ordinary revenue from the contract is recognised considering the initial amount of the contract agreed with the client as well as any modifications and claims on the same to the extent that it is probable that revenue will be obtained from same and that it can be reliably measured.

It is considered that there is a modification to the contract when there is a client's instruction to change the scope of the contract. It is considered that there is a claim on the contract when, due to the client or third parties, there are costs not included in the initial contract (delays, errors in specifications or design, etc.) and the contractor is entitled to be compensated for the overrunning costs incurred, either by the client or by the third party causing them. These modifications and claims are included as revenue from the contract when the client is more than likely to approve modifications or claims in an advanced negotiation stage or because there is a technical and legal report from independent experts supporting their inclusion as contract revenue. Once these concepts are recognised, in the event that the claims end in dispute, arbitration or litigation, no additional amounts are recorded until their settlement.

When, due to a delay in collection or to the client's insolvency, uncertainty arises as to the collectability of an item already recognised as contract revenue, the recoverability of the assets is duly analysed and, if applicable, a related provision for impairment and client's insolvency is recorded.

As discussed above, construction contracts are subject to estimates for revenues and costs that need to be reviewed by project managers as they progress. Any change in estimates for revenue, expenses and final work results is subject to review by the different management levels and when verified and approved, the effect is treated as a change in the accounting estimate in the year in which it occurs and in subsequent periods, in accordance with the accounting standards in force.

Expenses:

A project costs include those directly related to the main contract and to any modifications or claims on the contract. In addition, they include the costs related to the contracting activity for each contract, such as insurance, consultancy, design and technical assistance, etc.

Construction contract costs are recognised on an accrual basis, i.e., the costs related to work units performed and total contract indirect costs attributable to said units are booked as expense.

Costs that relate to future activity on the contract, such as insurance premiums, site installations, consultancy, design and other initial costs are initially recognised as assets in "inventories" and are charged to the income statement on the basis of the stage of completion of the contract.

Machinery removal and site installation dismantling costs, upkeep costs within the warranty period and the costs, if any, arising in the period from completion of the construction work to the date of final settlement, are deferred and recognised over the life of the construction project, since they are considered one more cost of the construction work and they relate both to the completed contract units and to the future activity on the contract.

As regards the provision for depreciation of property, plant and equipment used in construction contracts, the assets whose estimated useful life coincides with the duration of the construction work are depreciated over the term of the contract so that they are fully depreciated upon completion thereof. Machinery whose useful life exceeds the term of the contract is depreciated systematically on the basis of the technical criteria stipulated under the various contracts for which it is used, and it depreciates under the straight-line method in the course of each contract.

Late payment interest due to delay in the payment by the client for work certifications are registered, as financial income, only when they can be reliably measured, and their collection is reasonably guaranteed.

The Group companies record in the account "Executed production pending certification", under "Trade and other accounts receivable", the positive difference between the recognised revenue from a contract and the amount of the certifications at the origin of the contract. In addition, they record in the account "Advances received on orders", under "Trade and other accounts payable", the amount of advance certifications for various items, including advances received from the client.

Real Estate business:

The Group companies recognise property sale revenue and costs on the date the property is delivered, since this is considered to be the time when the risks and rewards incidental to ownership are transferred to the buyers.

Accordingly, at the date of delivery of the property the Group companies recognise, if appropriate, the provisions required to cover the contractually stipulated costs not yet incurred in relation to the asset delivered. These provisions arise from a present obligation of the company, the amount of which can be reliably estimated and whose settlement will probably give rise to an outflow of resources for the company.

Rental revenue is recognised on an accrual basis, and incentive-related income and the initial costs of the lease agreements are recognised in profit or loss on a straight-line basis over the term of the agreement.

Borrowing costs directly attributable to the acquisition or construction of property developments or property investments -assets that necessarily require a substantial period of time to be prepared for their intended use or sale- are added to the cost of said assets until such time as the assets are substantially ready for use or sale, provided that the market value exceeds the accumulated cost of the asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Services business:

Revenue associated with the rendering of services is also recognised by reference to the stage of completion of the transaction at the balance sheet date, provided the outcome of the transaction can be reliably estimated.

For every year the Group companies recognise as profit or loss on their services the difference between production (value at the selling price of the services provided during the period, as stipulated on the main contract entered into with the client or in amendments or addenda thereto as approved by the client, or of the services not yet approved but whose recovery is reasonably certain) and the costs incurred during the year, since the revenue and costs of projects in the services industry can undergo major changes during the period of performance, which are difficult to predict and quantify objectively.

Price reviews stipulated under the initial contract signed with the client are recognised as revenue on an accrual basis, regardless of whether they have been approved by the client on an annual basis.

Energy business:

One the Acciona Group's businesses is the turnkey construction of wind farms and other energy production facilities. The total costs incurred in these projects are recognised as operating expenses and the related sales are recognised in accordance with the stage of completion of the project, calculated on the basis of the price and terms and conditions of the sale agreement at the cost incurred and at the estimated cost, based on the detailed budgets of each contract, with application since the beginning thereof. Losses on contracts are recognised in full in the year's profit or loss as soon as they become known.

P) Income tax. Deferred tax assets and liabilities

Income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the adjusted accounting profit for the year, after deducting the tax credits allowable for tax purposes, plus the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases. They are registered by applying the tax rates at which they are expected to be recovered or settled.

Corporate tax and changes in deferred tax assets and liabilities not arising from business combinations are recognised on the consolidated income statement or in equity accounts on the consolidated balance sheet depending on where the profits or losses giving rise to them have been recognised.

Deferred tax assets relating to temporary differences, and tax loss and tax credit carryforwards are recognised only if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised.

Deferred tax assets and liabilities recognised are reassessed at each balance sheet date in order to verify whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

Q) Foreign currency balances and transactions

Transactions in currencies other than the functional currency of each company are recognised in the functional currency by applying the exchange rates prevailing at the date of the transaction. During the year, the differences that arise between the balances translated at the exchange rate prevailing at the date of the transaction and the balances translated at the exchange rate prevailing at the date of collection or payment are recorded as finance costs or finance income on the consolidated income statement.

In addition, balances receivable or payable at 31 December of every year denominated in currencies other than the functional currencies in which the financial statements of the consolidated companies are denominated are translated to euros at the year-end exchange rates. Translation differences are recognised as finance costs or finance income on the consolidated income statement.

R) Environment-related activities

In general, environment-related activities are considered to be operations whose main purpose is to prevent, reduce or redress damage to the environment.

Investments relating to environmental activities are measured at acquisition cost and capitalised as an addition to non-current assets in the year in which they are made.

Environmental protection and improvement expenses are charged to profit or loss in the year in which they are incurred, regardless of when the resulting monetary or financial flow arises.

Provisions for probable or certain liability, litigation in process and outstanding environmental indemnity payments or obligations of an unspecified amount, not covered by the insurance policies taken out, are recorded when the liability or obligation giving rise to the indemnity or payment arises.

S) Discontinued operations and non-current assets and liabilities held for sale

The Group classifies as "Non-Current Assets Held for Sale" property, plant and equipment, intangible assets, other non-current assets or investments under "Investments Accounted for Using the Equity Method" and disposal groups (groups of assets which will be disposed of together with their directly associated liabilities) for which at the date of the consolidated balance sheet an active programme and at reasonable prices has been started so as to sell them and the sale is expected to be completed within twelve months from that date.

The Group classifies as "Discontinued Operations" the relevant business lines that were sold or otherwise disposed of or which meet the criteria to be classified as held for sale, including, where applicable, assets which, together with the business line, are part of the same disposal plan or are classified as held for sale as a result of acquired commitments. Similarly, companies acquired exclusively with a view to resale are classified as "Discontinued Operations".

These assets or disposal groups are measured at their carrying amount or their fair value less costs to sell, whichever is the lower, and depreciation on such assets ceases from the time they are classified as "Non-Current Assets Held for Sale". However, at the date of each consolidated balance sheet the related value adjustments are made to ensure that the carrying amount is not higher than the fair value less costs to sell.

Non-current assets held for sale and the components of the disposal groups classified as held for sale are disclosed on the accompanying consolidated balance sheet as follows: the assets as a single line item called "Non-Current Assets Held for Sale and Discontinued Operations" and the liabilities also as a single line item called "Liabilities Associated with Non-Current Assets Held for Sale and Discontinued Operations".

Profit or loss after tax of discontinued operations is disclosed as a single line item on the consolidated income statement as "Profit/(Loss) after Tax from Discontinued Operations".

There were no discontinued operations at 31 December 2017 and 2016.

T) Earnings per share

Basic earnings per share are calculated by dividing the period's net profit attributable to the Parent by the weighted average number of ordinary shares outstanding during said period, excluding the average number of shares of the Parent held by the Group companies.

Diluted earnings per share are calculated by dividing the period's net profit or loss attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the period, adjusted by the weighted average number of ordinary shares that would have been outstanding if all the potential ordinary shares have been converted into ordinary shares of the company. For these purposes, it is considered that the shares are converted at the beginning of the accounting period or at the date of issue of the potential ordinary shares, if the latter had been issued during the accounting period.

U) Consolidated cash flow statement

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

- Cash flows: inflows and outflows of cash and cash equivalents, which are taken to be changes in the value of short-term, highly liquid investments.

- Operating activities: the main revenue-producing activities of the Company and other activities that are not investing or financing activities. Beginning with the profit before tax from continuing operations, in addition to the adjustment for "*Depreciation and Amortisation Charge*", transfers of interest paid and received are recognised under "*Other Adjustments to Profit (Net)*" although on a separate basis, as well as the transfer of the gains or losses on disposal of non-current assets included under investing activities and, lastly, the adjustments to the results of companies accounted for using the equity method and, in general, any results that do not generate cash flows.

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of equity and of borrowings that are not operating activities.

4.3 Accounting estimates and judgements

The information contained in these financial statements is the responsibility of the Directors of the Parent Company.

For the consolidated financial statements for 2017 and 2016, estimates were made by the Group's Directors in order to measure some of the assets, liabilities, income, expenses and obligations reported therein. These estimates, the results of which can be found in the applicable measurement standards, refer to:

- The measurement of assets and goodwill so as to determine any impairment losses thereon.
- Distribution of the cost of business combinations.
- Recognition of revenue in the construction activity.
- The assumptions used in the actuarial estimate of pension liabilities and obligations.
- The useful life of property, plant and equipment, investment property and intangible assets.
- The assumptions used to measure the fair value of financial instruments.
- The probability of occurrence and the amount of liabilities of an undetermined amount or contingent liabilities.
- Future costs for dismantling facilities and the restoration of land.
- The results for tax purposes of the various Group companies that will be reported to the tax authorities in the future, which served as the basis for recognising the various corporate tax related balances on the accompanying consolidated financial statements.

These estimates were made on the basis of the best information available at 31 December 2017 and 2016 on the events analysed. However, events that may take place in the future could make it necessary to change these estimates. Any such changes would be made in accordance with the requirements of IAS 8.

4.4 Changes in accounting estimates and policies and correction of fundamental errors

- Changes in accounting estimates: the effect of any change in accounting estimates is recognised prospectively, under the same income statement heading as that under which the expense or income measured using the previous estimate was recognised.

- Changes in accounting policies and correction of fundamental errors. The effects of changes and corrections of this kind are recognised as follows: if material, the cumulative effect at the beginning of the year is adjusted under "Reserves" and the effect for the current year is recognised on the income statement. In these cases, the financial data for the comparative year presented together with those for the current year are restated.

- The useful life of property, plant and equipment, investment property and intangible assets with finite useful lives. Based on an analysis using internal information sources, Acciona Group has made a new estimate of the useful life of the subgroup Trasmediterránea's cargo vessels, passenger ships and high-speed vessels, increasing it from 15 to 25 years for fast ferries and from 20 to 25 years for the remaining vessels. Consequently, the "Depreciation and amortisation charge" in the consolidated income statement includes the impact of this change in estimate from 1 January 2017, which has resulted in a lower amortisation of 2 million euros.

Except for the change described above, at 31 December 2017 there were no material changes in accounting estimates or accounting policies; nor any corrections of errors.

5. - Property, plant and equipment

The changes in financial years 2017 and 2016 in cost and accumulated depreciation were as follows (in thousand euros):

Property, plant and equipment	Land and buildings	Electricity generating facilities	Other plant and machinery	Advances and PPE in progress	Other PPE	Depre-ciation	Impair-ment	Total
Balance at 31/12/2015	**402,463**	**11,169,263**	**1,215,005**	**125,851**	**206,214**	**(4,581,540)**	**(873,069)**	**7,664,187**
Variations due to changes in the scope of consolidation	(96)	(88,878)	15,207	7,429	(1,514)	40,482	4,215	(23,155)
Additions / charge for the year	5,079	16,272	238,121	446,229	38,363	(476,066)	(85,185)	182,813
Reductions	(919)	5,762	(29,592)	(3,525)	(6,327)	31,481	2,249	(871)
Transfers	1,425	134,460	22,852	(163,385)	2,498	516	--	(1,634)
Other changes	664	184,873	3,636	1,413	(13,544)	(28,054)	(4,455)	144,533
Balance at 31/12/2016	**408,616**	**11,421,752**	**1,465,229**	**414,012**	**225,690**	**(5,013,181)**	**(956,245)**	**7,965,873**
Variations due to changes in the scope of consolidation	150	62,632	38,038	(185)	8,096	(37,995)	286	71,022
Additions / charge for the year	7,358	10,487	139,625	445,089	49,958	(511,949)	(493)	140,075
Reductions	(2,416)	(8,987)	(36,388)	(5,318)	(5,025)	40,875	2,941	(14,318)
Transfers	(57,348)	(848,184)	(769,869)	(381,656)	(51,188)	715,612	161,480	(1,231,153)
Other changes	(50)	(334,879)	(19,566)	(41,592)	(4,884)	94,516	15,285	(291,171)
Balance at 31/12/2017	**356,310**	**10,302,821**	**817,069**	**430,350**	**222,646**	**(4,712,122)**	**(776,746)**	**6,640,329**

Breakdown of the net balances at the end of 2017 and 2016 was as follows:

Property, plant and equipment	2017				2016			
	Cost	Depreciation	Impairment	Total	Cost	Depreciation	Impairment	Total
Land and buildings	356,310	(153,597)	(144)	202,569	408,616	(152,943)	(3,252)	252,421
Electricity generating facilities	10,302,821	(3,871,768)	(769,443)	5,661,610	11,421,752	(3,827,170)	(857,266)	6,737,316
Other plant	204,747	(128,661)	(2,545)	73,541	907,568	(507,705)	(91,288)	308,575
Machinery	612,322	(415,024)	(2,484)	194,814	557,661	(364,144)	(2,484)	191,033
Advances and PPE in progress	430,350	—	(2,091)	428,259	414,012	—	(1,916)	412,096
Other PPE	222,646	(143,072)	(39)	79,535	225,690	(161,219)	(39)	64,432
Total	**12,129,200**	**(4,712,122)**	**(776,746)**	**6,640,329**	**13,935,299**	**(5,013,181)**	**(956,245)**	**7,965,873**

The main movements in PPE in financial year 2017 correspond to the transfer of the subgroup Trasmediterránea and certain energy assets to "assets classified as held for sale" for a net carrying amount of 1,255 million euros (see Note 3.2h) and 23).

The commissioning of the El Romero photovoltaic plant (Chile) and the commissioning of a wind farm in India for a combined approximate amount of 380 million euros should also be highlighted. These plants are active from March and April 2017 respectively.

"Variations for changes in scope" includes the addition of plant, machinery and other PPE within the construction division for acquiring control of the Australian construction subgroup "Geotech Holding", and for acquiring the additional 50% of a wind power generation facility in Canada (see Note 3). In financial year 2016, the main movement was represented by the wind assets in Greece leaving the scope, in the energy division (see note 3.2h)), as it was agreed to deliver said assets in payment for the settlement of an existing litigation (see Note 26).

The main "Additions" in financial year 2017 correspond to the Trasmediterránea Group's acquisition of the "Dimonios" vessel for 54 million euros, ongoing investments in the energy division corresponding to power generation facilities in projects in Mexico, India, Chile and Australia for approximately 421 million euros, and investments in machinery and other PPE to carry out construction projects in Canada, Ecuador, United Arab Emirates and Norway.

In financial year 2016, the significant "Additions" in PPE are mainly related to the development of three wind power generation facilities in the United States and India, and photovoltaic generation facilities in Chile for a total amount of 425 million euros, in addition to investments made in machinery and other PPE in the construction division for the construction of a tunnel in Norway, an underground train line in Quito, and a dam in Canada for 197 million euros.

Land located in Poland and ongoing PPE belonging to the real estate business have been reclassified under "Inventories" for an amount of 17 million euros, after the outlined strategy on such assets was changed. In financial year 2016, the main movement in "transfers" is related to the transfer of the developments costs of a wind project located in the United States, mentioned in the paragraph about "additions", for 135 million euros, from PPE in progress to electricity generating facilities.

In 2017, "Other changes" include the effect of translation differences for the period, for a negative amount of 294 million euros (positive 105 million euros in 2016), which came mainly from the wind farms located in the United States, Chile and Mexico, whose financial statements consolidate in US dollars. This currency depreciated against the euro in 2017.

In the course of 2016 there were signs of a drop in value of certain assets, mainly due to the fall in the market prices of energy and to regulatory changes in some countries where the Group operates. Which resulted in the recognition of an impairment for the amount of 73 million euros, mostly related to wind facilities located in Italy, Poland and the United States. No signs of impairment have been identified during 2017 which have pointed to the need to recognise any additional impairment.

At 31 December 2017, the amount registered for 2017 and for the previous years under "impairments" amounted to 777 million euros (956 million euros in 2016) which has decreased significantly after reclassifying the Trasmediterránea Subgroup and certain energy assets as "assets held for sale". The impairment amounts of the assets registered at 31 December 2017 mainly correspond to the energy division, both in the international area and in respect of Spanish assets. In the case of Spanish assets, it is due to the regulatory change that took place in 2012 and 2013 as explained in detail in note 2 relating the Spanish regulatory framework.

In 2017 the companies capitalised finance costs amounting to 4.2 million euros as property, plant and equipment, and 6.4 million euros at 31 December 2016 (see Note 28).

Fully depreciated property, plant and equipment in use at 31 December 2017 and 2016 amounted to 455 and 578 million euros, respectively; most of these assets are currently in use.

At 31 December 2017, the Group companies had property, plant and equipment purchase commitments amounting to 546 million euros, mainly in the energy division, for the wind projects currently under construction in Mexico, Australia and Chile. The amount committed at 31 December 2016 came to 62 million euros.

The Group has insurance policies to cover the possible risks to which its property, plant and equipment are exposed, and the claims that might be filed against it in the development of its business activities. These policies are considered to provide adequate cover for the related risks.

At 31 December 2017 the carrying amount of the Group's property, plant and equipment acquired under the finance lease system amounted to 44 million euros (42 million euros in 2016); most of this PPE related to machinery for the construction of a dam in Canada, as mentioned above.

At 31 December 2017 the net carrying amount for material assets used as guarantee for finance debts associated with a specific project in the energy division was 2,163 million euros.

The Group has mortgaged land and buildings coming to a net carrying amount of 18 million euros (23 million euros in 2016) to secure credit facilities granted to the Group by banks.

6.- Investment property

The Group's investment property relates mainly to properties earmarked for lease.

The changes in 2017 and 2016 in the Group's investment property were as follows:

Investment property	Thousand euros		
	Cost	Accumulated depreciation and impairment losses	Total
Balance at 31/12/2015	**1,019,701**	**(344,486)**	**675,215**
Additions	3,771	(22,746)	(18,975)
Disposals	(87,796)	42,396	(45,400)
Transfers	(190,294)	91,048	(99,246)
Other changes	--	--	--
Balance at 31/12/2016	**745,382**	**(233,788)**	**511,594**
Additions	27,947	(7,729)	20,218
Disposals	(17,144)	16,754	(390)
Transfers	(48,814)	28,308	(20,506)
Changes in scope	(430,567)	96,408	(334,159)
Balance at 31/12/2017	**276,804**	**(100,047)**	**176,757**

The most significant changes in financial year 2017 correspond to:

- The additions are mainly due to the acquisition of land in Spain to be used for offices.

- Certain assets have been transferred following the change in management strategy for the Group's rental assets which started in 2016 and through which the possible rotation of the assets is considered on the one hand, and assets with better potential to generate added value for the Group are developed on the other hand; these assets mainly correspond to the reclassification of land from property investments to inventories due to their change in use for a gross amount of 48 million euros (148 million euros in 2016) and a net impairment value of 20.5 million euros (73 million euros in 2016).

- The change in scope through which Acciona Real Estate, a company 100% owned by the Group, provided Testa Residencial SOCIMI, S.A. with a package of rental assets by contributing its share in the companies Cía. Urbanizadora del Coto, S.L. and Valgrand 6, S.A.U., as well as 44 homes located in Lleida, in exchange for newly issued shares of Testa representing 21.02% of the resulting capital after the increase (see Note 3.2.h), and which involves net real estate assets of 336 million euros leaving the scope.

In 2016, the sale of a shopping centre and an office building located in Madrid, along with a hotel in Barcelona should be highlighted, for a total price of 67,150 thousand euros and a joint result for disposal of 6,711 thousand euros (see Note 26).

At 31 December 2017, the fair market value of the assets recorded under this line item estimated on the basis of the valuations made by independent appraisers (see note 4.2. E) came to 196,944 thousand euros (547,658 thousand euros at 31 December 2016). The fall in value in 2017 compared to 2016 was mainly due to the sale of assets indicated above (with an appraised value of 346,820 thousand euros at 31 December 2016) and, to the transfer to "Inventories" of a plot of land (with an appraised value of 20,500 thousand euros at 31 December 2016). If these two impacts were to be considered, the appraised value in 2016 if compared to 2017 would amount to 180,338 thousand euros.

The rental income earned by the Group from investment property listed under this heading at 31 December 2017, all of which was leased out under operating leases, amounted to 20 million euros (28 million euros in 2016). Direct operating expenses arising from investment property in the period amounted to 9 million euros (10 million euros in 2016), recognised under "Other Operating Expenses" on the accompanying consolidated income statement.

At 31 December 2017 the Group had mortgaged a portion of its investment property included under this heading for a net carrying amount of 41 million euros (367 million euros at 31 December 2016) to secure various loans and credit lines granted to the Group. The decrease was mainly due to the contributions of the already mentioned real estate investments to Testa Residencial, which at December 2016 had a carrying amount of 330 million euros.

Detail by location of the cost of the properties held to earn rentals assigned to the Real Estate Division of the Acciona Group at 31 December 2017 and 2016 was as follows:

Location	2017		2016	
	Cost	Depreciation and provisions	Cost	Depreciation and provisions
Madrid	116,366	(29,923)	520,664	(127,784)
The Levant Region	21,772	(7,773)	24,147	(9,185)
Andalusia	16,220	(9,575)	16,000	(9,045)
Catalonia	64,750	(30,093)	125,781	(61,888)
Other	55,251	(22,781)	56,345	(25,013)
Total	**274,359**	**(99,145)**	**742,937**	**(232,915)**

7. - Goodwill

The movements in "Goodwill" on the accompanying consolidated balance sheet in 2016 were as follows (in thousand euros):

	Balance at 31/12/2015	Additions	Impairment	Other changes	Balance at 31/12/2016
Acciona Facility Services subgroup	50,962				50,962
Acciona Agua subgroup	27,976				27,976
Others	358			(12)	346
Total	**79,296**	**—**	**—**	**(12)**	**79,284**

The movements in "Goodwill" on the accompanying consolidated balance sheet in 2017 were as follows (in thousand euros):

	Balance at 31/12/2016	Additions	Impairment	Other changes	Balance at 31/12/2017
Subgroup Geotech Holding	—	117,207	—	(10,860)	106,347
Acciona Facility Services subgroup	50,962	—	—	—	50,962
Acciona Agua subgroup	27,976	—	—	—	27,976
Others	346	—	—	19	366
Total	**79,284**	**117,207**	**—**	**(10,841)**	**185,650**

Recognition of total goodwill amounting 117 million euros for the construction division following the acquisition of the Australian construction subgroup "Geotech Holding" in March 2017 (see Note 3) should be noted.

At 31 December 2017, negative translation differences under this heading have been registered amounting to approximately 11 million euros, mainly due to Australian dollar exchange rate fluctuations.

In 2017, the update of the impairment tests, according to the method described in note 4.2 E) carried out for the Acciona Facility Services and Acciona Agua subgroups did not show the need to record additional impairment.

The WACC rates after tax that were applied were: 6.93% for the Acciona Facility Services subgroup and 5.90% for the Acciona Agua subgroup.

The growth rate employed by the subgroups to extrapolate the cash flow projections beyond the five-year period covered by the forecasts was 1.50%.

A sensitivity test was carried out, particularly in relation to the operating margin, the discount rate and the perpetuity growth rate, in order to ensure than possible changes in the estimation did not have an impact on the possible recovery of the goodwill registered. The outcome of these sensitivity tests indicated that, decreases of 75 basis points in the growth rate applied, increases in the discount rate of up to 40 basis points and 15% reductions in the net operating margin, these assumptions being considered jointly, do not change the outcome of the impairment test, that is, no goodwill impairment is shown.

At the close of the financial year, the calculation of the goodwill generated in the acquisition of the Subgroup Geotech Holding was updated, which did not reveal any significant changes to the assumptions used in the initial model.

The Acciona Group applies the acquisition method to account for any and all additions to the Group that involve the acquisition of a controlling interest.

There were no further additions to the group in 2016 and 2017 that led to recognition of goodwill different than the one described above.

8. - Other intangible assets

The changes in 2017 and 2016 were as follows (in thousand euros):

Other intangible assets	Development	Concessions	Others	Computer software	Advances	Accumulated amortisation	Impairment	Total
Balance at 31/12/2015	**58,040**	**789,846**	**1,341**	**57,823**	**4,982**	**(308,040)**	**(95,508)**	**508,484**
Variations due to changes in the scope of consolidation	(8,065)	1,052,866	--	(207)	--	(55,423)	1,608	990,779
Additions / charge for the year	3,046	50,842	120	6,004	1,285	(63,519)	(31,926)	(34,148)
Removals	(64)	(607)	--	(561)	(305)	780	22	(735)
Transfers	1,473	(573)	13	403	(37)	(47)	--	1,232
Other changes	34	37,232	(23)	5	94	(5,996)	--	31,346
Balance at 31/12/2016	**54,464**	**1,929,606**	**1,451**	**63,467**	**6,019**	**(432,245)**	**(125,804)**	**1,496,958**
Variations due to changes in the scope of consolidation	141	271,564	13,827	152	--	(99,547)	--	186,137
Additions / charge for the year	1,279	28,936	31,322	6,485	9,821	(83,680)	(13,110)	(18,948)
Removals	--	(3,687)	--	(1,374)	(6)	2,096	--	(2,971)
Transfers	(2,282)	(93,791)	(11)	(15,088)	(1,395)	44,231	16,556	(51,880)
Other changes	(293)	(39,906)	(1,242)	(62)	--	6,758	1,471	(33,274)
Balance at 31/12/2017	**53,309**	**2,092,622**	**45,347**	**53,580**	**14,439**	**(562,388)**	**(120,887)**	**1,576,022**

Breakdown of the net balances at the end of 2017 and 2016 was as follows:

Intangible assets	2017				2016			
	Cost	Amortisation	Impairment	Total	Cost	Amortisation	Impairment	Total
Development	53,309	(49,894)	--	3,415	54,465	(47,937)	--	6,528
Concessions	2,092,622	(455,050)	(120,854)	1,516,718	1,929,606	(331,388)	(125,771)	1,472,447
Transfer rights	3,142	(745)	(33)	2,364	1,450	(657)	(33)	760
Computer software	53,580	(41,396)	--	12,184	63,467	(52,263)	--	11,204
Other intangible assets	42,205	(15,303)	--	26,902	--	--	--	--
Advances	14,439	--	--	14,439	6,019	--	--	6,019
Total	**2,259,297**	**(562,388)**	**(120,887)**	**1,576,022**	**2,055,007**	**(432,245)**	**(125,804)**	**1,496,958**

The "Concessions" line mainly includes those concession assets where the risk of recovering the asset is assumed by the operator.

In addition, it includes the cost of the administrative concessions and the levies paid by Acciona Agua for concessions related to the integral water cycle.

Breakdown of the concessions and advances line at 31 December 2017 and 2016 was as follows:

Concessions	2017				2016			
	Cost	Amortisation	Impairment	Total	Cost	Amortisation	Impairment	Total
Administrative Concessions	293,454	(109,300)	(16,199)	167,955	380,359	(128,524)	(34,116)	217,719
Intangible Concessions (IFRIC 12)	1,806,064	(345,750)	(104,655)	1,355,659	1,549,247	(202,864)	(91,655)	1,254,728
Administrative concession advances	3,358	--	--	3,358	356	--	--	356
IFRIC 12 advances	11,081	--	--	11,081	5,663	--	--	5,663
Total	**2,107,061**	**(455,050)**	**(120,854)**	**1,531,157**	**1,935,625**	**(331,388)**	**(125,771)**	**1,478,466**

The breakdown of the main concessions is given in Appendix V (SIC 29) and the detail of the balance of the main concessions under the intangible model (IFRIC 12) at 31 December 2017 and 2016 was as follows:

Concessions	2017				2016			
	Cost (*)	Amortisation	Impair-ment	Total	Cost (*)	Amortisation	Impair-ment	Total
Rodovia do Aço, S.A.	142,900	(27,331)	(101,550)	14,019	156,053	(27,182)	(88,550)	40,321
S.C. A2 Tramo 2, S.A.	148,564	(58,292)	(3,104)	87,167	148,532	(48,614)	(3,104)	96,814
Consorcio Eólico Chiripa, S.A.	104,075	(19,120)	--	84,955	118,344	(15,389)	--	102,955
Autovía de los Viñedos, S.A.	271,711	(105,107)	--	166,603	--	--	--	--
Atll Concessionària de la Generalitat de Catalunya, S.A.	1,061,319	(103,671)	--	957,658	1,055,196	(82,662)	--	972,534

(*) Includes the amounts of the advances associated with the concessions.

The main intangible from this company (registered according to IFRIC 12, intangible assets model, given that the concession carries the demand risk) relates to the current value of the assets assigned by the Catalan Government according to the concession arrangement subscribed between the concessionaire ATLL and the Catalan Government after the award signed on 6 November 2012 and which, at 31 December 2017, amounted to a net value for amortisation of 958 million euros (973 million euros at 31 December 2016), 816 million of which are pending payment at this date (792 million euros at 31 December 2016) (see Note 21).

At 31 December 2017 the main "additions" in this heading corresponded to the investment arising from the obligations undertaken by ATLL Concessionária de la Generalitat de Catalunya, S.A., the addition of the Brazilian concession Rodovía Do Aço and payment of the initial fee for a water supply concession awarded in Mexico.

"Variation for changes in scope" includes the acquisition of 50% of the concessionaire Autovía de los Viñedos, S.A., through which its entire equity is consolidated following the fully consolidated method and the concession is consolidated according to the intangible method in IFRIC 12 for a net amount of 172 million euros. Also worth mentioning is the consolidation of intangible assets from the Subgroup Geotech Holding acquired in 2017 and recognition of the PPA assigned to the Australian construction subgroup's portfolio of works under "other intangible assets" for 13.8 million euros (see Note 3).

After the El Romero photovoltaic plant in Chile was commissioned in March 2017, the operating rights acquired at the beginning of the project and recorded under "Concessions" were "transferred" to "Property, plant and equipment" for a net carrying amount of 27 million euros. A transfer was also made to "Non-current assets held for sale" for a net carrying amount of 21 million euros associated to the Trasmediterrànea Subgroup.

In financial year 2017, "Other changes" includes the effect of translation differences in the period for a negative amount of 33 million euros, mainly related to the Brazilian real and the US dollar (positive amount of 31 million euros in 2016).

In 2017, the Group has recognised an additional impairment of 13 million euros after additional signs of a drop in its value were shown, mainly due to a drop in the expected revenue derived from increased rates and from the worsening of the country's macroeconomic conditions. As a result, the impairment test was updated, as indicated in note 3.2 E) on the basis of the projection of cash flows estimated after covering the debt service. The discount rate used incorporates the country risk based on the average yield of a 10-year USA bond over the last 10 years, to which a risk premium is added according to the conditions of the country and corrected by the average leverage from comparable companies (leveraged beta), and increased by the difference in the CPI between USA and Brazil, the cost of own capital standing at 11.5%. The impairment calculated amounted to 13 million euros (30 million euros in 2016), which was recorded under the heading "impairment and profit/(loss) from disposal of assets" on the accompanying income statement (see Note 26).

After carrying out a sensitivity analysis on the main model assumptions, it is expected that there will be an additional impact of 7.9 million and a reduction of 9.4 million on the accumulated impairment at the end of the year when faced with changes in the discount rate of +/- 1.25%.

In the same way, increases in traffic of 10% would be expected to lead to a reduction in the impact of the 24.9 million impairment, and an increase in the deterioration of 25.8 million.

As regards the other intangible assets, in 2017 no impairment was estimated, and no significant losses appeared that were not covered with the provisions in place at 31 December 2017.

At 31 December 2017, Group companies had commitments to acquire intangible assets in the amount of 126 million euros, for concession projects in the infrastructure construction division (motorways) and in the water division. At 31 December 2016, the amount committed came to 172 million euros.

Additionally, ATLL Concessionària de la Generalitat de Catalunya, S.A., in accordance with the concession contract, maintains the obligation to carry out infrastructure improvements in water tightness and structures, as well as technical and safety adjustments within 10 years from the signing of the contract for a total amount of 139 million euros at 31 December 2017. These commitments are treated, from an accounting perspective, as a new concession and the consideration must be recorded received as intangible assets in the year in which these actions are carried out; it is considered that these amounts will be recovered in the amount of 122 million euros with the generation of higher revenues, by increasing the rate in the year immediately following the year when such investments are made. In financial years 2013 to 2017, the Company has made investments amounting to 28,617 thousand euros (6,133 thousand euros in 2017 and 22,484 thousand euros in previous years).

Fully amortised intangible assets in use at 31 December 2017 and 2016 amounted to 88 and 90 million euros, respectively.

9.- Investments in associates and joint arrangements booked by the equity method

The movement in 2016 in this heading on the accompanying consolidated balance sheet was as follows (in thousand euros):

Direct investments of the Parent Company	Balance at 31/12/15	Share in profit (loss) before tax and impairment	Dividend	Tax effect and other changes	Changes in scope & other	Balance at 31/12/16
Direct investments of the Parent Company						
Consorcio Traza, S.A.	5,602	160	--	(396)	--	5,366
Gran Hospital Can Misses, S.A.	1,964	(120)	--	(322)	--	1,522
Novo Hospital De Vigo S.A.	11,975	678	--	(408)	229	12,474
Nordex S.E.	--	28,954	--	(10,039)	753,942	772,857
Total direct investment	**19,541**	**29,672**	--	**(11,165)**	**754,171**	**792,219**
Indirect investments of the Parent Company						
Indirect investments of the Acciona Energy Subgroup	142,865	17,791	(5,723)	(1,713)	12,646	165,866
Indirect investments of the Ceatesalas Subgroup	84,939	(212)	(1,906)	824	(601)	83,044
Indirect investments of the Acciona Construction Subgroup	22,814	6,190	--	(2,282)	2,810	29,532
Indirect investments of the Acciona Concessions Subgroup	12,704	934	(460)	479	3,124	16,781
Indirect investments of the Acciona Water Subgroup	107,547	14,056	(5,616)	(4,004)	(43,103)	68,880
Indirect investments of the Acciona Property Subgroup	17,800	1,269	--	440	(16,077)	3,432
Indirect investments of the Acciona Trasmediterránea Subgroup	110	106	(4)	(30)	--	182
Other indirect investments	794	(236)	--	172	155	885
Total indirect investments	**389,573**	**39,898**	**(13,709)**	**(6,114)**	**(41,046)**	**368,602**
Total	**409,114**	**69,570**	**(13,709)**	**(17,279)**	**713,125**	**1,160,821**

(*) Indirect Investments of the Acciona Water Subgroup included the concessionaire ATLL, which contributed a value on application of the equity method of 52,123 thousand euros.

The movement in 2017 in this heading on the accompanying consolidated balance sheet was as follows (in thousand euros):

Direct investments of the Parent Company	Balance at 31/12/16	Share in profit (loss) before tax	Dividend	Tax effect and other changes	Changes in scope & other	Balance at 31/12/17
Direct investments of the Parent Company						
Consorcio Traza, S.A.	5,366	(1,345)	--	873	--	4,894
Gran Hospital Can Misses, S.A.	1,522	(168)	--	1,135	(2,489)	--
Novo Hospital De Vigo S.A.	12,474	2,123	--	(556)	(14,041)	--
Nordex S.E.	772,857	(141,811)	--	(8,437)	--	622,609
Total direct investment	**792,219**	**(141,201)**	--	**(6,985)**	**(16,530)**	**627,503**
Indirect investments of the Parent Company						
Indirect investments of the Acciona Energy Subgroup	165,866	40,069	(12,159)	(10,376)	9,221	192,621
Indirect investments of the Ceatesalas Subgroup	83,044	7,871	(1,276)	(1,447)	--	88,192
Indirect investments of the Acciona Construction Subgroup	29,532	7,404	--	(860)	(99)	35,977
Indirect investments of the Acciona Concessions Subgroup	16,781	2,163	(395)	(1,912)	16,530	33,167
Indirect investments of the Acciona Water Subgroup	68,880	14,853	(4.141)	(13,901)	9,844	75,535
Indirect investments of the Acciona Property Subgroup	3,432	(1,437)	--	(101)	335,527	337,421
Indirect investments of the Acciona Trasmediterránea Subgroup	182	23	(5)	(200)	--	--
Other indirect investments	885	749	(170)	(375)	(174)	915
Total indirect investments	**368,602**	**71,695**	**(18,146)**	**(29,172)**	**370,849**	**763,828**
Total	**1,160,821**	**(69,506)**	**(18,146)**	**(36,157)**	**354,319**	**1,391,331**

The Acciona Group's interests in associates are detailed in Appendix III to these notes to the consolidated financial statements.

When the Group's investments in associates, mainly certain toll road concession operators, which are consolidated by application of the equity method, are reduced to zero, and where there could be implicit obligations exceeding the contributions made, the losses or equity decreases are recognised under "Non-Current Liabilities - Provisions" on the consolidated balance sheet (see Note 17). In these cases, the loss is recognised under "Other Gains or Losses" instead of "Profit/(Loss) of Companies Accounted for Using the Equity Method".

Of note in financial year 2017 is the addition of the investment in Testa Residencial SOCIMI, S.A. which corresponds to 21.02% of the company's capital after the non-cash contribution of shares and assets that was carried out on 27 July 2017 as cited in note 3.2.h, which has been initially valued at 336 million euros and which amounts to 335 million euros at the end of 2017.

In December 2017, Acciona S.A. sold a group of concession companies to Acciona Concesiones S.L., a company belonging to the Group and the effect of which is reflected under "changes in scope and others".

Regarding the investments in Nordex, a company whose shares are traded on the Frankfurt Stock Exchange, the decline in the share price experienced in recent months has always been considered by the Group Management as an event that did not necessarily constitute a deterioration in the intrinsic value of the business nor of its medium or long term financial return, as the share in Nordex is a strategic investment for the Acciona Group that aims to achieve synergies while maintaining a relevant position in the wind generation value chain. On the other hand, there is no doubt that the share price has been dragged by the markets' disproportionate reactions to one-off events that, on the other hand, have a broad impact on the sector.

However, the share price being at a level significantly below its carrying amount for a prolonged period of time, along with a downward re-estimation of the forecasts recently announced by the company, has been regarded as a sign of impairment. Therefore, the Acciona Group has carried out an impairment test to check whether the value of the investment in use has dropped below its carrying amount. The result of the test is that the value in use amounts to 623 million euros at 31 December 2017, and hence the Group has an impairment of 145 million euros to align the investment value until it reaches the 623 million euros indicated above.

The methodology for calculating the value in use is described in note 3.2.E), i.e., through discounting the cash flows (WACC) at a rate which considers the risks inherent to the company's business as well as the different markets in which it operates. A cash flow projection that covers a period of five years (2018-2022) has been calculated for this discount operation along with a terminal value that represents the value of the future cash flow from the sixth year and which has been determined based on a standard cash flow estimate. The cash flow projection has been based on the estimates that the Nordex's management team has made public, and on indicators obtained from external sources specialised in the sector, producing results that are consistent with the historical evolution of the entity.

With regard to the growth of sales used for the standard period, which serves as a basis to calculate the terminal value ("g" parameter), a 1.5% growth has been estimated, despite the existence of growth prospects in the sector in which Nordex operates that support greater growth, among other reasons, due to the growing need for the replacement of conventional energies. However, given the uncertainty associated with projections for such large periods, it has been considered that 1.5% is a reasonable growth rate.

For the discounted cash flows, an after-tax WACC rate of 7.2% has been considered.

Also, in order to strengthen the consistency and reasonableness of the test, sensitivity analyses have been performed on changes reasonably expected to occur in the main hypotheses. Thus, a variation of +/- 50 basis points in the WACC would produce an additional impact on the impairment amount of +58 and -69 million euros, and a variation of +/- 50 basis points in the sales growth rate in the standard period ("g") would result in an additional impact on the impairment amount of -56 and +47 million euros.

The most significant movements in financial year 2016 are explained by the takeover of ATLL, explained in note 3.2 h), as well as by the acquisition of 29.9% of Nordex S.E. also explained in note 3 above.

"Tax effect and other changes" reflects, in addition to the tax effect of the year's result, the variations due to derivatives, translation differences and the effect of transfers to non-current liabilities of values that turn out to be negative upon application of the equity method.

At 31 December 2017, the heading "Tax effect and other changes" mainly includes a negative amount of 22 million euros corresponding to the tax effect, a negative amount of 13 million euros due to translation differences, and a positive amount of 3 million euros due to the variation of derivatives.

The table below shows, in proportion to the share percentage in the capital of each of the associates included under this heading, the assets, liabilities, revenue and profit or loss for 2017 (the figures related to associates with an equity deficit, recognised on the liability side of the consolidated balance sheet, are detailed in Note 17):

	Energy	Construction	Water	Services	Other Businesses	Total 2017
Assets						
Non-current assets	1,262,042	379,438	116,867	438	452,504	2,211,289
Current assets	556,256	119,104	83,998	6,123	19,346	784,827
Total assets	**1,818,298**	**498,542**	**200,865**	**6,561**	**471,850**	**2,996,116**
Liabilities						
Equity	903,423	74,140	75,537	809	337,422	1,391,331
Non-current liabilities	509,198	346,061	81,393	187	130,354	1,067,193
Current liabilities	405,677	78,341	43,935	5,565	4,074	537,592
Total equity and liabilities	**1,818,298**	**498,542**	**200,865**	**6,561**	**471,850**	**2,996,116**
Profit/(Loss)						
Net revenue	1,048,796	90,210	74,899	17,914	8,055	1,239,874
Profit before tax from continuing operations	(93,871)	9,994	14,853	932	(1,414)	(69,506)
Profit/(Loss) before tax	(93,871)	9,994	14,853	932	(1,414)	(69,506)

None of the associates are individually significant for the Group except for Nordex, S.E., (29.9%) and Testa Residencial SOCIMI, S.A. (21.02%); all the main key figures of these investments based on the latest available information are detailed below.

a) Nordex, SE:

The breakdown of the financial information relating to the investee is as follows:

Assets	Nordex (*)
Non-current assets	1,245,760
Current assets	1,586,239
Total assets	**2,831,999**
Equity and Liabilities	
Shareholders' equity	956,040
Value adjustments	(1,704)
Equity	*954,336*
Non-current liabilities	789,072
Current liabilities	1,088,591
Total equity and liabilities	**2,831,999**

(*) Corresponds to the last periodic public information issued by Nordex, S.E. on the Frankfurt stock exchange on 30 September 2017.

Reconciliation of the consolidated profit/(loss) of the investee is detailed below:

	Nordex		
Profit/(Loss)	**Net revenue**	**Profit before tax from continuing activities**	**Profit/(Loss) after tax**
Financial statements of investees (*)	2,319,466	43,654	27,902
% Share		29.9%	
Attributed result	--	13,053	8,343
Adjustments (**)	--	(9,864)	(7,435)
Impairment of value on applying equity method	--	(145,000)	(145,000)
Profit/(loss) accounted for using the equity method	--	(141,811)	(144,093)

(*) Corresponds to the last periodic public information issued by Nordex, S.E. on the Frankfurt stock exchange on 30 September 2017.
(**) Correspond to the valuation homogenisation adjustments as well as the estimate of the profit/(loss) from the fourth quarter of 2017.

b) Testa Residencial SOCIMI, S.A.:

The breakdown of the financial information relating to the investee is as follows:

Assets	**Testa**
Non-current assets	2,176,205
Current assets	72,592
Total assets	**2,248,797**
Equity and Liabilities	
Equity	1,534,247
Non-current liabilities	591,940
Current liabilities	122,610
Total equity and liabilities	**2,248,797**

Reconciliation of the consolidated profit/(loss) of the investee is detailed below:

		Testa	
Profit/(Loss)	**Net revenue**	**Profit before tax from continuing activities**	**Profit/(Loss) after tax**
Financial statements of investees	52,943	(5,120)	(5,415)
% Share		21.02%	
Attributed result	–	(1,076)	(1,138)
Adjustments	–	24	119
Profit/(loss) accounted for using the equity method	–	(1,052)	(1,019)

10. - Interests in joint operations

The Acciona Group's interests in joint operations are explained in Appendix II to these Notes to the consolidated financial statements. The most significant amounts included in the consolidated financial statements, in relation to these interests, at 31 December 2017 are summarised as follows:

	2017		**2016**	
	Companies	**Joint operations**	**Companies**	**Joint operations**
Net revenue	163,400	1,336,740	110,319	843,948
Gross profit/(loss) from operations	4,339	148,097	8,138	115,314
Profit/(loss) from operations	3,696	119,387	4,243	85,399
Non-current assets	17,038	266,357	62,262	272,875
Current assets	110,817	922,410	96,099	1,006,320
Non-current liabilities	3,380	300,447	6,553	397,504
Current liabilities	99,596	857,899	88,060	900,948

There are no stakeholdings in joint operations that are material for the Group.

11. - Other current and non-current financial assets

Breakdown of the balance for this chapter on the consolidated balance sheet was as follows:

	2017		2016	
	Non-current	Current	Non-current	Current
Available-for-sale financial assets	25,902	--	28,526	20
Impairment of available-for-sale financial assets	(10,530)	--	(11,032)	--
Financial derivatives at fair value (Note 20)	0	8,225	7,811	6,668
Deposits and guarantees	10,460	34,492	15,954	23,845
Other deposits	--	166,499	--	165,531
Other loans	111,946	37,895	142,067	15,397
Impairment of other loans	(5,855)	(123)	(4,246)	(238)
Net Total	**131,923**	**246,988**	**179,080**	**211,223**

Available-for-sale financial assets

In 2017 there were no significant changes in "Available-for-Sale Financial Assets".

Other deposits

This heading relates basically to the funds allocated to the debt service reserve accounts by the energy division for the projects under way as required by Project Finance clauses in force to secure compliance with the payment obligations. There were no significant changes in 2017.

Other loans

This line is related mainly to loans granted to companies consolidated by applying the equity method.

12. - Non-current receivables and other non-current assets

Breakdown of this heading at 31 December 2017 and 2016 was as follows:

	31.12.2017	31.12.2016
Non-current operating receivables	132,283	145,079
Non-current prepayments and accrued income	32,375	27,345
Concessions under the non-current financial asset model	112,592	120,977
Total non-current receivables and other non-current assets	**277,250**	**293,401**

"Non-Current Operating Receivables" includes mainly client balances and other trade receivables generated by operating activities maturing at over one year and also the retentions that are customary in the construction business. In addition, it includes the amount of 66,614 thousand euros (53,428 thousand euros at 31 December 2016) related to the fair value of a non-financing derivative engaged by a Chilean subsidiary within the energy Division to supply energy to a client as from 2017 at an inflacted fixed price for 13 and a half years.

"Non-current prepayments and accrued income" includes the amount of 14,571 thousand euros (16,259 thousand euros at 31 December 2016) related to the initial value of an energy contract entered into, in December 2015, by a subsidiary in the United States, to supply a specific amount of energy for a term of 13 years.

"Concessions under the Non-Current Financial Asset Model" includes the balance receivable to more than one year for concessions which, in accordance with IFRIC 12, were treated as financial assets, since there was an unconditional collection right on the investment made to date. The current portion of this unconditional collection right was recognised under "Trade and Other Receivables" based on the collections expected to be made by the grantors of the concessions under the various economic and financial plans. At 31 December 2017 and 2016, the balance reclassified to short term in the "Concessions under the Current Financial Asset Model" under the heading "Trade and Other Receivables" for the amount expected to be collected by the granting entities in the next twelve months came to 14,573 and 16,232 thousand euros, respectively (see Note 14).

Breakdown, by division, of "Concessions under the Non-Current Financial Asset Model" was as follows:

	31.12.2017	31.12.2016
Infrastructure division	112,211	118,441
Water division	381	2,536
Total	**112,592**	**120,977**

The main concession projects included in the infrastructure division relate to hospitals and motorways, and those in the water division relate to the integral water cycle and are detailed in Appendix V. Breakdown of the balance of the main concessions under the financial model at 31 December 2017 and 2016 was as follows:

	31.12.2017	31.12.2016
S.C. Hospital del Norte, S.A.	79,301	82,285
Hospital De Leon Bajio, S.A. De C.V.	32,910	36,156

At 31 December 2017 and 2016, the Group companies had no commitments to acquire concession assets under the financial asset model in any significant amount.

13. - Inventories

Detail of the Group's inventories at 31 December 2017 and 2016 was as follows (in thousand euros):

Real Estate	2017	2016
Raw materials, other procurements and trade inventories	65	62
Land	734,044	705,516
Property developments in progress	140,128	73,203
Property developments completed	22,333	49,085
Advances paid	485	492
Impairment	(444,859)	(454,515)
Total real estate	**452,196**	**373,843**

Other inventories	2017	2016
Raw materials, other procurements and trade inventories	229,260	218,103
Work in progress and half-finished goods	35,951	34,167
Finished goods	3,713	3,418
Assets received in payment of loans	12,477	15,328
Land	8,110	8,116
Advances paid	112,132	162,672
Impairment	(32,873)	(32,922)
Total other inventories	**368,769**	**408,882**
Total inventories	**820,965**	**782,725**

The main movement in 2017 related to the reclassification of several plots of land from property investments and PPE to inventories, for the gross amount of 68 million euros (37 million euros net in impairment), due to their change in use according to the Group's new strategy in order to optimise the value, realisation and liquidity of property assets (see Note 6).

Also, plots of land located in Spain and Mexico for a total amount of 79 million euros were acquired in 2017, land mainly located in Poland has been sold for a gross amount of 74 million euros (50 million euros net of impairment) and land amounting to 45 million euros has been transferred to work in progress.

In 2017 the Group has reduced the impairment provision for certain property assets in inventories in 5 million euros, as their carrying amount is less than their recoverable amount on the basis of the valuations made at 31 December 2017 by independent appraisers not related to the Acciona Group.

Based on these valuations performed by Savills Consultores Inmobiliarios, S.A. and CB Richard Ellis, S.A., the Group's property inventories have an estimated value of 497 million euros. These valuations incorporated the distortions and uncertainties currently persisting in the real estate market and came up when taking into consideration the Group's current strategies in relation to the property division in terms of realisation and liquidity.

At 31 December 2017 and 2016 the net carrying amounts of mortgaged inventories were 6,367 and 14,558 thousand euros respectively, and related mostly to property developments completed in 2017 and 2016. The decrease was mainly due to the sale of assets.

At 31 December 2017 there is a firm commitment to purchase a plot of land in Madrid for an amount of 3 million euros.

Property development sales commitments to clients at 31 December 2017 and 2016 amounted to 100,613 and 12,152 thousand euros, respectively. From the balance at 31 December 2017, the amount of 21,010 thousand euros was instrumented in notes and bills receivable, the balancing entry of which was recorded under "Current Trade and Other Payables" on the liability side of the accompanying consolidated balance sheet until the date of delivery (3,790 thousand euros at 31 December 2016).

14. - Trade and other receivables

Detail of "Trade and Other Receivables" at 31 December 2017 and 2016 was as follows:

	2017	2016
Trade receivables	1,166,241	1,132,311
Doubtful trade receivables	41,673	68,098
Amounts to be billed for work performed	757,213	619,130
Total trade receivables for sales and services	**1,965,127**	**1,819,539**
Receivable from associates	58,216	92,027
Sundry accounts receivable	173,259	165,874
Current concessions under the financial asset model (Note 12)	14,573	16,232
Provisions	(319,282)	(370,014)
Total trade and other receivables	**1,891,893**	**1,723,658**
Advances from clients (Note 36)	(658,402)	(944,048)
Total net balance at 31 December	**1,233,491**	**779,610**

In 2017, the balance of "advances from clients" has reduced, mainly as a result of the progress of the works in the construction division, the most notable ones being those developed in Australia, Norway and Ecuador, as well as 2 desalination projects in Qatar in the water division that are in the final stages.

In the opposite sense, the most important advances received correspond to works developed in Chile and Dubai.

Breakdown, by business activity, of the balance of trade receivables for sales and services, net of client advances, was as follows:

	2017	2016
Energy	688,713	682,938
Infrastructure construction	699,076	198,582
Water	221,455	176,300
Services	209,590	195,902
Other business activities	100,493	176,377
Intra-Group transactions	(685,836)	(650,489)
Total net balance at 31 December	**1,233,491**	**779,610**

Breakdown relating to the construction business was as follows:

	2017	2016
Progress billings receivable	577,411	543,189
Amounts to be billed for work performed	708,473	574,234
Sundry accounts receivable	189,002	166,024
Provisions	(259,744)	(287,030)
Total construction trade receivables	**1,215,142**	**996,417**
Advances from clients	(571,581)	(839,303)
Total net balance at 31 December	**643,561**	**157,114**

Breakdown, by type of client, of the net balance of construction trade receivables was as follows:

	2017	2016
Central Government	34,509	34,981
Regional Governments	40,524	29,768
Local Governments	7,049	7,999
Other	93,817	74,007
Public-sector subtotal	175,899	146,755
Private-sector subtotal	66,719	101,887
Total Spanish clients	**242,618**	**248,642**
Total foreign clients	**972,524**	**747,775**

Breakdown, by age, of receivables from clients was as follows:

	2017	2016
Age up to 3 months by date of invoice	747,324	750,809
Age between 3 and 6 months by date of invoice	29,014	43,389
Age over 6 months by date of invoice	389,903	338,113
Total	**1,166,241**	**1,132,311**
Invoices past due by more than 3 months and not provisioned	214,025	180,307

The movement in provisions for losses due to impairment in the value of receivables at 31 December 2017 and 2016 was as follows:

	2017	2016
Opening balance	**(370,014)**	**(352,469)**
Increase in provision for impairment of accounts receivable	(26,696)	(36,273)
Accounts receivable de-registered as impossible to collect	27,880	9,610
Reversion of amounts not used	9,889	6,166
Transfer to Non-current assets held for sale (note 23)	27,147	--
Reclassifications and other minor adjustments	12,512	2,952
Closing balance	**(319,282)**	**(370,014)**

15. - Cash and cash equivalents

Detail of "Cash and Cash Equivalents" at 31 December 2017 and 2016 was as follows:

	2017	2016
Cash	909,851	1,116,858
Deposits and other	362,930	311,461
Total cash and cash equivalents	**1,272,781**	**1,428,319**

"Cash and Cash Equivalents" includes mainly the Group's cash, bank deposits and risk-free deposits with initial maturity of three months or less.

The only unavailable balance related to the cumulative balance for the so-called drought provision of the subsidiary ATLL Concessionària de la Generalitat de Catalunya, S.A. for 30 million euros (25 million euros at 31 December 2016) (see note 17).

In 2017 and 2016 the cash and cash equivalent balances earned interest at market rates.

16. - Equity

a) Subscribed and registered share capital

The Parent Company's share capital is represented by 57,259,550 fully paid-up ordinary shares with a face value of 1 euro each, represented by book entries. All the Parent Company's shares carry the same rights, are listed and there are no restrictions as to their transferability under the Articles of Association.

The table below shows, based on the notices received by the company, the owners of significant direct and indirect equity interests at 31 December 2017 and 2016.

	31.12.2017	31.12.2016
Tussen de Grachten, B.V.	27.80%	27.80%
Wit Europesse Investering, B.V. (*)	28.39%	28.23%
Capital Research and Management Company (**)	--	4.07%

(*) On 26 January 2018, the family Group of Mr. José María Entrecanales de Azcárate informed of the internal reorganisation carried out in the investment company that centralises Acciona, S.A. shares, under which La Verdosa S.L has become a direct holder of 5.31 % of Acciona. After this reorganisation, the investment company Wit Europesse Investering, B.V. Holds 25.01% of Acciona, S.A.

(**) Indirect holder of the equity interest. The decrease in indirect investment held by this significant shareholder is the cause of the communication made on 23 March 2017 informing that the share in Acciona, S.A. Which was previously 4.07% of the share capital had fallen below 3%.

b) Share premium, reserves and translation differences

The balance of the "Share Premium" account, which at 31 December 2017 and 2016 amounted to 170,110 thousands of million euros, arose as a result of the capital increases with share premiums carried out on different dates. The consolidated text of the Capital Companies Act expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to the use of said balance.

Detail of the share premium, reserves and translation differences appearing on the consolidated statement of changes in equity was as follows:

	2017	2016
Issue premium	**170,110**	**170,110**
Legal reserve	11,452	11,452
Reserve for retired capital	10,454	10,454
Voluntary reserves	3.204.081	3,035,238
Consolidated reserves (Note 16.d)	327,097	270,260
Subtotal reserves	**3,553,083**	**3,327,404**
Translation differences (Note 16.d)	**(237,211)**	**(60,876)**
Total	**3,485,982**	**3,436,638**

The legal reserve, to which transfers must be made until 20% of the share capital is reached, can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve does not reach 20% of share capital, this reserve can only be used to offset losses, provided that there are no other reserves available in a sufficient amount for this purpose.

c) Treasury shares

The changes in treasury shares in financial years 2017 and 2016 were as follows:

	2017		2016	
	Number of shares	Cost	Number of shares	Cost
Opening balance	**233,898**	**14,403**	**320,460**	**20,238**
Additions	3,395,430	253,160	4,992,255	338,284
Removals	(3,392,916)	(253,024)	(4,987,221)	(338,300)
Liquidity contract	**2,514**	**136**	**5,034**	**(16)**
Additions 03/05/2017 (*)	221,357	16,569	--	--
Other additions	90,001	6,370	--	--
Removals	(502,068)	(34,332)	(91,596)	(5,819)
Other movements	**(190,710)**	**(11,393)**	**(91,596)**	**(5,819)**
Closing balance	**45,702**	**3,146**	**233,898**	**14,403**

(*) Specific acquisition to meet the convertible bond conversion requirements

On 3 July 2015 Acciona, S.A. reported subscription of a liquidity contract with Bestinver Sociedad de Valores, S.A. for the management of its treasury stock. The company's stock operations carried out by Bestinver within the framework of this contract take place on the Spanish stock exchanges and the purpose is to increase the liquidity of transactions and the stability of the trading price. On 10 July 2017, Acciona, S.A. cancelled said contract and on the same date, the Company signed a new liquidity contract with the terms detailed in Circular 1/2017 of the Spanish National Securities Market Commission (CNMV) for the purposes of their acceptance as a market practice. The cash accounts and securities accounts that were associated with the cancelled liquidity contract and amounted to 44,328 shares and 3,539,114.85 euros have been used to allocate cash and securities to the new liquidity contract, adjusting the amount in cash to the trading value of the shares assigned to the new contract, in accordance with the limits established in the new CNMV circular, which have been set at 44,318 shares and 3,340,000 euros.

At 31 December 2017 the shares under the liquidity contract lost 61 thousand euros, which was recognised in reserves.

As regards to the rest of the movements, 484,068 shares were retired in 2017. The main movement in the period corresponds to the conversions associated with the early amortisation of the Convertible Bond which has resulted in a decrease of 279,965 shares with a loss reflected in "reserves" for an amount of 2,484 thousand euros (see Note 18.b)). To carry out this operation, the liquidity contract was temporarily suspended on 3 May 2017 and 221,357 shares at 74.85 euros each were acquired on the market.

It should also be noticed that two block purchases were carried out on 18 December 2017 comprising a total package of 90,000 Acciona, S.A. treasury shares, representing 0.157% of the share capital at a price of 70.78 euros per share.

The remaining shares retired in 2017 mainly relate to the shares delivered to the Group's management. This delivery took place under the Share Delivery Plan and the variable remuneration Replacement Plan (see Note 34). The profit reflected in "reserves" for these operations is 1,275 thousand euros.

In 2016, 48,000 shares were used for the liquidity contract discussed in the paragraph above, and 91,596 shares were retired, with a profit of 368 thousand euros, recognised in reserves. This delivery took place under the Share Delivery Plan and the variable remuneration Replacement Plan (see Note 34).

d) Reserves in consolidated companies and translation differences

The detail, by line of business, of the consolidation reserves contributed by subsidiaries, joint ventures and associates and of the related translation differences at 31 December 2017 and 2016 was as follows (in thousand euros):

	2017		2016	
Line of business	**Reserves Consolidated**	**Translation Differences**	**Reserves Consolidated**	**Translation Differences**
Energy	(512,153)	(20,812)	(386,399)	32,374
Construction	39,486	(114,221)	28,418	(59,820)
Water	21,330	(23,000)	(29,785)	(15,207)
Services	13,540	(2,327)	1,875	(841)
Other Activities	802,632	(27,304)	694,476	(17,382)
Consolidation adjustments	(37,738)	–	(38,325)	–
Total	**327,097**	**(187,664)**	**270,260**	**(60,876)**

In addition to the Parent Company, at 31 December 2017, the Group company Mostostal Warszawa, S.A. was a listed company. The average market price of this company in the last quarter was PLN 6.68 and the market price at year-end was PLN 4.64. Similarly, the associate Nordex, S.E. is also a listed company and its average market price in the last quarter was EUR 8.59 and the market price at year-end was EUR 8.87.

e) Value adjustments

- Available-for-sale financial assets

This heading under "Retained Earnings" on the consolidated balance sheet includes the amount, net of the related tax effect, of changes in the fair value of assets classified as available for sale. These changes are recognised in the consolidated income statement when the assets that give rise to them are sold.

The changes in the balance of "Value Adjustments" in 2017 and 2016 were as follows:

	2017	2016
Balance at 1 January	**351**	**149**
Increases in value in the year	--	202
Decreases in value in the year	(237)	--
Transfer to results in the year	--	--
Changes in the scope of consolidation	--	--
Balance at 31 December (note 20)	**114**	**351**

- Cash flow hedges

This heading under "Retained Earnings" on the consolidated balance sheet reflects the amount net of the tax effect of changes in the fair value of financial derivatives designated as cash flow hedging instruments (see Note 20).

The changes in the balance of this item in 2017 and 2016 were as follows:

	2017	2016
Balance at 1 January	**(213,372)**	**(364,868)**
• Changes in value in the year	46,540	(80,472)
Gross	62,054	(107,296)
Tax effect	(15,514)	26,824
• Transfer to results for the year	31,109	231,968
Gross	41,478	309,291
Tax effect	(10,369)	(77,323)
Balance at 31 December	**(135,723)**	**(213,372)**

f) Non-controlling interests

The balance of "Non-Controlling Interests" on the accompanying consolidated balance sheet reflects the equity of non-controlling interests in the subsidiaries. Also, "Non-Controlling Interests" on the accompanying consolidated income statement reflects the share of non-controlling interests in the profit or loss for the year.

The movement in 2016 was as follows (in thousand euros):

Company	Balance at 31/12/2015	Changes in scope & capital contrib./ returned	Dividends	Value adjustments and other	Year's Profit/ (Loss)	Balance at 31/12/2016
Energy	233,273	750	(24,128)	(4,127)	255	206,023
Construction	12,725	–	(1,651)	(1,284)	16,511	26,301
Water	–	32,009	(16,266)	16	207	15,966
Services	743	–	(123)	58	263	941
Other services	14,119	525	(3,850)	1,207	4,638	16,639
Total non-controlling interests	**260,860**	**33,284**	**(46,018)**	**(4,130)**	**21,874**	**265,870**

The movement in 2017 was as follows (in thousand euros):

Company	Balance at 31/12/2016	Changes in scope & capital contrib./ returned	Dividends	Value adjustments and other	Year's Profit/ (Loss)	Balance at 31/12/2017
Energy	206,023	(1,416)	(24,790)	(46,849)	23,467	156,435
Construction	26,301	3,513	(3,842)	(9,615)	3,520	19,877
Water	15,966	–	(11,790)	2,351	3,239	9,766
Services	941	–	–	(53)	106	994
Other services	16,639	(728)	–	(424)	482	15,969
Total non-controlling interests	**265,870**	**1,369**	**(40,422)**	**(54,590)**	**30,814**	**203,041**

As described in note 3.2.h, on 8 March 2017 the Group acquired 82.4% of the shares of the Australian construction group Geotech Holding, which, at the time of purchase, had a net worth of 20 million euros. Recognition of the non-controlling interest of 17.6% at the date consolidated is shown under "changes in scope & capital contributions/returned" in the previous table.

During 2017, the main currencies that the Group operates with have experienced strong depreciation against the euro. This has resulted in a significant reduction in the non-controlling interests in assets and businesses established abroad, the effect of which is included under "value adjustments and other" in the previous table. The Energy Division was the most affected one, in which the US Dollar alone has caused a fall in the carrying amount of non-controlling interests of more than 30 million euros.

In 2016 the Group acquired an additional 37.05% of the shares in ATLL Concessionaria de la Generalitat de Catalunya, S.A., through which the subsidiary is fully consolidated, recognising the non-controlling interest of 23.95% in the Equity that to date amounts to 32 million under "changes in scope & capital contributions/returned". The same column records the change in non-controlling interest that took place as a result of the acquisition of the non-controlling interests of the Acciona Termosolar and Acciona Solar subgroups (15% and 25% respectively), with 100% being reached for both subgroups.

Summarised financial information for the subgroups or subsidiaries representing a material portion of the Group's assets, liabilities and transactions and for which no dominant stakeholdings are held is shown below.

31.12.2017	**Acciona Energy Internacional Subgroup**	**ATLL Concessio-nària de la Generalitat de Catalunya, S.A.**	**Mostostal Warszawa, S.A.**	**Subgroup Cía Trasmedi-terránea**	**Subgroup Geotech Holding**
% Non-controlling interests	33.33%	23.95%	49.91%	7.29%	17.60%
ASSETS					
Non-current assets	2,828,205	987,997	42,094	367,664	18,012
Current assets	298,870	112,806	213,778	124,196	49,213
Total Assets	**3,127,075**	**1,100,803**	**255,872**	**491,860**	**67,225**
LIABILITIES					
Equity	191,489	32,819	42,118	225,028	14,360
Attributed Equity	40,832	32,819	38,261	225,039	14,360
Value adjustments and translation differences	(39,428)	--	(4,906)	3,409	(60)
Remaining equity attributed to the parent Company	80,260	32,819	43,167	221,630	14,420
Non-controlling interests	150,657	--	3,857	(11)	--
Non-current liabilities	2,751,591	971,389	72,503	10,390	9,035
Current liabilities	183,995	96,595	141,251	256,442	43,830
Total Liabilities	**3,127,075**	**1,100,803**	**255,872**	**491,860**	**67,225**
PROFIT/(LOSS)					
Revenue	437,061	156,010	259,143	425,527	150,247
Operating profit	148,545	64,853	6,238	15,688	3,043
Profit/(loss) before tax	31,146	19,845	4,829	9,875	2,990
Profit/(loss) after tax	13,757	15,381	(4,502)	5,895	2,208
Profit/(loss) attributed to non-controlling interests	(26,016)	--	1,198	(1)	--
Profit/(loss) attributed to the parent Company	(12,259)	15,381	(3,304)	5,895	2,208

31.12.2016	Acciona Energy Internacional Subgroup	ATLL Concessionària de la Generalitat de Catalunya, S.A.	Mostostal Warszawa, S.A.	Subgroup Cía Trasmediterránea
% Non-controlling interests	33.33%	23.95%	49.91%	7.29%
ASSETS				
Non-current assets	3,109,094	998,606	48,053	319,125
Current assets	332,756	113,793	238,863	127,682
Total Assets	**3,441,850**	**1,112,399**	**286,916**	**446,807**
LIABILITIES				
Equity	265,204	66,664	14,472	224,945
Attributed Equity	78,079	66,664	9,658	224,957
Value adjustments and translation differences	(16,915)	--	(11,413)	4,735
Remaining equity attributed to the parent Company	94,994	66,664	21,071	220,222
Non-controlling interests	187,125	--	4,814	(12)
Non-current liabilities	2,979,267	952,061	75,445	13,757
Total equity and liabilities	197,379	93,674	196,999	208,105
Total Liabilities	**3,441,850**	**1,112,399**	**286,916**	**446,807**
PROFIT/(LOSS)				
Revenue	463,100	148,395	320,579	430,758
Operating profit	144,083	50,722	12,648	37,036
Profit/(loss) before tax	(36,157)	5,801	11,148	32,394
Profit/(loss) after tax	(46,184)	865	7,607	18,211
Profit/(loss) attributed to non-controlling interests	(16,352)	--	451	--
Profit/(loss) attributed to the parent Company	(62,537)	865	8,058	18,210

g) Capital management

The main objectives of the Group's capital management are to safeguard its capacity to continue operating as a going concern so that it can continue to provide returns to shareholders and to benefit other stakeholders, and also to maintain an optimal financial and equity structure to reduce the cost of capital. As a result of this policy, creating value for the shareholder is compatible with access to financial markets at a competitive cost in order to cover both debt refinancing and investment plan financing needs not covered by funds generated by the business.

In order to maintain and adjust the capital structure, the Group may vary the amounts of the dividends payable to the shareholders, return capital, issue shares or sell assets to reduce debt.

In line with other groups in the industries in which the Acciona Group operates, the capital structure is controlled on the basis of the leverage ratio. This ratio is calculated as the result of dividing net debt by equity. Net debt is calculated as the sum of current and non-current financial debt, excluding those relating to held-for-sale assets, less current financial assets and cash and cash equivalents.

The leverage ratio at 31 December 2017 and 2016 is shown below.

	Leverage	
	Million euros	
	2017	2016
Net financial debt:	**5,224**	**5,131**
Non-current financial debt	5,272	5,602
Current bank financial debt	1,472	1,169
Current financial assets and cash and cash equivalents	(1,520)	(1,640)
Equity:	**3,963**	**4,097**
Of the Parent	3,760	3,831
Of non-controlling interests	203	266
Leverage	**132%**	**125%**

h) Restriction on the distribution of funds by subsidiaries

Certain Group companies have clauses in their financing contracts that have to be met in order for profit to be distributed to the shareholders. Specifically, the clauses stipulate the maintenance of a senior debt coverage ratio in financing contracts.

17. - Provisions and litigation

The movement in the section "Non-current provisions" of the liability side of the consolidated balance sheets at 31 December 2017 and 2016 was as follows:

	31.12.2017	31.12.2016
Opening balance	**497,472**	**420,245**
Additions and allocations	97,262	92,937
Removals	(74,587)	(32,729)
Transfers	3,817	(5,775)
Other changes	4,644	22,794
Closing balance	**528,608**	**497,472**

The main changes in financial year 2017 related to allocations for several litigation cases, as well as periodic allocations to cover dismantling operations and the repairs and drought provision. With regards to removals, the application of 17 million euros to the tax provision should be noted, after the inspection activities detailed in Note 22 were concluded. The movement in "other changes" corresponds to scope changes for the subsidiary Sociedad Concesionaria Autovía de los Viñedos, S.A which is now fully consolidated. The following sections detail the effects that this subsidiary has on the provisions of this nature.

The Acciona Group operates in different businesses and in a great number of countries with very specific industry regulations. In the normal course of its business, the Group is exposed to litigation related to these business activities, including most notably: tax claims, claims related to defects in construction projects performed and claims related to differences regarding services rendered. Part of these risks are covered by insurance policies (third-party liability, construction defects, etc.) and for the other risks identified, the required provisions are recognised. The nature and amount of the main provisions are detailed below.

a) Constructive obligations: Provisions are recognised for the constructive obligations of subsidiaries accounted for using the equity method when the Group's investments in associates have been reduced to zero. At 31 December 2017, the provision in this connection amounted to 59 million euros (71 million euros at 31 December 2016). The table below shows the detail, by division and in proportion to the Group's share percentage in the capital of each, of the assets, liabilities, revenue and profit/(loss) for 2017 of the associates for which a provision was recognised.

	Energy	Construction	Water	Services	Total 2017
Assets					
Non-current assets	22,097	321,625	44,476	156	388,354
Current assets	10,941	51,387	2,808	413	65,549
Total assets	33,038	373,012	47,284	569	453,903
Liabilities					
Equity	(2,697)	(52,400)	(4,142)	(202)	(59,441)
Non-current liabilities	29,082	240,027	48,320	362	317,791
Current liabilities	6,653	185,385	3,106	409	195,553
Total equity and liabilities	33,038	373,012	47,284	569	453,903
Profit/(Loss)					
Net revenue	3,557	11,087	6,319	--	20,963
Profit before tax from continuing activities	435	(1,832)	1,024	--	(373)
Profit/(Loss) before tax	435	(1,832)	1,024	--	(373)

This section includes, in the infrastructure construction division, a provision in the amount of 29 million euros for the companies Infraestructuras y Radiales, S.A. and Henarsa, S.A., companies which were declared to be under voluntary creditors' meeting proceedings on 5 September 2013 at Business Court no. 10 in Madrid. The creditors' meeting took place in September 2017 and as sufficient creditors did not adhere to the proposed agreement, on 18 October 2017 the companies entered into liquidation pending determination of the liquidation value by the insolvency administration. Similarly, there is a provision in the amount of 3 million euros for Sociedad Concesionaria Puente del Ebro, S.A., which was also declared to be under voluntary creditors' meeting proceedings on 4 November 2014 at Business Court no. 2 in Zaragoza. The creditors' agreement was not approved and hence on 9 November 2017 the company entered into liquidation phase.

It should also be noticed that this heading has reduced by 8 million euros due to the change in how Sociedad Concesionaria Autovía de los Viñedos, S.A. is consolidated after acquiring an additional 50% of the shares, which is now fully consolidated (see Note 3).

b) Levies, taxes and local charges: these relate to provisions for regional, state or international levies, taxes and local charges arising from construction work and infrastructure development and taxes in general which, in view of the varying interpretations that can be made of the tax legislation, could give rise to contingent tax liabilities in the various countries in which the Acciona Group operates. At 31 December 2017 the provision in this connection amounted to 42 million euros, which in 2016 amounted to 41 million euros. An addition of 17 million euros was made during 2017 (see Note 22), as well as the application of 16.5 million euros after the last Corporate Tax inspection activities for financial years 2010-2012 aimed at both Acciona, S.A. and other subsidiaries (see Note 22) were concluded in May 2017.

c) So-called "drought" provision: recognised by the subsidiary ATLL Concessionaria de la Generalitat de Catalunya, S.A. under the concession contract, in order to deal with possible drought periods. The provision in this connection, at 31 December 2017, amounted to 30 million euros (25 million euros at 31 December 2016).

d) Repairs: these relate to provisions in connection to repairs agreed with the awarding entity in concessions from the infrastructure division. Each year they are systematically endowed by a charge against the operating profit/(loss). The provision in this connection, at 31 December 2017, amounted to 69 million euros (42 million euros at 31 December 2016). The increase is mainly due to the consolidation of Sociedad Concesionaria Autovía de los Viñedos, S.A. which in 2017 is now fully consolidated, incorporating a provision for this concept which amounts to 24 million euros.

e) Pensions and similar: these relate to provisions for pensions and similar obligations arising mainly from the acquisition of assets from Endesa in 2009, which are detailed and quantified below. At 31 December 2017 and 2016, the provision in this connection amounted to 10 million euros.

f) Burdensome contracts: these relate to contracts for works and provision of services that represent a burden and lead to losses. The Group charges a provision against the income statement for losses expected from these contracts at the moment when it determines that the contract's costs which cannot be avoided in order to comply with the contract are likely to exceed the revenue therefrom. The provision in this connection, at 31 December 2017, amounted to 54 million euros (51 million euros at 31 December 2016).

g) Dismantling: these relate mainly to provisions stemming from the electricity generation facilities recently commissioned in the Energy division international area, after the Group concluded, upon analysis of the particularities of these contracts, that there is an obligation to dismantle said facilities. The provision in this connection, at 31 December 2017, amounted to 85 million euros (75 million euros at 31 December 2016).

h) Litigation: these related to provisions for lawsuits under way as a number of claims have been brought against the Group in various jurisdictions for various reasons. At 31 December 2017 the Group maintained provisions amounting to 168 million euros (170 million euros at 31 December 2016), of which 87 and 81 million euros corresponded to the energy and infrastructure divisions respectively.

As regards these cases, it is hard to predict how they will turn out, although the Group's Directors are of the opinion that there will be no short-term outflow of economic profits due to the status of these court cases at the present time.

The best estimates of the risks and uncertainty inevitably surrounding most of the events and circumstances affecting these cases have been considered for the recording of these provisions. In this respect, the negative downturn in recent years of the general market situation and the economic and financial conditions in many of the countries in which the Group has operations has contributed to a general situation of extreme and very widespread instability, giving rise to very significant uncertainties. This situation has not only remained constant but has in fact even increased recently, with the result that the calibration of this uncertainty has been done with prudence, understood as the inclusion of a certain degree of caution when making the necessary assessments, but safeguarding in all cases the true and fair view of the financial statements.

The Group's Management considers that no significant additional liabilities will occur that are not provisioned in the consolidated financial statements at 31 December 2017.

With regards to the court proceedings related to ATLL Concessionària de la Generalitat de Catalunya, S.A., on 22 June 2015 the High Court of Justice of Catalonia (HCJC) issued judgement allowing in part the appeal for judicial review of the administrative decision lodged by the concession company ATLL Concesionària de la Generalitat de Catalunya, S.A. and Acciona Agua, S.A., overruling the resolution dated 2 January 2013 from the Contractual Resources Administrative Body of Catalonia in relation to exclusion of the bid made by the Acciona led consortium. The Court, however, considered that there were defects in the tender procedure that are not attributable to the bidders, which lead to the contracting procedure being rendered void as a whole because the bidders did not have full knowledge of the exact scope of the requirements related to the works schedule.

On 21 February 2018, the company ATLL Concessionària de la Generalitat de Catalunya S.A. became aware of the judgement handed down by the Supreme Court on the cassation appeal filed by the Generalitat de Catalunya against the HCJC ruling which invalidated the procedure to award said concession (appeal 2725/2015). This judgement dismisses the claims brought forward by the Generalitat and confirms the TSJC ruling.

The judgement handed down by the Supreme Court does not negatively affect the compensation to which the concessionaire that would enter into liquidation phase would be entitled to, and without prejudice to claims that could be made for damages.

The company is currently waiting for notification of the cassation appeal 2682/2015 filed by Gestió Catalana de Aigues, and appeal 2678/2015 filed by the Concessionaire and by Acciona Agua against the HCJC judgement which invalidated the procedure to award said concession.

In the event that the Supreme Court resolves the outstanding appeals in the same way, and the award is rendered definitively void, the contract will be void and will go into the liquidation stage, with the effects established in the Government Procurement Act. The contract includes a contractual clause, 9.12, which refers to early termination of the concession contract. This clause establishes that if the concession contract is terminated before 50 years elapse, regardless of the grounds for termination, the Administration shall pay the concession company compensation that will cover:

(a) the unamortised portion of the total concession fee. This amortisation is calculated according to what is established in this clause 9.12 of the contract in conformity with clause 22 of the Administrative Specifications Document;
(b) the unamortised portion of the works, installations and other investments, in PPE and intangible assets, carried out by the concessionaire up to date; and,
(c) related additional costs.

In any event, as indicated in this contractual clause 9.12, all calculations needed to determine what is established in the paragraphs above must refer to amounts actually included in the tariffs, following the principle of recovery of all previous items through the tariffs and with the time where contract termination occurs and the months elapsed in which the concessionaire applied the annual tariff in question being taken into account, if appropriate.

The compensation referred to in clause 9.12 is applicable even if the Administration must enforce court resolutions that involve termination or cancellation of the concession contract according to reply by the Generalitat de Catalunya of 5 July 2013 to the enquiry made by the concessionaire ATLL.

In any case, the principle of ensuring continuity of the service guarantees that the concessionaire shall still operate the concession until the Generalitat or other eventual successful bidder resulting from another bidding process can formally step in to replace the concessionaire.

In conclusion, if the Supreme Court rules on the outstanding appeals in the same way as the judgement that has already been made public, then the contract would be cancelled and would enter into liquidation phase and the administration would need to pay the corresponding compensation. The compensation would include, inter alia, returning the portion of the unamortised fee, without prejudice to the claim for damages as might be appropriate.

Therefore, the Directors are of the opinion that the final resolution of the proceedings described above will not involve an outflow of resources, for which reason no provision for risks and expenses in connection with this lawsuit was recorded at 31 December 2017.

Note that for informative purposes, note 16.f) includes the main items that the company ATLL Concessionària de la Generalitat de Catalunya, S.A contributed to the Acciona Group at 31 December 2017.

Provisions for pensions and similar obligations

"Non-current provisions" section on the accompanying consolidated balance sheet includes mainly provisions for pensions and similar obligations due to the acquisition of assets and/or companies from the Endesa Group in 2009.

The group of employees considered in 2017 and 2016 for measurement was 92 employees (101 at the close of 2016), 23 of whom have already taken early retirement or are retired (24 at the close of 2016). Not all of them are in the same situation and under the same commitment. The main characteristics of the plans assumed are the following:

i) Defined benefit pension plan with salary increase rate tied to the increase in the CPI. This plan is treated in exactly the same way as a defined benefit system. The assumptions used in calculating the actuarial liability in respect of the uninsured defined benefit obligations at 31 December 2017 and 2016 were as follows:

	2017	2016
Interest rate	1.72%	1.91%
Mortality tables	PERPM/F2000	PERPM/F2000
Expected rate of return on plan assets	1.70%	1.85%
Salary review	1.70%	2.0%

Information is provided below on the changes in the actuarial liabilities for the defined benefit obligations at 31 December 2017 and 2016:

	2017	2016
Initial actuarial liability	**4,044**	**3,995**
Cost incurred in the year	112	99
Finance costs	77	107
Benefits paid in the year	(190)	--
Actuarial gains and losses	21	(157)
Final actuarial liability	**4,064**	**4,044**

Information is provided below on the changes in the actuarial assets for the defined benefit obligations at 31 December 2017 and 2016:

	2017	2016
Initial actuarial asset	**2,312**	**2,757**
Return recognised in the year	43	72
Contributions made in the year	488	469
Actuarial gains and losses	(155)	(986)
Final actuarial asset	**2,688**	**2,312**

At 31 December 2017 and 2016, the total amount of the final actuarial assets and liabilities related in full to defined benefit obligations in Spain.

At 2017 year-end, the amount recognised in the consolidated income statement for defined benefit pension obligations amounted to 146 thousand euros (134 thousand euros in 2016) and related to the cost incurred during the year and the return and finance cost of the assets and liabilities associated with these employee welfare benefits.

ii) Obligations to provide certain employee welfare benefits during the retirement period, relating mainly to electricity supplies. These obligations were not externalised and are covered by the related in-house provisions totalling 2,981 thousand euros (3,274 thousand euros at 31 December 2016).

The actuarial changes recognised, arising in this connection, amounted to a profit of 331 thousand euros in financial year 2017 (profit of 542 thousand euros in 2016).

iii) Commitment undertaken by the company to supplement the public social security system benefits in the event of termination of the employment relationship as a result of an agreement between the parties.

The movement in the provision for these obligations, recognised under caption "Provisions" on the accompanying consolidated balance sheet in 2017 and 2016, was as follows:

	Provision for other long-term employee benefit obligations
Balance at 31/12/2015	**961**
Additions and allocations	7
Removals	(461)
Balance at 31/12/2016	**507**
Additions and allocations	44
Removals	(336)
Balance at 31/12/2017	**215**

These liabilities related in full to the collective redundancy procedures signed by Group companies in Spain.

The Plan affects employees with at least 10 years of acknowledged seniority. Employees aged 50 or more at 31 December 2005 were entitled to adhere to a pre-retirement plan at the age of 60, of which they could avail themselves between the ages of 50 and 60, upon the mutual agreement between the employee and the company concerned. For the Plan to apply to employees younger than 50 at 31 December 2005, a written request from the employee and the acceptance thereof by the Group were required.

The conditions applicable to employees under 50 years of age affected by the Voluntary Redundancy Plan consisted in a termination benefit of 45 days' salary per year of service plus an additional amount of 1 or 2 months' salary based on the employee's age at 31 December 2005.

The impact of these plans on the consolidated income statement is not material.

18. - Financial debt

a) Bank borrowings

At 31 December 2017 and 2016, detail of recourse and non-recourse borrowings, it being understood that non-recourse is the debt with no corporate guarantees, whose recourse is limited to the debtor's flows and assets, was as follows (in thousand euros):

	2017		2016	
Current	Current	Non-current	Current	Non-current
Non-recourse bank borrowings	**181,874**	**1,443,526**	**199,162**	**1,797,150**
Mortgage loans for non-current asset financing	13,127	11,206	26,300	128,965
Mortgage loans for property developments	6,514	--	14,199	--
Project finance	149,990	1,407,316	151,319	1,649,926
Obligations under finance leases	10,991	25,004	5,861	17,268
Other limited recourse debt	1,252	--	1,483	991
Recourse bank borrowings	**649,268**	**2,963,410**	**475,936**	**3,183,901**
Discounted notes and bills not yet due	522	--	--	--
Other bank loans and credit facilities	648,746	2,963,410	475,936	3,183,901
Total bank borrowings	**831,142**	**4,406,936**	**675,098**	**4,981,051**

In 2017 and 2016, the Group's loans and credit facilities accrued interest mainly refer to Euribor for those financing in euros, although a portion of the Group's borrowings were also tied to other indices such as Libor for borrowings in US dollars, the CDOR for borrowings in Canadian dollars, the TIIE for financing in Mexican pesos, the WIBOR for financing in Polish zloty, the BBSY for financing in Australian dollars and the JIBAR for financing in South African rands; these are the main indices for the Group outside the euro zone. A significant portion of the Group's borrowings is hedged by financial derivatives which seek to reduce the volatility in the interest rates paid by the Acciona Group (see Note 20).

Through subsidiaries or associates, the Acciona Group undertakes investments mainly in transport infrastructure, energy, water supply and hospitals, and these are then operated by subsidiaries, jointly-controlled entities and associates and funded through "Project finance" (financing applied to projects).

These finance structures are applied to projects capable of providing by themselves sufficient support for the participating financial entities as to the repayment of the borrowings taken out to implement them. Thus, each one is normally executed through special purpose vehicles in which the project's assets are financed on the one hand by a contribution of funds by the project's sponsors, limited to a certain predefined amount, and, on the other hand, generally a larger sum through third-party funds in the form of long-term borrowing. The debt service on these loans or credits is fundamentally backed by the cash flows to be generated in future by the project itself, as well as by in rem guarantees over the project's assets and credit rights.

The most significant changes in financial year 2017 were produced:

- Under "mortgage loans for non-current asset financing" for the contribution of the company Compañía Urbanizadora El Coto, S.L. in exchange for a share in the capital of Testa Residencial SOCIMI, S.A., explaining the reduction in the debt by 111 million euros with respect to the previous financial year.
- Under "project finance" for the purchase of an additional 50% of the company Autovía de los Viñedos, S.A., which now consolidates following the global consolidation method after taking control (it was previously consolidated by applying the equity method), thereby incorporating bank borrowings at 31 December 2017 amounting to 123 million euros. The reduction of "project finance" corresponds to the reclassification of 180 million euros of debt associated with certain energy assets under "non-current liabilities held for sale" as the Group is currently undergoing negotiations to dispose of these assets through a sale operation. Likewise, this heading is reduced due to the amortisations programmed for this type of loan, as well as the effect of the translation differences in the financial year which are mainly related to projects in US dollars and South African rand.
- Under "other bank loans and credit facilities" caption, several "Green Loans" have been taken out during the financial year: noticing one formally arranged in April 2017 for 100 million euros with BBVA with due date in 3 years, and another three "Green Loans" formally arranged in May, July and November for 50 million euros each with due dates in 2019, 2022 and 2020 with Unicredit, Helaba Bank and ICBC. These "Green Loans" are intended to be used to finance renewable energy investment operations and investments in environmental sustainability projects. The decreases are caused due to the scheduled expiry of the loans at the due dates.

For financial year 2016 mention should be made of the cancellation of four financing projects in US dollars for wind farms in operation and two financing projects in euros for thermal solar plants, as well as two financing arrangements in euros for a set of assets for wind and hydraulic generation located in Spain. These debt cancellations meant a charge of 301 million euros in the finance cost accounts for the transfer to the income statement of the hedge derivatives associated with these financing arrangements and for the early termination costs and the arrangement fees pending accrual.

As indicated in Note 4.2 I), the adoption of IFRS 13 requires an adjustment in the measurement techniques applied by the Acciona Group to obtain the fair value of its derivatives in order to incorporate the bilateral credit risk adjustment so as to reflect both own risk and counterparty risk in the fair value of the derivatives.

At 31 December 2017, the adjustment of credit risk represented a lower valuation of liability derivatives in the amount of 3,930 thousand euros, recognised on the one hand as a smaller debt with credit entities in the amount of 2,002 thousand euros by subsidiaries, 326 thousand euros as a minor liability held for sale for companies classified in this way at the end of the year, and as a higher value of the investment using the equity method in the amount of 1,602 thousand euros, without considering the tax effect, by the companies consolidated in accordance with this method. The effect, net of external and after-tax effects, that this modification had on the heading "Adjustments in equity for valuation of cash flow hedges" was positive in the amount of 2,616 thousand euros.

At 31 December 2017 the Group companies had been granted additional financing not drawn down in the amount of 1,827,389 thousand euros, of which 1,807,389 thousand euros related to credit lines for the financing of working capital, and the remaining amount, 20,000 thousand euros, to lines to finance fees to enter water projects.

The Group's Management is of the opinion that the amount of these credit lines and the ordinary generation of cash, together with the realisation of current assets, will sufficiently cover the short-term payment obligations.

At 31 December 2017 and 2016, neither Acciona, S.A. nor any of its significant subsidiaries were in breach of any of their financial obligations or any other obligations in such a way as might lead to early maturity of their financial obligations. Similarly, no default is expected for 2018.

In addition, in 2017 and 2016 there were no defaults or any other non-payments of principal, interest or repayments in respect of interest bearing borrowings.

Borrowings by the real estate division are classified as current liabilities on the basis of the production cycle of the asset they finance, that is, inventories, even though the due date for some of these liabilities stands at over twelve months.

Detail, by maturity, of bank borrowings for the years following the closing date of the balance sheet was as follows:

2018	2019	2020	2021	2022	2023	Years Subsequent	Total
831,142	1,023,510	1,104,294	920,553	580,142	130,025	648,412	5,238,078

Obligations under finance leases

Detail of the Group's finance leases at 31 December 2017 and 2016 was as follows:

	Minimum lease payments	
Amounts to pay under finance leases	**2017**	**2016**
Within one year	13,743	6,775
Between one and two years	12,558	8,311
Between two and five years	12,351	10,023
After five years	--	--
Total lease payments payable	**38,652**	**25,109**
Less future finance charges	2,657	1,980
Present value of lease obligations	**35,995**	**23,129**
Less amount due for settlement within twelve months (current liability)	10,991	5,861
Amount due for settlement after twelve months	**25,004**	**17,268**

It is the Group's policy to lease certain of its facilities and equipment under finance leases. The average lease term is three to five years. In the year ended 31 December 2017, the average effective interest rate was the market rate. Interest rates are set at the lease contract date. All leases have fixed payments and no arrangements have been entered into for contingent rental payments.

b) Debentures, bonds and negotiable securities

Breakdown at 31 December 2017 and 2016 of debentures, recourse and non-recourse bonds and negotiable securities, it being understood that non-recourse is the debt with no corporate guarantees, whose recourse is limited to the debtor's flows and assets, was as follows (in thousand euros):

	Thousand euros	
	2017	**2016**
Debentures, bonds and negotiable securities without recourse	263,265	256,893
Debentures, bonds and negotiable securities with recourse	1,242,821	857,716
Total debentures, bonds and negotiable securities	**1,506,087**	**1,114,609**

The movement in these accounts on the current and non-current liabilities side of the balance sheet for financial years 2017 and 2016 was as follows:

	Thousand euros	
	2017	**2016**
Opening balance	**1,114,609**	**1,175,879**
Changes in the scope of consolidation	47,026	--
Issues	866,953	646,591
Interest accrued pending payment	7,068	10,434
Amortisations	(489,721)	(727,548)
Other changes	(39,848)	9,253
Closing balance	**1,506,087**	**1,114,609**

The main variation in this heading in 2017, on the "Issues" line, related to the issue of EMTN and ECP (promissory notes) for a total of 469 and 398 million euros, respectively, under the Euro Medium Term Note (EMTN) and Euro Commercial Paper (ECP) programmes, all described further below. As for the line "Amortisations", mention must be made of the amortisation on maturity of the previous ECP programme (promissory notes) for 233 million euros, the amortisation of EMTN for 147 million euros, and the termination of the convertible bond issued by Acciona, S.A. The line "Other changes" related mainly to translation differences in the two issues of bonds in currencies other than the euro.

The distribution of the maturity of these debentures for 2018 and for the next and subsequent years is as follows:

2018	2019	2020	2021	2022	2023	Subsequent years	Total
641,148	455,087	37,126	15,601	16,536	18,212	322,376	**1,506,086**

At 31 December 2017, detail of the issues making up the balance for this heading was as follows:

- Placement of a bonds issue on 10 August 2012 with a credit rating of "BBB " given by the Standard & Poors and Fitch rating agencies for the Mexican subsidiaries CE Oaxaca Dos, S. de R.L. de C.V. and CE Oaxaca Cuatro, S. de R.L. de C.V., in a total amount of 298.7 million US dollars. The purpose of this funding was the development, construction and operation of two wind power projects (102 MW each) for the final client, the Federal Electricity Commission (FEC). The issue accrues interest at 7.250% per annum, payable every six months on 30 June and 31 December each year until 31 December 2031. The redemption of the debt began on 31 December 2012 and will continue with six-monthly debt write-downs until its total repayment on 31 December 2031. At 31 December 2017, the balances recorded for this issue on the non-current and current bonds and debentures account amounted to 214 and 6.9 million euros, respectively.

Euro Commercial Paper (ECP) Programme formalised on 17 January 2013 by Acciona, S.A. and renewed as from 2015, most recently on 13 July 2017, by the Group's subsidiary Acciona Financiación de Filiales, S.A., with the guarantee of Acciona, S.A., for another twelve months and a maximum of 750 million euros. Through this programme, which is listed on the Irish Stock Exchange, notes are issued on the euro market with maturities between 15 and 364 days. In 2017, promissory notes were issued and amortised for 398 and 233 million euros, respectively, and the outstanding balance stood at 378 million euros at 31 December 2017.

Last 16 January 2017, the company reported its intention to buy back up to 108.4 million euros of the total face value of its bonds convertible to shares issued by Acciona, S.A. in 2014, and which accounted for the total of bonds outstanding that the Company did not have as part of its treasury stock after the buy backs made in the previous year. After this operation, Acciona holds 95.26% of the convertible bonds issued, equivalent to 409 million euros.

In addition, during February and May 2017, 39,050 shares were delivered to the bondholders who had exercised their right to convert their bonds under the terms and conditions of the issuance, resulting in the termination of 0.68% of the convertible bond (see Note 16.c)).

On 20 June 2017, the partial termination of 95.26% of the convertible bond was formally arranged, and the total amount of the financial debt for convertible obligations that Acciona Group had was cancelled in accordance with IAS 32, recording an impact on reserves of 36 million euros, and on the income statement for the year for 4.3 million euros.

On 1 August 2017, the "Clean Up Call" clause was exercised, which was contained in the contract to effectively convert an additional 4.01% of the bond by delivering 240,915 shares (see Note 16.c)), the remaining 0.06% of the bond was cancelled by bank transfer according to the terms contained in the contract.

- Issue by Acciona, S.A. in April 2014 of simple bearer debentures through a private placement, in the amount of 62.7 million euros and maturing in 2024. The face value of each debenture is 100,000 euros and they accrue interest at 5.55% per annum with an annual coupon. At 31 December 2017, the balances recorded for these simple debentures on the accounts for non-current and current bonds and debentures, net of the transaction costs and considering the interest accrued, amounted to 61.8 and 2.4 million euros, respectively.

- On 13 July 2017 Acciona Financiación Filiales, S.A. renewed, with the guarantee of Acciona, S.A., under the same terms and conditions as the previous one issued by Acciona, S.A., a fixed-interest securities issue programme - Euro Medium Term Note Programme (EMTN) for a maximum amount of up to 1,500 million euros. In relation to this programme, the Group prepared a base leaflet that was approved by the Central Bank of Ireland. These issues accrue annual interest ranging from 0.732% to 4.625%. The securities issued under this programme may: accrue fixed or variable interest, be issued in euros or in another currency and at par, below par and premium and have different maturity dates for the principal and the interest. At 31 December 2017 the balances registered against this EMTN programme in the non-current and current debentures and bonds accounts, net of transactions costs and considering interest accrued, amounted to 551 and 250 million euros, respectively. The fair value of the bonds at the end of the financial year amounts to 817 million euros.

- Issue by Autovía de los Viñedos, S.A. This issue took place on 28 October 2004 in the amount of 64.100 thousand euros and accrues interest at 4.79% per annum payable on 15 December each year throughout the life of the issue. The bonds began to be redeemed on 15 December 2009 and their total amortisation is scheduled for 15 December 2027. In 2017, the company is now fully consolidated (see Note 3) and therefore at 31 December 2017, the balances recorded for this issue on the non-current and current bonds and debentures account amounted to 38 and 4.2 million euros, respectively.

At 31 December 2017, there were no issues convertible into shares, or issues granting rights or privileges that might, in the event of a contingency, make them convertible into shares of the Parent Company or of any of the Group companies.

In addition, two of the companies in the Acciona Group consolidated using the equity method have debentures and bonds issued with the following characteristics:

- Private issue of bonds with a credit rating of "A" given by the Standard & Poors rating agency by the Canadian company Chinook Roads Partnership in the amount of 108,882 thousand euros attributed as part of the funding needed to undertake the construction, operation and maintenance project for the Southeast Stoney Trail motorway in the city of Calgary (Canada). This issue took place on 31 March 2010 and accrues interest of 7.134% per annum payable monthly on the last working day of each month during the construction phase and quarterly during the operation phase. Debt amortisation began on 31 December 2013 and will continue with quarterly cancellations until its total amortisation on 31 March 2043.

- Issue on 27 May 2015 by Sociedad Concesionaria Autovía de la Plata, S.A. in the amount of 184,500 thousand euros. The issue accrues a 3.169% annual coupon payable every six months. The bond principal must be amortised every six months and the total term is 26.6 years, with final maturity on 31 December 2041. The issue credit rating is BBB by the Standard & Poors rating agency.

c) Other debt-related information

At 31 December 2017, the average interest rate of the debt, considering bank borrowings and the debt associated with debentures and other negotiable securities, stood at 3.77%.

In financial year 2017, the debt percentage not subject to interest rate volatility stood at 41.08%.

The composition of debt in currencies other than the euro at 31 December 2017, classified by the main currencies in which the Acciona Group operates, was the following:

Currency	Financial debt 2017	Financial debt 2016
Australian dollar	359,438	191,104
Brazilian real	54,535	68,193
Canadian dollar	79,974	54,583
Mexican peso	31,611	18,856
Polish zloty	41,038	40,255
US dollar	890,793	973,191
South African rand	254,229	261,765
Others	69,749	64,586
Total	**1,781,367**	**1,672,533**

Reconciliation of the carrying amount of bank borrowings is included below, differentiating between the changes that generate cash flow and those that do not:

Balance at 31/12/2016	**6,770,758**
Cash inflow	2,088,175
Cash outflow	(1,850,221)
Transfers to held for sale	(269,002)
Change in value of derivatives	(22,317)
Change in scope	100,284
Translation differences and other	-73,513
Balance at 31/12/2017	**6,744,164**

19. - <u>Risk management policy</u>

Due to its geographical and business diversification, the Acciona Group is exposed to certain risks, which are managed appropriately through the application of a Risk Management System. This System is designed to identify potential events that might affect the organisation; to manage its risks through the establishment of internal treatment and control procedures that ensure the probability of occurrence and impact of these events are kept within the established tolerance levels; and to provide reasonable assurance in relation to the achievement of strategic business objectives.

This policy seeks to integrate risk management into Acciona's strategy and to establish the framework and principles of the Risk Management System.

This policy covers all the risks associated with the activities carried on by Acciona's business lines throughout the geographical areas in which it carries on its activity.

<u>Interest rate risk</u>

Interest rate fluctuations change the future flows of assets and liabilities that bear floating-rate interest.

This interest rate fluctuation risk is particularly material with regard to the funding of infrastructure projects, in concession contracts, in the construction of wind farms or solar plants and other projects where the variation in interest rates may have a strong impact on their profitability. This risk is mitigated by hedging transactions through the engagement of derivatives (mainly interest rate swaps, IRS).

Hedging transactions are carried out that mitigate these risks as a function of the Acciona Group's projections of the trend in interest rates and of debt structure targets. The level of debt hedged in each project depends on the type of project in question and the country in which the investment is made.

The benchmark interest rate for the borrowings arranged by the ACCIONA Group companies is mainly Euribor for transactions denominated in euros, Libor for transactions denominated in US dollars, CDOR for transactions denominated in Canadian dollars, and BBSW for transactions denominated in Australian dollars. The borrowings arranged for projects in Latin America are normally tied to the local indices customarily used in the local banking industry, or also to the LIBOR rate as the projects in this geographic area are frequently financed in US dollars since the cash flows generated by the asset are also in the same currency (Exchange rate risk natural hedge).

Sensitivity test on derivatives and debt

The financial instruments that are exposed to interest rate risk are basically borrowings arranged at floating interest rates and derivative financial instruments.

In order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's financial statements, a simulation was performed which assumed a 50-basis point increase and decrease in interest rates at 31 December 2017.

The analysis of sensitivity to upward or downward changes of 0.50% in floating interest rates (mainly Euribor and Libor) gave rise to a sensitivity in the Group's consolidated income statement arising from an increase or decrease in financial results due to interest payments, without the effect of derivatives being considered of 19,782 thousand euros at 31 December 2017.

The analysis of the sensitivity to upward or downward changes in the long-term interest rate curve in relation to the fair value of interest rate derivatives included in cash flow hedges arranged by the Group at 31 December 2017 on the basis of share percentage, meant a decrease in debt for financial derivatives vis-à-vis 0.5% increases in the interest rate curve of 45,852 thousand euros. Similarly, 0.5% decrease in the interest rate curve would lead to an increase of 45,852 thousand euros in liabilities for financial derivatives.

Foreign currency risk

Acciona is developing a process of growing the internationalisation of its business, which means it is exposed to foreign currency risk involving transactions in the currencies of the countries where it invests and operates.

This risk is managed by the Group's Economic and Financial Department, with non-speculative hedge criteria being applied.

Foreign currency risks relate basically to the following transactions:

- Debt denominated in foreign currencies engaged by Group companies and associates.
- Payments to be made in international markets for procurements.
- Receivables tied mainly to the performance of currencies other than the euro.
- Investments made in foreign companies.

In order to mitigate foreign currency risk, the Acciona Group uses currency derivatives (foreign currency hedges) to cover future transactions and cash flows, within acceptable risk limits. At other times, non-current assets in currencies other than the euro are financed in the same currency as that in which the asset is denominated.

Also, the net assets relating to net investments in foreign operations whose functional currency is not the euro are exposed to foreign currency risk in the translation of the financial statements of these foreign operations on consolidation.

The composition of current and non-current assets and liabilities and equity at 31 December 2017 is shown below in thousand euros for the main currencies in which the Acciona Group operates.

Currency	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net Assets	Sensitivity (10%)
Australian dollar (AUD)	624,838	399,030	250,782	358,290	414,796	41,480
Brazilian real (BRL)	55,440	93,281	63,109	51,635	33,977	3,398
Canadian dollar (CAD)	208,416	178,106	124,471	102,968	159,083	15,908
Chilean Peso (CLP)	127,246	215,414	52,997	143,839	145,824	14,582
Mexican Peso (MXN)	374,272	250,522	97,776	261,834	265,184	26,518
Zloty (PLN)	171,340	266,052	45,950	177,951	213,491	21,349
US dollar (USD)	2,159,651	423,482	1,352,300	421,898	808,935	80,894
Rand (ZAR)	287,708	145,420	266,928	94,161	72,039	7,204

The last column on the table above shows estimate of the negative impact on the Group's equity of 10% revaluation in the quotation of the euro in respect of these eight main currencies in which the Group operates and holds investments.

Procurement price risk

The Acciona Group is exposed to fluctuations in the price of procurements, mainly fuel for its sea transportation business when such fluctuations cannot be passed on to clients.

Most fuel purchase transactions are carried out in international markets.

Fluctuations in procurement prices are managed through systematic hedging transactions for a period of up to 18 months, which is considered to be the normal period for the implementation of the appropriate commercial policies. The systematic hedges applied provide monthly coverage for a set amount of expected fuel consumption in each of the next 18 months. In this way, the coverage is always for 18 months, although the amounts covered decreased proportionally from the period of one month up to 18 months. That is, the quantity of fuel covered for the next month is always greater than the following month, until the 18-month period is complete.

The risk is managed by arranging specific hedges, generally in the form of derivatives (not deliverable), to maintain the economic balance of the procurements.

In the short and medium term, fluctuations in procurement prices are managed through specific hedging transactions, generally using derivatives.

The Group performed a sensitivity analysis in relation to the possible changes in fuel prices. Based on this analysis it was estimated that a 5% change in prices would have an effect of approximately 2 million euros on the profits in 2018.

Credit risk

Credit risk is the risk that the counterparty to a contract does not meet its obligations, giving rise to a financial loss for the Group. The Group has adopted a policy of only trading with solvent third parties and obtaining sufficient guarantees to mitigate the risk of financial loss in the event of non-performance. The Group only trades with entities rated at the same investment level as the Group, or higher, and obtains information on its counterparties through independent company valuation agencies, other public sources of financial information or the information it obtains from its own relations with clients.

Bills receivable and trade receivables from clients relate to a large number of clients spread over different industries and geographical areas. Credit relations with clients and their solvency are assessed on an ongoing basis and credit guarantee insurance is arranged when it is considered necessary.

As regards the default risk, basically in the infrastructure business, an assessment process is implemented before entering into contracts with public and private clients. This assessment includes both a solvency study and supervision of contractual requirements from a financial and legal guarantee viewpoint. During the course of the projects, the correct performance of the debt is monitored constantly, and the related value adjustments are made using economic criteria.

The Group does not have significant exposure to credit risk with any of its clients or groups of clients with similar characteristics. Similarly, credit risk concentration is not significant.

The credit and liquidity risk of derivative instruments with a positive fair value is limited in the Acciona Group, since both cash placements and the arrangement of derivatives are made with highly solvent counterparties with high credit ratings and no counterparty has significant levels of total credit risk.

Moreover, the definition given for the fair value of a liability in IFRS 13, based on the concept of transferring the liability in question to a market player, confirms that own credit risk must be considered in the fair value of liabilities. Thus, Acciona adds a bilateral credit risk adjustment in order to reflect both its own risk and the counterparty risk in the fair value of derivatives.

Liquidity risk

The Acciona Group manages liquidity risk prudently by ensuring that it has sufficient cash and negotiable securities (see Note 15) and by arranging committed credit facilities for amounts sufficient to cater for its projected requirements. As indicated in Note 18, at 31 December 2017 the Group companies had been granted additional financing not drawn down in the amount of 1,827,389 thousand euros, of which 1,807,389 thousand related to credit lines for the financing of working capital, and the remaining amount, 20,000 thousand euros, to lines to finance fees to enter water projects. The average term of these limits amounts to 4.13 years.

Ultimate responsibility for liquidity risk management lies with the Economic and Financial Department, which prepares the appropriate framework to control the group's liquidity requirements in the short, medium and long term. The Group manages liquidity risk by holding adequate reserves, appropriate banking services, having available loans and credit facilities, monitoring projected and actual cash flows on an ongoing basis and pairing them against financial asset and liability maturity profiles.

Finally, attention should be drawn, in relation to this risk, to the fact that the Acciona Group has recognised, as part of its quest to diversify its funding sources, a European Commercial Paper programme for the maximum amount of 750 million euros to issue commercial paper with maturities of not more than one year, a private placement of simple bearer bonds for 62.7 million euros and a Euro Medium Term Notes programme for a maximum of 1,500 million euros (see Note 18).

Economic risk vs. budget variances

The Group has an overall system of economic and budget control for each business, adapted to each activity, which provides those responsible for each business with the necessary information and allows them to control potential risks and make the most appropriate management decisions. The economic and financial information generated within each division is periodically compared with the projected data and indicators, variances regarding business volume, profitability, cash flows and other relevant and reliable parameters are assessed and, where necessary, the appropriate corrective measures are taken.

Price risk

With regards to the price risk on the Spanish electricity market, Royal Decree-Law 9/2013, whereby urgent measures were adopted to guarantee the financial stability of the electricity system, was published on 12 July 2013. This Royal Decree, which came into force on 13 July 2013, repealed, among others, Royal Decree 661/2007, of 25 May, the decree governing the remuneration framework supporting renewable energies for most of the Acciona Group's power generation facilities located in Spain.

Royal Decree 413/2014, whereby the activities for electricity generation from renewable energy sources, co-generation and waste were regulated, was enacted on 6 June 2014 and published in the Central Government Gazette on 10 June 2014. In the development of this decree, final Ministerial Order IET 1045/2014 was signed on 20 June 2014 and published in the Central Government Gazette on 29 June 2014. The Order sets out the final remuneration parameters applicable to all renewable facilities, whether already in existence or planned. These parameters were recently updated after approval of Order ETU/130/2017 of 17 February. The new model defines the remuneration for assets to be applied from 14 July 2013 onwards, pursuant to RDL 9/2013.

This new regulation provides that, in addition to the remuneration for the sale of electricity generated valued at market prices, facilities can receive a specific remuneration comprising a term per unit of power installed, covering, where appropriate the investment costs for a standard facility that cannot be recovered through electricity sales and an operating term that covers, where applicable, the difference between operating costs and the revenue from the participation of that standard facility in the market. Furthermore, the terms for remunerating the investment and the transaction will be reviewed every 3 years, taking into consideration the revenue from energy sales at market rates by standard facilities, so that any upward or downward variations outside the range of the bands established in said Ministerial Order will be incorporated into the calculation of the specific remuneration.

According to the regulation, the purpose of these remuneration terms is not to exceed the minimum level necessary to cover the costs enabling the facilities to compete on an equal footing with the rest of the technologies on the market and making it possible for them to achieve reasonable profitability. With regards to what constitutes reasonable profitability, the Royal Decree-Law indicates this will revolve around the mean pre-tax yield on the secondary market of ten-year Government Bonds by applying the appropriate differential. The first additional provision of Royal Decree-Law 9/2013 sets this appropriate differential at 300 basis points for facilities participating in the economic regime with a premium, all without prejudice to possible review every six years.

The new regulatory framework shows that a large part of the Group's renewable assets, especially wind power technology commissioned prior to 2004, as well as many of its mini-hydroelectric power stations, will cease to receive any additional remuneration other than the market price and will thus be fully exposed to price variations on the electricity market. On the domestic electricity market, approximately 59% of the Group's total production is subject to regulated remuneration whereas the other 41% is remunerated solely at market prices.

Finally, as regards the price risk on the international power markets where Acciona operates, it should be noted that approximately 65% of production is governed by a long-term price contract (PPA) established with a third party, 15% under a regulatory feed-in tariff and the remainder through unrestricted sale on the market.

20. - Derivative financial instruments

Interest rate hedges

The Acciona Group regularly arranges interest rate derivatives, which are designated as hedges. These instruments are used to hedge possible changes in cash flows due to interest payments on long-term floating rate financial liabilities.

Detail of the derivative financial instruments arranged and outstanding at 31 December 2017 and 2016, which are recognised at market value on the accompanying consolidated balance sheet, in assets or liabilities, depending on the market value of the derivative and the method of inclusion in the Acciona Group, was as follows:

	2017					2016				
(thousand euros)	Notional amount arranged	Financial liabilities	Held for sale liabilities	Financial assets (note 11)	Investment in associates (*)	Notional amount arranged	Financial liabilities	Held for sale liabilities	Financial assets (note 11)	Investment in associates (*)
					Cash flow hedges:					
Interest rate swaps	1,746,487	105,464	25,268	7,089	(55,628)	2,236,812	127,719	33,479	10,052	(78,068)
Total	**1,746,487**	**105,464**	**25,268**	**7,089**	**(55,628)**	**2,236,812**	**127,719**	**33,479**	**10,052**	**(78,068)**

(*) The indicated amount of investment in associates is net of tax.

The most commonly used interest rate derivatives are interest rate swaps, the purpose of which is to fix or limit fluctuations in the floating interest rates of hedged borrowings. The Group arranges these financial derivatives mainly to hedge the cash flows on the debt arranged to finance wind farms or solar facilities, in the case of the Energy division, and to finance the infrastructure concessions operated mainly through jointly controlled entities and associates.

At 31 December 2017, the fixed interest rates on the Euribor benchmarked financial derivative instruments ranged from 5.074% to 2.060%, and at 31 December 2016 from 5.085% to 2.060%.

The amounts recognised by the Group are based on the market values of equivalent instruments at the balance sheet date. Substantially all the interest rate swaps are designated and effective as cash flow hedges and the fair value thereof is deferred and recognised in equity.

The terms in which these cash flow hedges are expected to impact the income statement, in proportion to the share percentage, are shown below (in thousand euros).

	Future settlements				
	< 1 month	1 - 3 months	3 months - 1 year	1 year - 5 years	+ 5 years
Group companies or jointly	10	1,347	30,803	75,205	23,213

controlled companies					
Associates (*)	476	667	11,554	34,571	29,242

(*) The indicated amount of investment in associates is net of tax.

Changes in the fair value of these instruments are recognised directly in equity (see Note 16 e). The net deferred tax asset arising on recognition of these instruments amounted to 21,470 thousand euros at 31 December 2017 and 29,702 thousand euros at 31 December 2016; these were recognised in equity lines (see Note 22).

The methods and criteria applied by the Group to measure the fair value of these financial instruments are described in Note 4.2.I.

The notional amounts of the liabilities hedged by interest rate hedges were as follows:

	2017	2016
Group companies or jointly controlled companies	1,191,829	1,594,998
Associates	438,014	529,776
Companies classified as held for sale	116,644	112,038
Total notional amount arranged	**1,746,487**	**2,236,812**

The contractual notional amounts of the contracts entered into do not reflect the risk assumed by the Group, since these amounts merely represent the basis on which the derivative settlement calculations are made. The changes in the notional amounts of the financial instruments arranged for the coming years, in proportion to the share percentage, are as follows:

	Change in notional amounts					
	2018	**2019**	**2020**	**2021**	**2022**	**2023**
Group companies or jointly controlled companies	1,163,091	1,001,750	546,574	441,193	348,583	231,040
Associates	454,851	474,733	442,296	367,627	345,283	276,010

Fuel hedges

The Group uses financial derivatives to manage the risk of fuel purchase price fluctuations on international markets. The Group manages this risk by arranging financial instruments to mitigate fuel price fluctuations.

In 2017, through its subsidiary Compañía Trasmediterránea, S.A., the Group hedged fuel oil and diesel price fluctuations by arranging several derivatives which ensure a fixed purchase price for the tonne of these fuels for a total of 81,862 tonnes. The settlements of these derivatives in 2017 were favourable to the Group and revenue of 4,238 thousand euros relating to the contracts that matured during the year was recognised on the consolidated income statement as a reduction to the cost of procurements.

In addition, the company has hedged the risk of fluctuations in the prices of fuel oil and gas oil for financial year 2018 by engaging two derivatives that ensure a fixed purchase price per tonne of fuel oil and gas oil for a total of 126,584 tonnes (approximately 39% of the expected consumption in 2018). The amount directly recognised at 31 December 2017 in equity as the effective part of the cash-flow hedging relations amounted to a profit of 3,285 thousand euros net of external and deferred tax. The company had designated the appropriate hedging relations at 31 December 2017 and they are fully effective. In these hedging relations, the risk covered is the fluctuation in the prices of fuel oil and gas oil.

Foreign currency hedges

The Group uses currency derivatives to hedge significant future transactions and cash flows. In 2017 and 2016 the Group hedged a portion of purchases and payments to suppliers in US dollars through exchange rate insurance.

Detail of the transactions outstanding at 31 December 2017 and 2016 was as follows (in thousand euros):

			2017		2016	
	Currency	Expiry date	Amount arranged	Effect of measurement at market value	Amount arranged	Effect of measurement at market value
Foreign currency purchase	USD	31.05.2018	18,383	207	--	--
Foreign currency purchase	EUR	31.10.2018	9,534	113	--	--
Foreign currency purchase	AUD	03.04.2017	--	--	809	(63)
Total			**27,917**	**320**	**809**	**(63)**

At 31 December 2017, the market values of foreign currency hedges were recognised under "Short-term Financial Assets" in the amount of 320 thousand euros (negative 63 thousand euros at 31 December 2016) and which related mainly to the last instalments of the exchange rate insurance engaged for the construction of a photovoltaic plant in Australia.

The amounts recognised by the Group are based on the market values of equivalent instruments at the balance sheet date. Substantially all the currency purchase transactions are designated and effective as cash flow hedges and the fair value thereof is deferred and recognised in equity.

Other derivative financial instruments

In 2009, the Acciona Group prospectively discontinued the accounting of an interest rate derivative from a subsidiary consolidated by the equity method, as following the novation of the underlying loan it no longer qualified for hedge accounting. The portion of the fair value that had been recognised as value adjustments in equity until the time hedge accounting was discontinued, and which amounted to 12.114 thousand euros net of the tax effect, was being transferred to profit or loss over the period to maturity of the transaction based on the foreseeable reduction of the notional amount, and at 31 December 2017 it has been entirely transferred to the income statement.

Lastly, it should be mentioned that two Australian energy subsidiaries have contracts in place which enable them to set the future electricity sale price for a specific volume of MW. These contracts are measured at market value and the changes in value are recognised in equity as value adjustments. At 31 December 2017, the balance in "Reserves" and in "Non-controlling interests", net of the tax effect, amounted 22,230 and 11,114 thousand euros receivable, respectively, with balancing entries in accounts payable in the amount of 47,634 thousand euros.

The impacts on equity of the measurement of derivative financial instruments at 31 December 2017 can be summarised as follows:

Thousand euros	**31.12.2017**
Financial liability due to interest rate hedge	105,039
Held-for-sale liability due to interest rate hedge	25,268
Financial asset due to interest rate hedge	(7,089)
Negative impact on equity due to interest rate hedge by associates, net of tax	55,759
Net deferred tax payable due to interest rate hedge	(21,470)
Net deferred tax payable due to interest rate hedge from held-for sale liabilities	(6,317)
Recycling of derivatives from purchasing in stages to income statement (note 3.2h))	(15,892)
Impact on reserves from purchasing in stages	(7,946)
Other, mainly due to non-controlling interests in interest rate hedging transactions	(10,394)
Balance adjusted due to changes in value of interest rate hedging transactions	**116,958**
Balance adjusted due to changes in value of fuel hedging transactions (net of non-controlling interests and tax)	(3,285)
Balance adjusted due to changes in value of foreign currency hedging transactions (net of non-controlling interests and tax)	(240)
Balance adjusted due to changes in value of energy contract (net of non-controlling interests and tax)	22,230
Balance adjusted due to changes in value of transactions with discontinued hedging (net of tax)	0
Other, mainly due to translation differences on derivatives	59
Total asset balance receivable for value adjustments at 31 December (Note 16)	**135,722**

21. - Other non-current and current liabilities

Other liabilities	**Non-current**		**Current**	
	2017	**2016**	**2017**	**2016**
Obligations under finance leases	15,334	16,907	538	547
Grants	110,685	132,426	--	--
Other deferred income	83,273	111,404	--	--
Remuneration payable	--	--	129,023	136,378
Debt with non-controlling interests	350,668	367,145	5,870	3,763
Other payables	1,226,311	1,307,453	609,159	455,410
Closing balance	**1,786,271**	**1,935,335**	**744,590**	**596,098**

"Other Deferred Income" related mainly to certain incentives established to promote the development of renewable energies in the US, which are similar in nature to grants for accounting purposes and which apply to two wind farms developed by the Energy division in the US. In addition, it included the amount of 42 million euros (53 million euros in 2016) related to the fair value of a non-finance derivative arranged by a Chilean subsidiary of the energy Division, for energy supply to a client as from 2017 at a fixed price for 13 and a half years (see Note 12).

"Debt with non-controlling interests" included mainly the assumption by the infrastructure fund KKR, which became shareholder in the Acciona Group's subsidiary Acciona Energía Internacional, S.A. in June 2014, of one third of the subordinated debt of Acciona Energía Internacional, S.A. dated 25 February 2012 and with a balance of 327.5 million euros at 31 December 2017 (342 million euros in 2016). This debt matured in 2017 and accrued 12-month Euribor interest rate +3.7% and was renewed for another 5 years up to 31 December 2022, at the same interest rate.

In addition, mention must be made of the debt with members in the wind and photovoltaic projects in South Africa, which amounted to 12 million euros (18 million euros in 2016).

The main movement in "Other Non-Current Payables" related to the balance pending payment of 799 million euros (777 million euros at 31 December 2016) from the subsidiary ATLL Concesionaria de la Generalitat de Catalunya, S.A. for the fee under the conditions established in the tender document, as described in Note 8. The same item records a loan from the Administration for 61 million euros as part of the financing for Sociedad Concesionaria A2 Tramo 2, S.A.U., as well as liabilities for long-term business transactions relating to the construction business for 50 million euros (251 million euros in 2016). This figure includes advances from clients, which will be discounted with future certifications in a period over one year in the new international projects of the construction division.

The increase recorded in "Other current payables" related mainly to the balances pending payment for PPE goods for 200 million euros, mostly in the energy division for two wind facilities currently under construction in Australia and Mexico (see note 5).

"Obligations under Finance Leases", which related mainly to outstanding lease payments, includes the purchase option on certain facilities of the energy division in Australia. Detail was as follows:

	Minimum lease payments	
Amounts payable under leases	**2017**	**2016**
Within one year	2,001	2,431
Between one and two years	1,902	2,028
Between two and five years	5,512	5,855
After five years	25,531	26,612
Total lease payments payable	**32,946**	**36,926**
Less future finance charges	17,074	19,472
Present value of lease obligations	**15,872**	**17,454**
Less: amount due for settlement within twelve months (current liability)	538	547
Amount due for settlement after twelve months	**15,334**	**16,907**

The main change in the financial year related to the payments made during the period.

"Grants" related mostly to amounts awarded for the construction of wind farms in United States. The changes in "Grants" in 2017 and 2016 were as follows:

	Grants
Balance at 31/12/2015	**148,174**
Additions	237
Taken to profit/(loss) "Other Income"	(9,373)
Others	(6,612)
Balance at 31/12/2016	**132,426**
Additions	124
Taken to profit/(loss) "Other Income"	(8,065)
Others	(13,800)
Balance at 31/12/2017	**110,685**

In 2017 there were no significant additions. The line "Other" reflects mainly a negative variation due to the exchange rate, as a result of the depreciation of the US dollar against the euro.

In 2016 there were no significant additions. The line "Other" reflected mainly a positive variation due to the exchange rate, as a result of the appreciation of the US dollar against the euro, and a negative variation due to the wind assets that the Group held in Greece leaving the scope.

22.- Tax matters

Tax Consolidation System:

Pursuant to current legislation, consolidated tax groups include the parent together with certain subsidiaries that meet the requirements provided for in Spanish tax legislation. Since 2009, there has been a single tax group in Spain that avails itself of this special taxation system, the parent Company of which is Acciona, S.A. In addition to the Spanish tax group, the Group pays tax under the tax consolidation system in Australia (including all the Group's divisions operating in said country), in Germany for the handling business and for the companies comprising the energy division in the US, Portugal and Italy.

The other Acciona Group companies file separate tax returns in accordance with the applicable local or regional tax laws or those in force in each country.

Effective from 1 January 2008, several Group companies availed themselves of the special system for Company Groups for VAT purposes, as set forth in Chapter IX of Title IX of Value Added Tax Act 37/1992, of 28 December. The parent of the VAT Group is Acciona, S.A. Various entities of the energy division also pay VAT under the Group VAT system, in accordance with local laws in Navarra, Italy, Australia and in the United Arab Emirates, which includes the Construction and Water project companies in Abu Dhabi and Dubai.

Years open for review by the tax authorities:

On 10 March 2012, tax audits were initiated in relation to Corporate Tax for 2007-2009 by the inspection services from the Central Office for High-Income Taxpayers, against both the parent, Acciona, S.A., and other subsidiaries. In addition to the review of the Tax Group's corporate tax for those years, the Company Group for VAT was under review for 2008 and 2009 and for other taxes for 2008 and 2009 of the Group companies subject to the tax review.

During these actions and on the occasion of the review of the withholdings effected on payment of dividends, this partial review was extended to financial years 2010, 2011 and 2012 and also included the reverse merger operation involving Grupo Entrecanales, S.A. and its subsidiaries taken over by Acciona, S.A. on 11 July 2011. The tax inspectors accepted the existence of valid economic grounds for the merger operation and its inclusion within the special tax system for mergers, spin-offs, contributions of assets and securities swaps.

The inspectors, for their part, queried the fulfilment of the requirements for application of the exemption in the payment of dividends for one of the non-resident shareholders, in particular, the requirements of holding the status of effective beneficiary, and this led to the signing of the contested tax assessments. On 3 and 17 July 2014, the Company lodged economic and administrative appeals at the Central Economic Administrative Court. On 29 May 2015 the Company reached an agreement with the shareholder that received the dividends so as to proceed to pay said amount, with settlement of the tax debt upon the shareholder's payment.

The other inspection actions concluded on 12 June 2014 with the signing of uncontested assessments for Corporate Tax for 2007-2009 and without any tax due, uncontested conclusions for VAT with the regularisation of Acciona's differentiated activity sectors as a "mixed holding" (without fine), with application of part of the provisions allocated in Acciona, S.A., as well as contested assessments for Personal Income Tax withholdings relating to compensation for dismissal. The Group companies lodged economic and administrative appeals at the Central Economic Administrative Court. On 19 October 2015 this Court notified dismissal of the claims filed by Acciona Construcción, confirming settlement of the assessments for withholdings for the 2008 to 2011 periods, as well as the relevant fine proceedings. On 3 December 2015 the company filed appeal for judicial review at the National Appellate Court; this matter is still pending a vote and decision. It is estimated that the risk that the proposed fines will be approved is possible.

With regards to Value Added Tax, the company heading the VAT company group (Acciona, S.A.) agreed to and signed the tax assessment dated 29 April 2014 for financial years-periods 2008 to January 2010, regularising the input VAT deductible due to the "mixed holding" condition of the company.

On 21 May 2015 the Central Office of High-Income Taxpayers notified the start of inspection actions in relation to Corporate Tax for financial years 2010-2012, targeting Acciona, S.A., as the parent of the Group, and several subsidiaries. In addition to review of Corporate Tax of the Tax Group for said years, it has included the VAT Company Group, years 2011, 2012 and 2013, and any other taxes for the years/periods from 04/2011 to 12/2012 of the Group companies under tax review. These inspections were concluded on 16 May 2017 with the signing of uncontested conclusions for VAT and uncontested assessments for Corporate Tax without any fines. No payments were to be made as a result, however the regularisation involved a reduction in the tax credits due to the application of the unused tax credits. The Group proceeded to partially apply the tax provision, recognising an amount of 16,560 thousand euros of Corporate Tax in the cost account.

The actions related to the VAT Group for financial year 2013 are partial and limited only to review of the deductible input VAT so as to regularise this VAT on the same terms as those agreed in previous tax audits that ended with assessments signed in agreement and with no fines. On 29 September 2015 the tax assessments were signed in agreement to regularise all the outstanding years (periods 01/2010 to 12/2013)

On 10 January 2013, the company Guadalaviar Consorcio Eólico, S.A. was notified of the inception of tax inspection actions relating to Corporate Tax and Value Added Tax for financial years 2008 and 2009, in which the value of the wind-power rights transferred in 2009 was reviewed. These actions concluded with the signing of a contested assessment for the measurement made by the tax auditors of the said wind-power rights, which increased the value declared by the parties. The company received the proposed settlement from the technical services from the Central Office for High-Income Taxpayers on 23 December 2013 and an economic-administrative appeal was filed at the Central Economic and Administrative Court on 13 January 2014. On 16 February 2017, the Central Economic and Administrative Court issued resolution accepting the claim in part and ordering the Inspection to proceed to notify the entity of its right to have a counter-valuation by appraisal experts. The amount of the adjustment, including late-payment interest up to the settlement date would come to 10,545 thousand euros and it is estimated that the possibility of these significant liabilities materialising is possible.

In the month of December 2014, the Mexican project companies Eurus SAPI de CV, CE Oaxaca III and CE Oaxaca IV received notice of tax settlements from Juchitán Town Council for municipal levies related to the 2011 to 2014 financial years. These companies lodged complaints or appeals (petitions for legal protection) before the District Court of Oaxaca and obtained the suspension of enforcement of the settlements. The external advisers engaged to carry out the process concluded that the likelihood that the appeals lodged would be upheld is high (75%), since there are solid arguments for the defence, constitutional principles had been breached and they are administrative acts contrary to law. All this is supported by the fact that a Mexican court, at the first instance, allowed cancellation of the municipal regulations on these contributions for 2015. In addition, on 28 January 2016 the Seventh District Court of Oaxaca issued a ruling favourable to the company Oaxaca IV, allowing the appeal filed against the settlement of municipal contributions of the Juchitán Town Council, although this ruling is not final as it has been appealed against by the Town Council through appeal for review.

The Sixth District of Oaxaca also issued a ruling in favour of the appeal against the settlements of the company EURUS (years 2011-2014), the amount of which came to 823 million pesos and hence the Oaxaca III appeal is the only one pending resolution. Therefore, the risk that material liabilities will materialise from this process is remote.

At 31 December 2017, the years that have not lapsed and that have not been reviewed were subject to review by the tax authorities, both for Corporate Tax and for the other main taxes applicable to the companies in the consolidated tax group. In general, the other Spanish consolidated companies have the last four years open for review by the tax authorities for the main taxes applicable thereto.

As tax legislation can be interpreted in different ways, the outcome of the tax audits that could be conducted by the tax authorities in the future for the years subject to verification might give rise to tax liabilities which at present cannot be objectively quantified. However, the probability of material liabilities arising in this connection additional to those already recognised is remote, and the directors of Acciona S.A. Consider that the liabilities that might arise would not have a material effect on the equity of the Acciona Group.

Receivables and payables with Public Administrations

Breakdown of receivables and payables with Public Administrations at 31 December 2017 and 2016 was as follows:

	2017		2016	
	Non-current	**Current**	**Non-current**	**Current**
Tax receivables				
VAT and other indirect taxation	--	131,092	--	133.328
Corporate Tax	--	146,403	--	95.872
Deferred tax	805.369	--	997,393	--
Other	--	15,038	--	13,723
Total	**805,369**	**292,533**	**997,393**	**242,923**
Tax payables				
Corporate Tax	--	77,385	--	57,927
Personal income tax withholdings	--	30,697	--	21,653
VAT and other indirect taxation	--	99,214	--	87.551
Deferred tax	490,506	--	804,282	--
Accrued social security charges	--	22,144	--	22,975
Other local taxes	--	37,690	--	39,674
Others	--	46,805	--	46,267
Total	**490,506**	**313,935**	**804,282**	**276,047**

At 31 December 2017, of note is the increase in tax payables for VAT and other indirect taxes, which corresponds to the pending payment for the VAT tax group for the month of December, of which Acciona, S.A. is the parent company. The change in personal income tax withholdings should also be noted, associated with the long-term delivery of shares to Executive Directors.

The line "Other local taxes" for balances payable included the Tax on the Value of Electricity Generation and the fee for the use of continental waters for electricity production. These charges were introduced by Act 15/2012 of 27 December and came into effect on 1 January 2013. The line "Others" at 31 December 2017 and 2016 included the Transfer Tax and Stamp Duty to which the ATLL concession is subjected to, for the amount of 30,853 and 33,350 thousand euros respectively; the settlement of this tax is suspended since the court ruling is still pending.

The VAT refundable and VAT payable balances include the balances relating to the special VAT Company Groups system.

Reconciliation of accounting profit/(loss) and the tax result

Reconciliation between the accounting result and the income tax expense, at 31 December 2017 and 2016, was as follows:

	2017	2016
Consolidated profit/(loss) before tax	356,286	407,635
Profit/(loss) before tax from discontinued operations	--	--
Permanent differences	10,539	(550,544)
Adjusted accounting profit/(loss)	366,825	(142,909)
Tax expense adjusted by tax rate	89,255	(34,822)
Tax credits	(4,714)	(5,811)
Offset of taxable amounts not posted to the accounts	(3,919)	(3,337)
Unrecognised tax credits	13,759	30,063
Year's tax expense	94,381	(13,907)
Tax rate change	4,202	253
Effect of tax adjustments from previous years and other	6,758	47,434
Tax expense on the income statement	**105,341**	**33,780**
Tax expense from discontinued operations	--	--

The "Permanent differences" item is made up of income and expenditure that are not eligible for inclusion in accordance with the applicable tax legislation. In addition, the heading also includes those results that are eliminated in the consolidation process but, nonetheless, are fully effective within the scope of the international tax returns of each entity in the Group, especially those that do not belong to the Tax Group. The most significant permanent differences include the depreciation of the share in Nordex, SE amounting to 145 million euros which generates a permanent positive difference (see Note 9). The main permanent negative difference corresponds to the adjustment of the positive result of 74 million euros that is generated by the contribution of assets to Testa Residencial SOCIMI, S.A (see Note 3.2h) and which is not subjected to taxation. Finally, there are permanent negative differences relating to losses that, being fully effective, are removed in the consolidation process; this includes the settlement of various subsidiaries, the shares of which had been fully provisioned in the corresponding individual financial statements for an amount of 22 million euros.

The most significant concept in 2016 related to the tax-exempt gains obtained from the Nordex-AWP operation. The tax result increases included the minimum reinvestment of the value impairment of the investments in Own Funds of entities at the close of financial year 2013 that were fiscally deductible, for the amount of 35,119 thousand euros, according to Royal Legislative Decree 3/2016 of 3 December, as well as sundry non-deductible provisions and impairments.

The "Tax expense adjusted by tax rate" is the result of applying the different tax rates applicable to the adjusted accounting result for each of the different jurisdictions where the Group operates.

The line "Unrecognised tax credits" includes the tax credits derived from the negative results generated by some subsidiaries.

The reconciliation of the pre-tax accounting profit/(loss) and the tax base is shown below:

	2017	2016
Consolidated profit/(loss) before tax	356,286	407,635
Permanent differences	10,539	(550,544)
Temporary differences	(115,804)	197,277
Offsetting of tax loss carryforwards	(125,404)	(27,528)
Taxable base	**125,617**	**26,840**

The temporary differences for financial year 2017 included the deduction of the excess non-deductible net finance costs in financial year 2016 by the Spanish Tax Group, which meant a decrease in the taxable base of some 125 million euros, as well as the movement in non-deductible provisions and impairments and related reversions on application thereof, together with the remaining adjustments for the freedom of amortisation and the accelerated tax amortisation; they are detailed further below in the section about deferred taxes.

Taxes recognised in equity

Independently from the tax on profit recognised on the consolidated income statement, in 2017 and 2016 the Group recognised the following amounts in consolidated equity:

	2017	2016
Fair value of financial instruments	(27,107)	(47,311)
Financial assets with changes in equity	79	(67)
Actuarial losses and gains on pension plans	(39)	226
Translation differences	--	(10,546)
Total	**(27,067)**	**(57,698)**

Deferred tax

In accordance with the tax legislation in force in the countries in which the consolidated companies are located, in 2017 and 2016 there were certain temporary differences arose that must be considered when quantifying the related income tax expense.

The deferred taxes arose in 2017 and 2016 as a result of the following:

Deferred tax liabilities with origin in:	**2017**	**2016**
Tax loss carryforwards	279,504	254,831
Tax credit carryforwards	151,329	182,373
Derivative financial instruments	39,538	52,637
Prov. over assets	34,270	34,108
Relating to taxation under the pass-through regime (UTEs)	24,242	27,875
Other	276,486	445,569
Total deferred tax assets	**805,369**	**997,393**

Deferred tax liabilities originating in:	2017	2016
Remeasurement of financial assets	38	117
Allocation of first-time consolidation differences to assets	131,560	129,004
Remeasurement of property, plant and equipment and investment property	10	40,076
Derivative financial instruments	7,696	6,070
Relating to taxation under the pass-through regime (UTEs)	908	7,163
Other	350,294	621,852
Total deferred tax liabilities	**490,506**	**804,282**

Detail of the deferred tax assets and liabilities presented as net values for accounting purposes at the end of the financial year is as follows:

Assets	2017	Liabilities	2017
Tax loss carryforwards	61,305	Other	133,311
Other	72,006	Relating to taxation under the pass-through regime (UTEs)	5,447
Early taxes relating to taxation under the pass-through regime (UTEs)	5,447		
Deferred tax assets	**138,758**	**Deferred tax liabilities**	**138,758**

At 31 December 2017, the tax loss carryforwards, generated by the subsidiaries before their inclusion in the Tax Group of which Acciona, S.A. is the parent, amounted to 130.1 million euros. Of this amount, a total of 127.5 million euros related to tax loss carryforwards not capitalised on the consolidated balance sheet, corresponding to the Tax Group of which Acciona, S.A. is the parent company, as there was no assurance of the achievement of sufficient future profits or because the tax regulations establish limits and requirements for them to be offset. Of this balance, the subsidiaries of the Compañía Trasmediterránea Subgroup, which joined the Tax Group in 2010, contributed most of the previous tax loss carryforwards.

In addition, some Energy Division subsidiaries in Mexico, South Africa, Australia and the US, as well as Mostostal Warszawa and various subsidiaries in Chile also recognised tax credits for negative taxable bases pending offsetting. There are also taxable bases that have not been recorded totalling 503 million euros, mainly generated in the US and Chile.

"Revaluation of property, plant and equipment and real property" reflected the difference between the carrying amount and the tax amount for the assets of the company Compañía Urbanizadora el Coto, which after its disposal has been de-recognised.

Regarding the interim settlement of Corporate Tax of the Tax Group for 2017, the Tax Group had a negative taxable base of 236 million euros, which, together with the balance for 2014 and 2016, means a deferred tax asset of 59 million euros.

At 2017 year-end, the deadlines for the tax credits recognised for negative taxable bases pending application were (in thousand euros):

	Amount	Lapse period
Acciona, S.A. tax group	59,018	No lapsing date
Acciona, S.A. tax group – previous capitalised	2,611	No lapsing date

Spanish companies outside the Tax Group	3,275	No lapsing date
International – limited	5,413	2018
International – limited	3,609	2019
International – limited	25	2020
International – limited	1,232	2021
International – limited	8,851	2023
International – limited	27,927	2024
International – limited	48,024	2025
International – limited	45,387	2026
International – limited	41,358	2027
International –unlimited	94,079	No lapsing date
Total	**340,809**	

The Corporate Tax Act (Act 27/2014, of 27 November) eliminated with effective date on 1 January 2015, the deadline for offsetting negative taxable bases, which was set at 18 years, so this is now unlimited.

The unused tax credits, totalling 145,008 thousand euros, related mainly to those earned by the tax Group of which Acciona, S.A. is the parent company. At 31 December 2017, the most significant unused tax credits were: R&D+I tax credits amounting to 85,643 thousand euros; tax credits for the reinvestment of extraordinary income amounting to 25,302 thousand euros; and environmental tax credits amounting to 15,722 thousand euros.

At the close of 2017, the deadlines for deduction of the unused tax credits recognised on the consolidated balance sheet of the Acciona Group were as follows (in thousand euros):

	Amount	Lapse period
Acciona, S.A. Tax Group – deductions for double taxation	2,557	No lapsing date
Acciona, S.A. tax group	9,762	2023
Acciona, S.A. tax group	11,187	2024
Acciona, S.A. tax group	8,890	2025
Acciona, S.A. tax group	16,137	2026
Acciona, S.A. tax group	19,043	2027
Acciona, S.A. tax group	23,745	2028
Acciona, S.A. tax group	27,942	2029
Acciona, S.A. tax group	7,076	2030
Acciona, S.A. tax group	6,751	2031
Acciona, S.A. tax group	7,950	2032
Acciona, S.A. tax group	860	2033
Acciona, S.A. tax group	1,556	2034
Acciona, S.A. tax group	1,553	2035
Spanish companies outside the Tax Group	1,143	No lapsing date
Non-resident companies	5,178	No lapsing date
Total	**151,539**	

Act 27/2014, of 27 November, on Corporate Tax, eliminated, on effective date 1 January 2015, the deadline for offsetting double-taxation deductions pending application from previous financial years, so the period is unlimited, as provided for in section 39 of Act 27/2014, and extended the general period to offset other deductions to 15 years, except for R&D+I which was extended to 18 years.

At year-end there are no material unused tax credits that had not been recognised.

The Acciona Group expects to recover the tax loss and tax credit carryforwards recognised in the books, through the companies' ordinary activities and without any equity risk of losses.

Most of the deferred tax assets included in the line "Other" related to provisions for liabilities, risks, insolvency, and other non-deductible items amounting to 112,234 thousand euros, to a provision associated with contractual non-compliance, to the adjustment for non-deductible accounting amortisation of 30% of the Spanish companies introduced on a temporary basis for the years 2013 and 2014 and which began to reverse in 2015, the amount of which is 36,810 thousand euros, as well as the homogenisations made as part of the consolidation process and the elimination of internal margins that reverse as the assets are amortised. Finally, this heading includes adjustments to the tax base through the application of other countries' specific regulations whereby certain expenses are not deductible until payment or do not follow the accounting accrual criterion for their deductibility, as is the case with Mexico, Australia and the United States, or because a billing-based criterion is applied instead of accounting accrual by stage of progress, as happens in Chile.

The line "Other" under the deferred tax liability heading includes the tax adjustments under the freedom to amortise established in the Eleventh Additional Provision included in RDL 4/2004 (consolidated text of the Corporate Tax Act) by Act 4/2008. This line reflects the reversion of the adjustment from previous years for the amount of the accounting amortisation recognised and for de-recognised assets. The accumulated amount of this adjustment at 31 December 2017 for the Spanish Tax Group companies amounted to 152,052 million euros for tax liability. It also included the amortisation effect for tax purposes of Mexico, South Africa and the US for approximately 138, 64 and 50 million euros for tax liability, respectively, as well as adjustments for application of the specific regulations of countries where accounting income is not recognised for tax purposes until the bill is issued or collected, instead of the principle of accounting accrual or stage of progress, mainly in Chile and Mexico. This line also includes deferment of income from uncertified works and advances to suppliers of several Mexican companies.

Based on the enactment of Royal Decree-Law 3/2016, of 2 December, which establishes measures in the taxation area aimed at the consolidation of public finances, and urgent measures in social matters, the total amount of the deferred tax liability related to the impairment of portfolio pending reversion in the taxable base for 45,456 thousand euros. This Royal Decree established the incorporation of value impairments of investments that were fiscally deductible in periods prior to 2013, for a maximum period of five years from the tax periods starting on 01/01/2016, regardless of whether their value has been recovered or not. For quantification of this tax liability, the specific situations of each value impairment of the shareholding in capital or in capital and reserves of the investees that were fiscally deductible were considered, as well as potential legal or contractual restrictions or otherwise in connection to possible transferability of such shareholdings.

Reporting obligations

Current Corporate tax legislation provides tax incentives to encourage certain investments. The companies in the Tax Group have availed themselves of the benefits provided for under this legislation.

The Tax Group, through its Parent and certain of its subsidiaries, is required to fulfil the obligations assumed in connection with the tax incentives applied and, in particular, it must hold, for the stipulated period, the assets for which the investment or reinvestment tax credits were taken.

In financial years 2010, 2011, 2012, 2013 and 2014, the Parent and certain companies in the Tax Group availed themselves of the tax credit for reinvestment of extraordinary income provided for by Article 42 of Royal Legislative Decree 4/2004 (consolidated text of the Corporate Tax Act)[1]. The income qualifying for this tax credit in these years amounted to 86,550, 160,251, 8,640, 9,598 and 34,516 thousand euros, respectively. The income relating to 2009 and 2010 was reinvested in 2010, the income relating to 2011 was reinvested in 2011, the income relating to 2012 and 2013 was reinvested in 2013, and the income relating to 2014 in 2014. The assets in which the income was reinvested were as listed in Article 42 of Royal Legislative Decree 4/2004, i.e. property, plant and equipment, intangible assets, investment property and securities representing stakeholdings of no less than 5% in the share capital or equity of all manner of companies. The income was reinvested by the companies belonging to Tax Group 30/96.

[1] Regulated in the Twenty-Fourth Temporary Provision of Act 27/2014

Pursuant to section 10 of the article 42 of the consolidated text of the Corporate Tax Act, this information must be disclosed in the notes to the consolidated financial statements as long as the period for which the assets must be held, as established in section 8 of that article, is not complied with.

In accordance with the provisions contained in section 86 of Corporate Tax Act 27/2014, certain Group companies engaged in 2017 in the transactions listed below, to which the Special System for mergers, spin-offs, contribution of assets and securities swaps was applied:

- Merger of the companies Acciona Energía Solar, S.L. and Acciona Solar Canarias, S.A. (merged companies) and the company Acciona Solar, S.A. (merging company) documented in deed dated 27 July 2017 and with backdated effect of 1 January 2017.

- Special non-cash contribution by Acciona Service, S.L. to Acciona Aeropuertos, S.L. of the stakeholding in the company Acciona Airport Services, S.A, documented in public deed dated 28 July 2017.

- Special non-cash contribution by Acciona, S.A. to Acciona Concesiones, S.L. of the stakeholdings in the companies Sociedad Concesionaria Novo Hospital de Vigo, S.A., Acciona Servicios Concesionales, S.L., Sociedad Concesionaria Hospital del Norte, S.A., Nova Dársena Esportiva de Bara, S.A., Autovía de los Viñedos, S.A., Sociedad Anónima Concesionaria de la Junta de Comunidades de Castilla La Mancha, Gran Hospital Can Misses, S.A. and Sociedad Concesionaria de la Zona Regable del Canal de Navarra, S.A., documented in public deed dated 21 December 2017.

Pursuant to section 3 of article 86 of Act 27/2014 on the consolidated text of the Corporate Tax Act, the information required for operations carried out in previous years appears in the relevant separate notes to financial statements as approved.

In 2008, 2009, 2010, 2011 and 2012, several companies in the tax group deducted the tax credit for impairment losses on ownership interests in Group companies, jointly controlled entities and associates, as provided for in Article 12.3 of Royal Legislative Decree 4/2004 (consolidated text of the Corporate Tax Act), regulated in Temporary Provision Sixteen of Act 27/2014.

Act 16/2013, of 29 October, repealed, with effect from 1 January 2013, section 12.3 of the consolidated text of the Corporate Tax Act in relation to deduction of impairment losses on such equity interests and established a transitional system for the inclusion of losses pending incorporation at 31/12/2012 in the taxable base.

Royal Decree-Law 3/2016, of 2 December, which establishes measures aimed at the consolidation of public finances and urgent measures in social matters, provided for mandatory minimum reversion of deductible portfolio reversions, in a maximum period of five years, effective financial year 2016.

The notes to the separate financial statements of these companies include the disclosures required by tax legislation concerning the change in the year in the investees' equity, the amounts included in the taxable base and the amounts yet to be included.

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

Detail of "Non-Current Assets Classified as Held for Sale" on the accompanying consolidated balance sheet at 31 December 2017 and 2016 was as follows:

	Balance at 31/12/2017	Balance at 31/12/2016
Assets from the energy division (energy assets)	965,952	--
Assets from the other activities division (Trasmediterránea)	466,169	--
Assets from the other activities division (investment property)	--	26,691
Assets from the construction division (concession asset)	--	300,470
Total non-current assets classified as held for sale	**1,432,121**	**327,161**

At 31 December 2017, detail, by division, of the main asset headings prior to their classification as "Assets Held for Sale" was as follows:

	Energy Division	Other Activities Division
Property, plant and equipment & intangible assets	919,572	345,039
Non-current financial assets	2	3,535
Deferred tax assets	18,277	5,049
Other non-current assets	1,012	116
Inventories	--	5,970
Trade and other accounts receivable	16,697	100,499
Other current financial assets	8,089	1,641
Cash and cash equivalents	2,303	4,320
Assets classified as held for sale	**965,952**	**466,169**

In addition, detail at 31 December 2017 and 2016 of "Non-current liabilities Classified as Held for Sale" on the accompanying consolidated balance sheet was as follows:

	Balance at 31/12/2017	Balance at 31/12/2016
Liabilities from the energy division (energy assets)	293,612	--
Liabilities from the other activities division (Trasmediterránea)	179,928	--
Liabilities from the other activities division (investment property)	--	14,453
Liabilities from the construction division (concession asset)	--	171,697
Total non-current liabilities classified as held for sale	**473,540**	**186,150**

At 31 December 2017, detail of the main liability items prior to their classification as held for sale was as follows:

	Energy Division	Other Activities Division
Non-current bank borrowings	170,210	90,473
Deferred tax liabilities	103,039	6,027
Other non-current liabilities	79	1,622
Current bank borrowings	9,386	2,419
Trade and other payables	4,454	74,125
Other current liabilities	6,444	5,262
Liabilities held for sale	**293,612**	**179,928**

Accumulated income and expenses recognised directly in equity at 31 December 2017 in relation to assets classified as held for sale were as follows:

	Energy Division	Other Activities Division
Translation differences	-	(51)
Adjustments for change in value	(2,065)	(1,177)
Total recognised income and expense	**(2,065)**	**(1,228)**

On 25 October 2017, Acciona, S.A. signed a purchase agreement with Anarafe, S.L.U., a company belonging to the Naviera Armas Group, for all the stakeholdings that the Group holds in the Compañía Trasmediterránea subgroup, which amounts to 92.71% of its share capital. This agreement involves recognising an enterprise value for 100% of the Compañía Trasmediterránea subgroup of between 419 and 436 million euros, based on the level of achievement of an earn out agreed with the purchaser which is linked to the achievement of EBITDA objectives. This operation is subject to a single condition precedent regarding achieving authorisation from Spanish competition authorities. The Group hopes to achieve this authorisation in the short term. Therefore, all the assets and liabilities associated with the Trasmediterránea Subgroup at 31 December 2017 have been classified as held for sale.

In addition, at the close of financial year 2017, a series of energy assets located in Spain have been transferred to these headings after advanced negotiations have taken place with potential buyers.

Likewise, the sale of two assets that had been classified under this heading in the previous financial year has been formalised in 2017. A property asset was sold on 10 January 2017 and on 24 October 2017 authorisation was given by Chilean competition authorities to formalise the sale of Concessionaire Acciona Concesiones Ruta 160, S.A. (see Note 3.2.h).

At the date when control was lost over the abovementioned Chilean concessionaire, the breakdown of assets and liabilities in thousand euros was as follows:

ASSETS	
Property, plant and equipment & intangible assets	770
Concessions under L/T financial model	242,025
Other non-current assets	15,913
Concessions under S/T financial model	4,249
Trade and other accounts receivable	10,072
Other current financial assets	7,726
Cash and cash equivalents	8,046
Total non-current assets classified as held for sale	**288,801**

LIABILITIES	
Non-current bank borrowings	149,027
Other non-current liabilities	7,360
Current bank borrowings	8,704
Trade and other payables	1,756
Other current liabilities	298
Total liabilities classified as held for sale	**167,145**

24. - Guarantee commitments to third parties

The companies had provided third-party bonds before clients, public agencies and financial institutions, for 3,677,415 thousand euros and 3,580,304 thousand euros at 31 December 2017 and 2016, respectively. The increase was mainly due to bonds delivered for new tenders within the construction division.

The purpose of most of the bonds provided was to guarantee good performance in the development of the works engaged by the infrastructure division.

In addition, collateral provided to cover future capital and reserves contributions in the concession company NX2, L.P. (Puhoi –Warkworth motorway (New Zeeland)) was included, for the amount of 6 million euros within the infrastructure division.

The companies estimate that any liabilities as could arise from the guarantees provided would not be significant.

25. - **Revenue**

Breakdown of the Group's revenue was as follows:

	2017	2016
Energy	1,737,187	1,795,829
Construction	3,544,709	2,266,967
Water	681,576	708,054
Services	752,531	676,816
Other activities	689,838	668,274
Consolidation adjustments	(151,867)	(138,521)
Total revenue	**7,253,974**	**5,977,419**

Breakdown, by geographical area, of the Group companies' total production was as follows (in thousands of euros):

	Spain	European Union	OECD countries	Other countries	Total
2017					
Energy	1,235,264	90,196	317,082	94,645	1,737,187
Construction	577,230	284,132	1,645,150	1,038,197	3,544,709
Water	314,252	62,010	82,686	222,628	681,576
Services	537,210	128,275	61,251	25,795	752,531
Other activities	609,597	65,256	7,023	7,962	689,838
Intra-Group transactions	(101,482)	(4,538)	(39,536)	(6,311)	(151,867)
Total 2017 production	**3,172,071**	**625,331**	**2,073,656**	**1,382,916**	**7,253,974**
2016					
Energy	1,145,017	94,869	385,153	170,790	1,795,829
Construction	626,676	322,648	966,432	351,211	2,266,967
Water	312,794	54,550	34,830	305,880	708,054
Services	499,151	107,370	56,762	13,533	676,816
Other activities	600,153	15,150	45,350	7,621	668,274
Intra-Group transactions	(96,471)	(3)	(41,716)	(331)	(138,521)
Total 2016 production	**3,087,320**	**594,584**	**1,446,811**	**848,704**	**5,977,419**

Revenue from the Construction activity

Concessions

At 31 December 2017, the Acciona Group maintained its main service concession contracts in force in the construction and water divisions. The net amount of revenue at the close of the financial year for each category of concession agreement, including those within the scope of IFRIC 12, came to 192 and 140 million euros, respectively. Appendix V details the main concessions.

As indicated in Note 4.2 g), following the adoption of IFRIC 12, the Acciona Group recognises under "Non-Current Receivables and Other Non-Current Assets" concession business assets whose recovery is guaranteed under the concession contract by the grantor through the payment of a fixed or quantifiable amount and, accordingly, no demand risk is borne by the operator.

In relation to these concession assets, even during the construction phase the Group recognises income earned on interest, based on the effective interest rate of the financial asset. This interest income is recognised under "Revenue", and at 31 December 2017 and 2016 it amounted to 15,547 and 16,377 thousand euros, respectively.

Construction

The Group obtains substantially all its construction revenue in its capacity as prime contractor.

Detail of infrastructure construction revenue by type of project was as follows:

	2017	2016
Civil engineering	3,052,575	1,549,529
Residential building construction	64,274	55,138
Non-residential building construction	212,302	292,162
Other activities	75,255	260,297
Total construction revenue	**3,404,406**	**2,157,126**

Detail of infrastructure construction revenue by type of client was as follows:

	2017	2016
Central Government	174,159	215,557
Regional Governments	63,127	53,901
Local councils	12,713	13,843
Regional Agencies and Government-owned corporations	118,351	126,267
Public sector	368,350	409,568
Private sector	148,155	169,652
Total Spanish clients	516,505	579,220
Total clients abroad	2,887,901	1,577,906
Total construction revenue	**3,404,406**	**2,157,126**

The accumulated data on the contracts in progress in the construction activity, including the part corresponding to the water division, at the close of financial years 2017 and 2016 were as follows:

	2017	2016
Accumulated revenue from contracts in progress	8,155,683	7,069,519
Accumulated amount of costs incurred	7,649,152	6,602,764
Total accumulated earnings	506,531	466,755
Advances from clients (Note 14)	584,441	854,219
Withholdings	63,527	56,577

The geographical distribution of the infrastructure construction backlog at the close of 2017 and 2016 was as follows:

2017	Spain	Abroad
Civil engineering	744,944	5,033,026
Residential building construction	62,254	61,985
Non-residential building construetion	233,804	398,817
Other activities	205,719	27,477
Total construction backlog	**1,246,721**	**5,521,305**

2016	Spain	Abroad
Civil engineering	1,001,133	5,918,390
Residential building construction	28,414	75,006
Non-residential building construction	201,893	105,058
Other activities	185,624	624,287
Total construction backlog	**1,417,064**	**6,722,741**

26.- Expenses

Breakdown of the Group's expenses was as follows:

	2017	2016
Cost of good sold	1,975,668	1,595,057
Personnel expenses	1,497,031	1,287,557
Wages, salaries and similar	1,216,304	1,029,545
Social security costs	254,153	234,526
Other staff costs	26,574	23,486
Other external expenses	2,930,698	2,252,269
Taxes other than income tax	198,470	180,027
Other current operating expenses	19,400	34,082
Subtotal	**6,621,267**	**5,348,992**
Change in provisions	29,833	231,234
Depreciation and amortisation charge	633,156	547,147
Total	**7,284,256**	**6,127,373**

Employees:

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

	2017	2016	Change
Management and supervisors	2,095	1,776	319
Qualified line personnel	5,962	5,418	544
Clerical and support staff	1,864	1,883	(19)
Other employees	27,482	23,758	3,724
Total average number of employees	**37,403**	**32,835**	**4,568**

The classification above broken down by gender in 2017 and 2016 was as follows:

	2017			2016		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Management and supervisors	1,710	385	2,095	1,435	341	1,776
Qualified line personnel	4,238	1,724	5,962	3,715	1,703	5,418
Clerical and support staff	720	1,144	1,864	744	1,139	1,883
Other employees	20,563	6,919	27,482	17,660	6,098	23,758
Total average number of employees	**27,231**	**10,172**	**37,403**	**23,554**	**9,281**	**32,835**

Breakdown of the Group's employees by line of business was as follows:

	2017	**2016**	**Change**
Energy	1,631	1,909	(279)
Construction	12,335	9,662	2,673
Water	3,624	3,345	279
Services	17,750	15,873	1,878
Other Activities	2,063	2,046	17
Total average number of employees	**37,403**	**32,835**	**4,568**

The classification above broken down by gender in 2017 and 2016 was as follows:

	2017			2016		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Energy	1,210	421	1,631	1,337	572	1,909
Construction	10,441	1,894	12,335	7,888	1,774	9,662
Water	3,142	482	3,624	2,788	557	3,345
Services	11,240	6,510	17,750	10,184	5,689	15,873
Other Activities	1,198	865	2,063	1,357	689	2,046
Total average number of employees	**27,231**	**10,172**	**37,403**	**23,554**	**9,281**	**32,835**

In 2017 and 2016, respectively, 313 and 288 employees of the total headcount were employees of the Parent and the remainder were employed by the Group subsidiaries.

At 31 December 2017, the average number of employees with a disability level of 33% or over employed by the consolidated companies amounted to 897 (direct and indirect employment), and to 793 at 31 December 2016. The percentage of compliance with Act 13/1982, of 7 April, on Social Integration of Persons with Disabilities, which establishes a minimum quota of 2% for the recruitment of disabled persons in companies with more than 50 employees, was 3.52% (3.51% at 31 December 2016).

Operating leases:

The "Leases" account under "Other External Expenses - Leases" on the accompanying consolidated income statement includes notably the costs incurred by the Compañía

Trasmediterránea Subgroup for the charter of other shipping companies' vessels and cargo decks totalling 32 million euros in 2017 and 2016.

At 31 December 2017 and 2016, the lease terms and conditions and minimum payments (without considering inflation or possible updates) under the main vessel charter contracts entered into by the Compañía Trasmediterránea Subgroup were as follows:

2017 (thousand euros)

Vessel	Arrangement date	Expiry date	Type	2018	2019-2020
Wisteria/Vronskiy	29/02/2012	15/11/2018	Time Charter	5,268	-
Tenacia	07/12/2011	31/12/2018	Time Charter	7,020	-
Forza	12/01/2016	22/02/2020	Time Charter	6,660	8,820
Volcán de Teneguía	04/02/2013	31/05/2017	Time Charter	1,465	-
Nura Nova	28/02/2017	28/02/2019	Time Charter	2,244	362
Romy	26/10/2017	06/11/2017	Time Charter	50	-
Surprise	08/01/2018	07/01/2019	Time Charter	3,726	-
Maestro Sea	13/10/2017	13/11/2017	Time Charter	323	-

2016 (thousand euros)

Vessel	Arrangement date	Expiry date	Type	2017	2018-2020
Wisteria/Vronskiy	29/02/2012	15/11/2018	Time Charter	5,873	5,332
Tenacia	07/12/2011	31/12/2018	Time Charter	7,117	8,577
Forza	12/01/2016	22/02/2020	Time Charter	7,608	18,794
Volcán de Teneguía	04/02/2013	31/05/2017	Time Charter	1,291	-
Snav Adriático	07/05/2015	07/05/2017	Time Charter	2,698	-

Change in provisions:

Breakdown of the balance of "Change in Provisions" on the consolidated income statement was as follows (in thousand euros):

	2017	2016
Change in provision for uncollectable receivables	16,296	33,370
Change in provision for inventories	7,508	106,425
Other provisions	6,030	91,439
Total	**29,833**	**231,234**

At 31 December 2017, "Change in provisions for inventories" included mainly the impairments of inventories for 5.4 million euros for a plot of land located in Italy. The "Change in provisions for inventories" in 2016 included mainly the impairments of inventories in the property division for 99.3 million euros, on the basis of appraisals by independent experts unrelated to the Acciona Group (see note 4.2.j).

"Other provisions" related mainly to additions made for burdensome contracts and provision for litigation and provision for future replacement or large repairs in concessions recognised under the intangible model.

Impairment and profit/(loss) on disposals of non-current assets

Breakdown for this heading on the income statement for financial years 2017 and 2016 was as follows:

Impairment and profit/(loss) on disposal of plant, property and equipment	2017	2016
Profit/(loss) from plant, property and equipment	111,118	639,586
Impairment of other assets (Notes 5 and 8)	(6,795)	(107,392)
Total	**104,323**	**532,194**

At 31 December 2017, "Profit/(loss) from plant, property and equipment" included profit of 74 million euros from a share swap operation with Testa Residencial Socimi, S.A., as well as 34 million euros from the sale of the Sociedad Concesionaria Acciona Concesiones Ruta 160, S.A. (see note 3.2.h).

In the previous financial year this heading reflected the gains recognised from the sale of the shares that the Group held in Corporación Acciona Windpower, S.A. under the agreement signed with Nordex S.E., for 650.8 million euros, and the remaining gains, for 6.7 million euros, were recorded in the translation differences account (see note 3.2.h). "Profit/(loss) from property, plant and equipment" also included the loss of 21 million euros related to the resolution of a litigation case in Greece, among others.

At the end of the financial year, "Impairment of other assets" included impairment for 13 million euros in intangible assets from the Brazilian concessionaire Rodovía do Aço, S.A., as well as the reversals of investment property impairments for 6.8 million euros from the Real Estate division.

This same heading at 31 December 2016 included impairment of PPE for 73 million euros mostly from the energy division, as well as impairment for 30 million euros in intangible assets from the Brazilian concessionaire Rodovía do Aço, S.A.

Other gains and losses

In 2017, the capital gain of 5 million euros was recorded under this heading as a result of the purchase of an additional 50% stake in Sociedad Concesionaria Autovía de los Viñedos, S.A. (See note 3.2.h).

In 2016, the capital gain of 30 million euros was recorded under this heading mainly as a result of the purchase of 37.05% stake in ATLL Concesionaria de la Generalitat de Catalunya, S.A. (see note 27) and a reversion for 12 million euros of the provision for the third and final fine imposed by the National Market and Competition Commission to Compañía Trasmediterránea and resolved by the Supreme Court in a favourable manner (see note 27).

Profit/(loss) from changes in value of financial instruments at fair value

At 31 December 2017 this heading reflected mainly revenue of 37,370 thousand euros related to the change in fair value of two energy sales contracts concluded in December 2015 and 2016 by subsidiaries in the US and Chile respectively, to supply a specific amount of energy in the long term at a fixed price.

At 31 December 2016, this heading reflected mainly an expense of 7,270 thousand euros related to the change in fair value of the energy contract concluded in December 2015 by a subsidiary in the United States to supply a specific amount of energy in the long term.

27. - Segment reporting

Basis of segmentation:

Segment reporting is done on the one hand by business segment, and on the other hand by geographical segment. This structure is in line with the information internally used by Acciona Group Management to assess the performance of the segments and to allocate resources among them.

The business lines described below are established by the Board of Directors on the basis of the Acciona Group's organisational structure, considering the nature of the goods and services offered.

The structure of the information disclosed in this Note has been designed as if each line of business were a separate business. Costs incurred by the Corporate Unit are distributed pro rata, using an internal cost distribution system, among the different lines of business.

Inter-segment sales are made at market prices.

In addition to the segment information, in order to help understand the results and in line with how the Acciona Group Directors manage this information, certain exceptional amounts that facilitate a better understanding of the ordinary course of business are presented as an additional column. Nonetheless, where these effects are material in respect of the Group's results, details are given as to how they affect each segment.

Segment information about these activities and extraordinaries for 2017 and 2016 is shown below:

	Segments							
Balances at 31/12/2017	**Energy**	**Construction**	**Water**	**Services**	**Other activities**	**Intra-Group transactions**	**Exceptional Effects**	**Total Group**
ASSETS								
Property, plant and equipment, intangible assets and investment property	6,374,296	618,778	1,122,447	65,963	222,641	(11,017)	–	8,393,108
Goodwill	–	106,712	27,976	50,962	–	–	–	185,650
Non-current financial assets	20,440	39,648	17,956	7,586	43,270	3,023	–	131,923
Investments accounted for using the equity method	903,423	74,140	75,537	809	337,422	–	–	1,391,331
Other assets	465,679	302,573	53,647	1,100	258,753	867	–	1,082,619
Non-current assets	**7,763,838**	**1,141,851**	**1,297,563**	**126,420**	**862,086**	**(7,127)**	**–**	**11,184,631**
Inventories	119,922	192,190	24,236	1,784	499,960	(17,127)	--	820,965

Balances at 31/12/2017	Energy	Construction	Water	Services	Other activities	Intra-Group transactions	Exceptional Effects	Total Group
	Segments							
Trade and other receivables	702,096	1,270,657	271,864	211,597	121,516	(685,837)	--	1,891,893
Other current financial assets	163,131	66,653	4,451	3,465	8,775	513	--	246,988
Other assets	195,665	89,470	21,091	6,295	1,139	(2,625)	(13,056)	297,979
Cash and cash equivalents	(97,482)	1,210,201	219,678	18,018	(74,098)	(3,536)	--	1,272,781
Non-current assets classified as held for sale	979,987	--	--	--	466,168	(14,034)	--	1,432,121
Current assets	**2,063,319**	**2,829,171**	**541,320**	**241,159**	**1,023,460**	**(722,646)**	**(13,056)**	**5,962,727**
Total assets	**9,827,157**	**3,971,022**	**1,838,883**	**367,579**	**1,885,546**	**(729,773)**	**(13,056)**	**17,147,358**
EQUITY AND LIABILITIES								
Consolidated equity	**3,346,376**	**370,547**	**312,722**	**168,136**	**(183,690)**	**(37,767)**	**(13,056)**	**3,963,268**
Bank borrowings and other financial liabilities	4,140,666	1,132,922	220,901	42,057	(264,672)	--	--	5,271,874
Other liabilities	1,248,982	507,408	898,632	4,171	152,360	(6,169)	--	2,805,384
Non-current liabilities	**5,389,648**	**1,640,330**	**1,119,533**	**46,228**	**(112,312)**	**(6,169)**	**--**	**8,077,258**
Bank borrowings and other financial liabilities	145,216	51,485	17,072	3,504	1,255,013	--	--	1,472,290
Trade and other payables	271,923	1,551,854	266,174	105,881	146,025	(142,640)	--	2,199,217
Other liabilities	380,382	356,806	123,382	43,830	600,582	(543,197)	--	961,785
Liabilities directly associated with non-current assets classified as held for sale	293,612	--	--	--	179,928	--	--	473,540
Current liabilities	**1,091,133**	**1,960,145**	**406,628**	**153,215**	**2,181,548**	**(685,837)**	**--**	**5,106,832**
Total equity and liabilities	**9,827,157**	**3,971,022**	**1,838,883**	**367,579**	**1,885,546**	**(729,773)**	**(13,056)**	**17,147,358**

Balances at 31/12/2017	Energy	Construction	Water	Services	Other activities	Intra-Group transactions	Exceptional Effects	Total Group
	Segments							
Total revenue	1,737,187	3,544,709	681,576	752,531	689,838	(151,867)	--	7,253,974
Revenue	1,706,172	3,488,055	681,566	692,527	685,654	--	--	7,253,974
Revenue to other segments	31,015	56,654	10	60,004	4,184	(151,867)	--	--
Other revenue and operating expenses	(1,011,583)	(3,282,602)	(551,629)	(718,246)	(565,595)	150,900	--	(5,978,755)
Gross operating result	**725,604**	**262,107**	**129,947**	**34,285**	**124,243**	**(967)**	**--**	**1,275,219**
Prov. amorti./depreciation	(406,287)	(172,026)	(42,521)	(15,378)	(45,989)	1,531	17,681	(662,989)
Impairment and profit/(loss) from disposal of plant, property and equipment	(1,836)	1,751	(219)	(28)	6,906	--	97,749	104,323
Other gains and losses	479	2,246	879	286	(116)	--	--	3,774
Profit/((loss) from operations	**317,960**	**94,078**	**88,086**	**19,165**	**85,044**	**564**	**115,430**	**720,327**
Financial profit/(loss)	(269,957)	(36,541)	(64,500)	(6,381)	42,715	--	1,647	(333,017)
Profit/(loss) due to changes in value	35,235	--	--	--	836	--	2,411	38,482
Profit/(loss) from entities accounted for by the equity method	51,129	9,994	14,854	932	(1,415)	--	(145,000)	(69,506)
Profit /(loss) before tax	**134,367**	**67,531**	**38,440**	**13,716**	**127,180**	**564**	**(25,512)**	**356,286**
Expense for Corporate Tax	(46,426)	(31,026)	(13,278)	(4,387)	(12,786)	(141)	2,703	(105,341)

Balances at 31/12/2017	Segments							
	Energy	Construction	Water	Services	Other activities	Intra-Group transactions	Exceptional Effects	Total Group
Consolidated profit/(loss) in the year	**87,941**	**36,505**	**25,162**	**9,329**	**114,394**	**423**	**(22,809)**	**250,945**
Profit/(loss) after tax from discontinued activities	–	–	–	–	–	–	–	–
Profit /(loss) in the year	**87,941**	**36,505**	**25,162**	**9,329**	**114,394**	**423**	**(22,809)**	**250,945**
Non-controlling interests	(33,219)	(3,075)	(3,684)	(106)	(452)	(30)	9,752	(30,814)
Profit /(loss) attributable to the Parent Company	**54,722**	**33,430**	**21,478**	**9,223**	**113,942**	**393**	**(13,057)**	**220,131**

Balances at 31/12/2016	Segments							
	Energy	Construction	Water	Services	Other activities	Intra-Group transactions	Exceptional Effects	Total Group
ASSETS								
Property, plant and equipment, intangible assets and investment property	7,498,359	458,271	1,128,287	57,682	863,215	(31,389)	–	9,974,425
Goodwill	–	346	27,976	50,962	–	–	–	79,284
Non-current financial assets	29,972	20,493	11,475	13,935	84,179	19,026	–	179,080
Investments accounted for using the equity method	1,021,769	66,107	68,882	449	3,614	–	–	1,160,821
Other assets	571,062	361,318	62,036	3,740	291,684	954	–	1,290,794
Non-current assets	**9,121,162**	**986,535**	**1,298,656**	**126,768**	**1,242,692**	**(11,409)**	**–**	**12,684,404**
Inventories	128,720	225,684	17,621	1,153	429,078	(19,531)	–	782,725
Trade and other receivables	684,618	1,037,885	266,316	199,453	185,873	(650,487)	–	1,723,658
Other current financial assets	175,077	17,869	4,245	2,813	10,675	544	–	211,223
Other assets	239,754	215,815	(11,264)	15,112	(412,593)	(2,625)	206,075	250,274
Cash and cash equivalents	(39,422)	1,219,750	217,945	10,960	38,656	(19,570)	–	1,428,319
Non-current assets classified as held for sale	–	300,470	–	–	26,691	–	–	327,161
Current assets	**1,188,747**	**3,017,473**	**494,863**	**229,491**	**278,380**	**(691,669)**	**206,075**	**4,723,360**
Total assets	**10,309,909**	**3,924,008**	**1,793,519**	**356,259**	**1,521,072**	**(703,078)**	**206,075**	**17,407,764**
EQUITY AND LIABILITIES								
Consolidated equity	**3,564,000**	**470,882**	**276,292**	**160,651**	**(539,740)**	**(40,814)**	**206,075**	**4,097,346**
Bank borrowings and other financial liabilities	4,541,567	722,143	227,469	48,182	62,891	–	–	5,602,252
Other liabilities	1,511,052	597,444	865,912	2,824	271,633	(11,776)	–	3,237,089
Non-current liabilities	**6,052,619**	**1,319,587**	**1,093,381**	**51,006**	**334,524**	**(11,776)**	**–**	**8,839,341**
Bank borrowings and other financial liabilities	137,782	42,804	16,025	2,981	968,914	--	--	1,168,506
Trade and other payables	297,998	1,618,649	290,419	91,294	152,643	(153,574)	--	2,297,429
Other liabilities	257,510	300,389	117,402	50,327	590,278	(496,914)	–	818,992
Liabilities directly associated with non-current assets classified as held for sale	–	171,697	–	–	14,453	–	–	186,150
Current liabilities	**693,290**	**2,133,539**	**423,846**	**144,602**	**1,726,288**	**(650,488)**	**–**	**4,471,077**

Balances at 31/12/2016	Segments							
	Energy	Construction	Water	Services	Other activities	Intra-Group transactions	Exceptional Effects	Total Group
Total equity and liabilities	**10,309,909**	**3,924,008**	**1,793,519**	**356,259**	**1,521,072**	**(703,078)**	**206,075**	**17,407,764**

Balances at 31/12/2016	Segments							
	Energy	Construction	Water	Services	Other activities	Intra-Group transactions	Exceptional Effects	Total Group
Total revenue	1,795,829	2,266,967	708,053	676,816	668,274	(138,520)	--	5,977,419
Revenue	1,764,112	2,216,260	707,878	625,278	663,890	1	--	5,977,419
Revenue to other segments	31,717	50,707	175	51,538	4,384	(138,521)	--	--
Other revenue and operating expenses	(1,056,170)	(2,093,352)	(589,065)	(648,842)	(537,246)	138,783	--	(4,785,892)
Gross operating result	**739,659**	**173,615**	**118,988**	**27,974**	**131,028**	**263**	**--**	**1,191,527**
Prov. amorti./depreciation	(390,874)	(96,221)	(46,528)	(12,648)	(45,672)	3,413	(189,851)	(778,381)
Impairment and profit/(loss) from disposal of plant, property and equipment	375	6,433	308	416	(3,423)	(6,342)	534,427	532,194
Other gains and losses	417	(68)	(112)	523	(96)	--	42,173	42,837
Profit/((loss) from operations	**349,577**	**83,759**	**72,656**	**16,265**	**81,837**	**(2,666)**	**386,749**	**988,177**
Financial profit/(loss)	(282,199)	(22,065)	(48,689)	(1,537)	2,753	--	(291,306)	(643,043)
Profit (loss) due to changes in value	(6,545)	--	--	--	(524)	--	--	(7,069)
Profit/(loss) from entities accounted for by the equity method	46,533	7,347	14,057	258	1,375	--	--	69,570
Profit /(loss) before tax	**107,366**	**69,041**	**38,024**	**14,986**	**85,441**	**(2,666)**	**95,443**	**407,635**
Expense for Corporate Tax	(39,590)	(22,576)	(15,937)	(1,253)	(38,329)	667	83,238	(33,780)
Consolidated profit/(loss) in the year	**67,776**	**46,465**	**22,087**	**13,733**	**47,112**	**(1,999)**	**178,681**	**373,855**
Profit/(loss) after tax from discontinued activities	--	--	--	--	--	--	--	--
Profit /(loss) in the year	**67,776**	**46,465**	**22,087**	**13,733**	**47,112**	**(1,999)**	**178,681**	**373,855**
Non-controlling interests	(26,939)	(16,511)	(932)	(263)	(4,586)	(37)	27,394	(21,874)
Profit /(loss) attributable to the Parent Company	**40,837**	**29,954**	**21,155**	**13,470**	**42,526**	**(2,036)**	**206,075**	**351,981**

In financial year 2017, the "Exceptional Effects" column reflected the accounting impacts of unusual events. The most significant of these are detailed below:

- Sale of the shares held by the Group in Compañía Urbanizadora del Coto, S.L., Valgrand, S.A. and the sale of certain real estate assets owned by Acciona Real Estate, S.A. to the company Testa Residencial SOCIMI, S.A., with capital gains of 74 million euros linked to the "other businesses" division (see Note 3.2.h).

- Following authorisation from the Chilean Competition Authorities, sale of 100% of the shares held by the Group in Sociedad Concesionaria Acciona Concesiones Ruta 160, S.A. for 34 million euros, linked to the "Construction" division (see Note 3.2.h).

- Impairment of 145 million euros linked to the "Energy" division related to the share held by the Acciona Group in Nordex, S.E. which is accounted for using the equity method after an impairment test was carried out following the methodology and hypothesis detailed in Note 9.

In financial year 2016, the "Exceptional Effects" column reflected the accounting impacts of unusual events. The most significant of these are detailed below:

- Sale of the shares held by the group in Corporación Acciona Windpower, S.A. as part of the agreement subscribed with the German listed company Nordex S.E., with capital gains of 657 million euros (see note 3.2.h).

- Capital gains of 30 million euros from the purchase of 37.05% in ATLL Concessionaria de la Generalitat de Catalunya, S.A. from Aigües de Catalunya, Ltd in 2016 (see note 3.2.h).

- Finance costs from cancellation of the debt from the energy division, which meant a charge of 301 million euros, mainly because of the rupture of derivatives (see Note 18).

- Impairment losses for PPE and intangible assets, for 102 million euros, mostly from certain wind facilities from the energy division, for the impairment of a motorway concession company in Brazil and for the impairment in the property division for 101 million euros on the basis of appraisals by independent valuers and affecting mainly "Inventories" (see Note 26).

The table below shows disclosure of certain of the Group's consolidated balances based on the geographical location of the companies that gave rise to them.

	Income		Total assets		Non-current assets		Current assets	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Spain	3,172,071	3,087,320	10,284,816	10,070,966	5,955,110	7,436,472	4,329,706	2,634,494
European Union	625,331	594,584	1,525,381	1,743,308	1,203,241	1,390,619	322,140	352,689
OECD countries	2,073,656	1,446,812	4,042,225	4,410,442	3,274,307	3,149,363	767,918	1,261,079
Other countries	1,382,916	848,703	1,294,936	1,183,048	751,973	707,950	542,963	475,098
Total	**7,253,974**	**5,977,419**	**17,147,358**	**17,407,764**	**11,184,631**	**12,684,404**	**5,962,727**	**4,723,360**

Income and non-current assets from certain significant countries are disclosed below, understanding "significant" to refer to those where the values are greater than 10% of the income from external clients or from non-current assets according to IFRS 8.

	Income		Non-current assets	
	2017	**2016 (*)**	**2017**	**2016 (*)**
Australia	892,862	373,818	616,248	417,591
Mexico	297,963	511,815	1,150,112	1,099,399

(*) Non-significant values in 2016. Shown for comparative purposes only.

28.- Finance income and costs and other profit/(loss) for the year

Detail of the Group's finance income and costs was as follows:

	2017	2016
Financial income	**45,628**	**61,921**
From equity investments	226	267
From other financial instruments in Associates	4,347	9,013
Other finance income	41,055	52,641
Finance costs	**(368,747)**	**(732,653)**
On payables to third parties	(372,193)	(738,330)
On ineffectiveness of derivatives (see Note 20)	--	--
Capitalisation of borrowing costs (note 5)	5,197	6,439
Change in financial provisions	(1,751)	(762)

Other finance income and costs:

The Group had capitalised borrowing costs amounting to 5.2 million euros at 31 December 2017 and 6.4 million euros at 31 December 2016, all of them practically capitalised in property, plant and equipment (see note 5). Borrowing costs capitalisation in inventories amounted to 0.7 million euros in 2017 and was not material in 2016 (see note 4.2.j).

Finance costs:

In 2017 payables to third parties subtracted from equity and included in "Finance Costs" relating to the periodic settlements of hedging derivatives and corresponding to fully consolidated Group companies amounted to 36,849 thousand euros (299,303 thousand euros in 2016). In 2016, 231,640 thousand euros were recorded in relation to the cancellation of hedging instruments within the framework of refinancing operations for certain assets in the energy division (see Note 27).

In addition, 14,938 thousand euros (20,291 thousand euros in 2016) relating to these periodic settlements were recognised as a decrease in the results of companies accounted for using the equity method.

29.- Proposed application of profit/(loss)

Proposed application of the profit in financial years 2017 and 2016 of Acciona, S.A., as approved by the Annual General Shareholders' Meeting, in the case of 2016, and that the Board of Directors will submit to approval by the Annual General Shareholders' Meeting, in the case of 2017, is as follows (in euros):

	2017	2016
Distribution basis:		
Acciona, S.A. profit or loss	209,202,462.05	386,601,903.47
Application:		
To legal reserve	--	--
To statutory reserve	20,920,246.21	38,660,190.34
To capitalisation reserves	4,667,230.18	--
To voluntary reserves	11,836,335.66	183,320,506.88
Dividends	171,778,650.00	164,621,206.25
Total	**209,202,462.05**	**386,601,903.47**

The proposed allocation contemplates the distribution of dividends of 3.00 euros per share.

The Board of Directors proposes to allocate the capitalisation reserve against the 2017 results in accordance with Article 25 of Act 27/2014, of 27 November on Corporate Tax, amounting to 4,667,230.18 euros and equivalent to 10% of the increase in own funds associated with the companies that form part of the tax group with Acciona, S.A. as the parent. This reduction is limited to 10% of the tax base for the tax period obtained for the tax group, and the excess over this limit can be transferred to the next two tax periods.

Under its Articles of Association, Acciona, S.A. must, in any event, allocate 10% of net profit to legal and statutory reserves in such a manner that, when the former is covered (20% of the share capital), any remaining portion of the 10% of net profit must be transferred to the statutory reserve. This reserve is unrestricted.

30.- Environmental matters

ACCIONA backs the development of environmentally sustainable businesses: it generates electricity from renewable sources; it desalinates water, makes it drinkable and also cleans it; and it builds infrastructures and services where the environmental variable is relevant when it comes to decision making.

In 2017, 34% of the Group's global sales and 67% of EBITDA were based on businesses included in what the **United Nations Environment Programme (UNEP)** defines as the ***Green Economy***.
http://web.unep.org/greeneconomy/resources/green-economy-report.

In 2017 environmental expenses accounted for 2,430 million euros and environmental investments 509 million euros, which placed the company's global environmental activity at 2,939 million euros.

Out of that total figure, 69 million euros arose from management (prevention, mitigation or correction) of the environmental impacts generated by the Company's activity (65 million euros in expenses and 4 million euros in investments) and 2,870 million euros came from development of the businesses with a mainly environmental component (2,365 million euros in expenses and 505 million euros in investments); they are relevant because of the actual strategic orientation of the business, such as renewable energy generation and integral water cycle management, which centre on dealing with environmental impacts produced by other players and whose management is part of ACCIONA's business.

This economic figure for ACCIONA's environment-related activities can be broken down as follows:

Category	Amount (Million €)
• Measures to minimise environmental impact	36.09
• Environmental research, development & innovation	13.00
• Personnel involved in the environmental activity	11.01
• Investments in plant, property and equipment to prevent environmental impacts and protect the environment	3.82
• Environmental consultancy and advisory services	2.61
• Other*	2.70
Subtotal$_1$: Management of environmental impacts caused by the Company's activity	**69.23**
• Renewable energy generation	2,245.20
• Waste water treatment, Purification and Desalination	624.88
Subtotal$_2$: Development of businesses with a mainly environmental component, relevant because of actual strategic orientation	**2,870.08**
TOTAL (Subtotal$_1$ + Subtotal$_2$)	**2,939.31**

(*) This category includes other environmental expenses, including Training, Environmental Management Systems, Environmental communication and awareness, Insurance and taxes.

It must also be noted that ACCIONA obtained bonuses for the actions it carried out in 2017 to promote environmental respect and protection, for the amount of 1.7 million euros.

31.- Earnings per share

- Basic:

Basic earnings per share are calculated by dividing the profit distributable to the Company's shareholders by the weighted average number of ordinary shares outstanding during the financial year.

The amounts for the periods closed at 31 December 2017 and 2016 are given below:

	2017	2016
Net profit attributable to the Parent (thousand euros)	220,131	351,981
Weighted average number of shares outstanding	57,117,274	57,010,458
Basic earnings per share (euros)	**3.85**	**6.17**

- Diluted:

To calculate the diluted earnings per share, the entity adjusts the result of the financial year attributable to the holders of ordinary equity instruments and the mean weighted average of the number of outstanding shares for all diluting effects attached to the potential ordinary shares.

In January 2014, Acciona S.A. issued convertible bonds. In 2017, conversions were made and this financial instrument has been cancelled early (see Note 18), events which have been considered in this calculation. The issuance of convertible bonds is the only diluting effect that explains the difference between the weighted average number of treasury shares outstanding considered in the basic earnings per share calculation and the diluted earnings per share. The finance costs recorded in the income statement for the financial year 2017 before Corporate Tax amount to 5,148 thousand euros.

The amount for the period closed on 31 December 2017 and 2016 is given below:

	2017	**2016**
Adjusted net profit attributable to the parent (thousand euros)	225,279	370,794
Diluted weighted average number of shares outstanding	59,447,633	58,851,022
Diluted earnings per share (euros)	**3.79**	**6.22**

32.- Events after the reporting period

On 21 February 2018, Acciona Group and the company ATLL Concessionària de la Generalitat de Catalunya S.A. became aware of the judgement handed down by the Supreme Court on the cassation appeal filed by the Generalitat de Catalunya against the High Court of Justice of Catalonia (TSJC) ruling which invalidated the procedure to award said concession (appeal 2725/2015). This judgement dismisses the claims brought forward by the Generalitat and confirms the TSJC ruling.

The Acciona Group is currently waiting for notification of the cassation appeal 2682/2015 filed by Gestió Catalana de Aigues, and appeal 2678/2015 filed by the Concessionaire and by Acciona Agua against the TSJC judgement which invalidated the procedure to award said concession.

On 26 February 2018, an agreement has been reached for the sale of the thermal solar business in Spain to subsidiaries of the company Contour Global, consisting of five plants with a total capacity of 250 MW for an amount of 1,093 million euros (including debt). In addition, the parties have agreed to the payment of an earn out of up to 27 million euros. The effectiveness of the operation is conditional upon compliance with several conditions precedent (see Note 23 in the financial statements).

33.- Related party transactions

As indicated in these notes to the consolidated financial statements, transactions performed by the Company with its subsidiaries (related parties) as part of its normal business activities, as regards their purpose and terms and conditions, were eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

Transactions with associates

At 31 December 2017 and 2016, detail of the balances receivable from and payable to associates was as follows (in thousand euros):

	Receivables / Expenses		Payables / Income	
	2017	2016	2017	2016
Trade and other receivables	58,216	92,027	--	--
Trade and other payables	--	--	278,047	66,193
Loans to associates	112,019	118,579	8,649	5,334
Income and expenses	184,929	17,234	106,996	114,902

The Income column basically reflects billings by Acciona Infrastructure to various concession holders, for the construction of their assets.

The balances of "Expenses" and "Payables" mainly include transactions carried out by companies in the Energy Division with the company NORDEX, SE for the construction of new projects for the division.

The balances receivables related to the line "Loans to associates" were mainly made up of loans made by Acciona, S.A., Acciona Concesiones, S.A and Acciona Energía, S.A. to associates.

These transactions were performed on an arm's length basis.

Transactions with other related parties

At 31 December 2014, following the arrival of the KKR Fund in the shareholding structure of the Acciona Group subsidiary, Acciona Energy Internacional, S.A., this fund became a "related party" for the Group as the term is defined in IAS 24. The only transaction of note with the KKR Fund in financial year 2016 was the subordinated debt described in Note 21.

In addition, the contract signed between Acciona Energy, S.A. and said fund incorporates long-term collaboration agreements between the Acciona Group and KKR in certain affected countries, through certain rights of refusal that in no case represent a firm commitment.

Transactions with shareholders

In 2017 there were no significant transactions involving a transfer of resources or obligations between the Parent or its Group companies and the Company's main shareholders.

Transactions with directors or executives

The Group's "related parties" are deemed to be, in addition to the subsidiaries, associates and jointly-controlled entities, the Company Management's "key personnel" (members of its Board of Directors and of senior management, and their close relatives) and the entities over which key management personnel may exercise control or significant influence. The transactions performed by the Group in 2017 and 2016 with its related parties are listed below, differentiating between the Company's significant shareholders, members of the Board of Directors and Managers, and other related parties. Related party transactions are made on terms equivalent to those in arm's length transactions that usually take place in a normal business relationship with Acciona, S.A. or the Group companies within the scope of the ordinary course of trade of these entities and under market conditions. These transactions consisted basically of:

			31.12.2017		
Expenses and income	**Significant shareholders**	**Directors and executives**	**Group employees, companies or entities**	**Other related parties**	**Total**
Expenses:					
Finance costs	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Leases	--	--	--	--	--
Services received	--	--	--	105	**105**
Purchase of goods (finished goods and work in progress)	--	--	--	--	--
Value adjustments due to uncollectable or doubtful debts	--	--	--	--	--
Losses on de-recognition or disposal of assets	--	--	--	--	--
Other expenses	--	--	--	--	--
Income:	--	--	--	--	--
Financial income	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Dividends received	--	--	--	--	--
Leases	--	--	--	--	--
Rendering of services	--	--	--	228	**228**
Sale of goods (finished goods or work in progress)	--	--	--	--	--
Gains on de-recognition or disposal of assets	--	--	--	--	--
Other income	--	--	--	--	--

			31.12.2017		
Other transactions	**Significant shareholders**	**Directors and executives**	**Group employees, companies or entities**	**Other related parties**	**Total**

Purchases of property, plant and equipment, intangible assets or other assets	--	--	--	--	--
Financing agreements: loans and capital contributions (lender)	--	--	--	--	--
Finance leases (lessor)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessor)	--	--	--	--	--
Sales of property, plant and equipment, intangible assets or other assets	--	--	--	--	--
Financing agreements: loans and capital contributions (borrower)	--	--	--	--	--
Finance leases (lessee)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessee)	--	--	--	--	--
Guarantees provided	--	--	--	--	--
Guarantees received	--	--	--	--	--
Obligations acquired	--	--	--	--	--
Obligations/guarantees discharged	--	--	--	--	--
Dividends and other profits distributed	--	--	--	--	--
Other transactions	--	--	--	--	--

	31.12.2016				
Expenses and income	**Significant shareholders**	**Directors and executives**	**Group employees, companies or entities**	**Other related parties**	**Total**
Expenses:					
Finance costs	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Leases	--	--	--	--	--
Services received	--	--	--	88	**88**
Purchase of goods (finished goods and work in progress)	--	--	--	--	--
Value adjustments due to uncollectable or doubtful debts	--	--	--	--	--
Losses on de-recognition or disposal of assets	--	--	--	--	--
Other expenses	--	--	--	--	--
Income:	--	--	--	--	--
Financial income	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Dividends received	--	--	--	--	--
Leases	--	--	--	--	--
Rendering of services	--	--	--	87	**87**
Sale of goods (finished goods or work in progress)	--	--	--	--	--
Gains on de-recognition or disposal of assets	--	--	--	--	--
Other income	--	--	--	--	--

31.12.2016

Other transactions	Significant shareholders	Directors and executives	Group employees, companies or entities	Other related parties	Total
Purchases of property, plant and equipment, intangible assets or other assets	--	--	--	--	--
Financing agreements: loans and capital contributions (lender)	--	--	--	--	--
Finance leases (lessor)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessor)	--	--	--	--	--
Sales of property, plant and equipment, intangible assets or other assets	--	--	--	--	--
Financing agreements: loans and capital contributions (borrower)	--	--	--	--	--
Finance leases (lessee)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessee)	--	--	--	--	--
Guarantees provided	--	--	--	--	--
Guarantees received	--	--	--	--	--
Obligations acquired	--	--	--	--	--
Obligations/guarantees discharged	--	--	--	--	--
Dividends and other profits distributed	--	--	--	--	--
Other transactions	--	--	--	--	--

34.- Remuneration and other benefits

A. Board of Directors

In 2017 the remuneration accrued by the members of the Company's Board of Directors, and taking into account that this remuneration is taken from the perspective of the Parent and its subsidiaries, totalled, in euros, the sum indicated in this Note.

According to article 31 of Articles of Association, the remuneration for Directors will consist in a fixed annual allocation determined for their membership of the Board of Directors and any Committees on which each Director may sit. The amount of the remuneration to be paid by the Company to the Directors as a whole for belonging to the Board of Directors and its Committees will be that determined for this purpose by the General Meeting of Shareholders. Once established, this amount shall remain in force until such time as it may be amended, and the Board of Directors may reduce the amount in the financial years where this is considered convenient.

The Board of Directors determines the exact amount to be paid within that limit and its distribution among the different Directors, with consideration being given to the functions and responsibilities of each member, sitting on the Board's committees and any other unbiased circumstances considered relevant by the Board.

Regardless of the provisions contained in section above, the remuneration deriving from membership of the Board of Directors shall be compatible with any other remuneration (fixed salary; variable bonuses depending on the attainment of business, corporate and/or performance goals; compensation for removal of the Director for reasons other than the failure to perform his or her duties; welfare systems; deferred remuneration items) that, following a proposal by the Appointments and Remuneration Committee and by resolution passed by the Board of Directors, could correspond to the Director for the performance of other functions in the Company, be they senior management executive functions or otherwise, apart from those of joint supervision and decision-taking carried out as mere members of the Board.

Following a resolution adopted by the General Shareholders' Meeting with the legally required scope, Executive Directors may also be remunerated through the delivery of shares or share option rights, or by means of any other remuneration referenced to the value of the shares. Furthermore, art. 55 of the Regulations for the Board of Directors establishes that the Board determines the system for distributing the remuneration for Directors within the framework established in the Articles of Association.

The decision must take into account the report issued for the purpose by the Appointments and Remuneration Committee.

The Board of Directors shall strive to ensure that the Directors' remuneration is moderate and in line with that paid on the market in companies of a similar size and business activity, with preference for those formats relating a significant portion of the remuneration to their dedication to Acciona.

The system for remuneration of independent directors will strive to serve as a sufficient incentive for their dedication without compromising their independence.

The remuneration of external directors representing substantial shareholders for their performance as Directors must be proportional to that of other Directors and shall not represent any favoured treatment in the form of remuneration of the shareholder(s) designating them. The remuneration system will establish similar remuneration for comparable functions and dedication.

As regards remuneration of executive directors, article 55 bis of the Regulations establishes that the Board of Directors must try and ensure that the remuneration policies in force at each time include for variable remuneration necessary technical safeguards to make sure that such remuneration is in line with the professional performance of its beneficiaries and does not arise simply from the general trend of markets or of the company's business sector or from other similar circumstances. The remuneration of directors must be transparent.

On 18 May 2017, the General Shareholders' Meeting approved the Directors Remuneration Policy for the years 2018-2020, without prejudice to the fact that amendments introduced by the Policy shall apply to remuneration accrued from the date the Policy was approved.

At its meeting on 28 February 2013, the Board of Directors resolved, at the proposal of the Appointments and Remuneration Committee, to reduce the amounts for membership of the Board of Directors and its Committees by 10%, and these were therefore set as follows:

a) For each director belonging to the Board of Directors 67,500 euros.
b) For each director belonging to the Executive Committee 45,000 euros.
c) For each director belonging to the Audit Committee 45,000 euros.
d) For each director belonging to the Appointments Committee 36,000 euros.
e) For each director belonging to the Sustainability Committee 36,000 euros.

At the meeting held by the Board of Directors on 11 June 2015 additional remuneration was established: 10,000 euros for the directors holding the chair on the Committees, except in the case of the executive committee.

Executive directors who are members of the Executive Committee do not receive any remuneration specifically for belonging to that committee.

After a detailed analysis of the remuneration received at international companies and those included on the IBEX 35 index, the Appointments and Remuneration Committee considered the remuneration to be in line with what was paid on the market in companies of a similar size in the same business area, that similar remuneration was paid for comparable functions and dedication and, without compromising independence, remuneration is an adequate incentive to achieve, if possible, a greater engagement by directors in the different committees.

Furthermore, the General Shareholders' Meeting held on 6 June 2013 resolved to set, for the purposes established in new section 2 of article 31 of the Articles of Association, the amount of remuneration that may be paid by the Company to its Directors as a whole, for their membership of the Board of Directors and its Committees, at a maximum of 1,503,000 euros. This amount shall remain in force until such time as the General Shareholders' Meeting decides to change it, but it may be reduced by the Board of Directors on the terms contained in the aforesaid section. This amount has been set at 1,700,000 euros by the Remuneration Policy 2018-2020.

The total remuneration paid to the members of the Board for discharging their duties as Company directors in 2017 amounted to 1,308,247 euros. This amount is broken down in thousand euros, by member of the Board of Directors, in the following way:

	Fixed remuneration	**Remuneration for membership of Board Committees**	**Total 2017**	**Total 2016**
Mr. Daniel Entrecanales Domecq	67.5	82	149.5	149.5
Mr. Jerónimo Marcos Gerard Rivero	67.5	--	67.5	67.5
Mr. Jaime Castellanos Borrego	67.5	136	203.5	203.5
Mr. Fernando Rodés Vila	67.5	72	139.5	139.5
Mr. José Manuel Entrecanales Domecq	67.5	--	67.5	67.5
Mr. Juan Ignacio Entrecanales Franco	67.5		67.5	67.5
Mr. Juan Carlos Garay Ibargaray	67.5	136	203.5	203.5
Ms. Belén Villalonga Morenés	67.5	--	67.5	67.5
Mr. Javier Entrecanales Franco	67.5	81	148.5	148.5
(*) Ms. Maria del Carmen Becerril Martinez	25.8	13.7	39.5	103.5
Ms. Ana Sainz de Vicuña Bemberg	67.5	45	112.5	112.5

(**) Ms. Karen Christiana Figueres Olsen	41.7		41.7	
TOTAL	**742.5**	**565.7**	**1308.2**	**1330.5**

(*) Directors leaving the Board in 2017
(**) Directors joining the Board in 2017

The remuneration paid to Directors for the performance of senior management executive functions and for being members of the Board was 16,027 and 3,277 thousand euros in 2017 and 2016, respectively.

With regards to long term variable remuneration linked to Company shares following what was established in the Plan 2014 regulations and based on an evaluation of the results obtained during the three year period from 2014 to 2016, following a proposal by the Appointments and Remuneration Committee the Board of Directors approved to deliver a total of 104,096 shares to Executive Directors in 2017, with a fair value of 7,277 thousand euros.

In addition, a non-executive director that left her position on 18 May 2017 had a professional services contract signed with the Acciona Group for which she received 63 thousand euros in 2017.

In 2014, the Company implemented a savings plan related to a term life assurance, permanent disability in the degrees of total, absolute and grand invalidity, and death ("Savings Plan") aimed solely and exclusively at the Company's Executive Directors. The basic characteristics of the plan are as follows:

a) It is a social welfare system based on a defined contribution.

b) It is a system endowed externally through the payment by the Company of annual premiums to an insurance company in favour of the Participant for the coverage of survival and the risk contingencies, i.e., (i) death and (ii) permanent disability in the degrees established in the Regulations.

c) Should the Participants cease to occupy positions as Executive Directors of Acciona for any reason, the Company shall cease to pay the premiums to the Savings Plan on the date on which they indisputably cease to hold their position, without prejudice to any economic rights recognised to Participants.

d) The payment of the Benefit arising out of the Savings Plan will be made directly by the insurance entity to the Participants, net of any corresponding withholdings or payments on account of personal Income Tax that may be applicable in each case and payable by the beneficiary of the Benefit. For the rest of the contingencies, the payment of the Benefit will also be made directly by the insurance entity to any entitled parties.

e) The status of Participant in the Savings Plan will be lost should any of the following circumstances arise: i) occurrence of any of the risk contingencies covered and collection of the Benefit; ii) attainment of the age of 65 years; iii) removal from the position of Executive Director of Acciona for any reason other than those indicated above.

The contributions to the Savings Plan in 2017 in favour of the Executive Directors came to 5,125 thousand euros. These contributions included 75% of the fixed annual salary and an additional amount arising from extraordinary contributions to the Savings Plan related to part of the variable remuneration in 2017.

The global remuneration related to rights accumulated by the Directors in this respect amounts to 12,768 thousand euros.

No obligations have been entered into in connection with pensions with respect to former and current members of the Board of Directors. Nor have any advances, credits or guarantees been given in favour of the members of the Board of Directors, except as indicated in this note.

In financial years 2017 and 2016 the directors of the Parent did not receive any remuneration for being members of other boards and/or senior management of Group Companies.

The remuneration of members of the board of directors of Acciona, S.A. was, in thousand euros, 17,263 and 4,623 in financial years 2017 and 2016, respectively.

The Board of Directors of Acciona, S.A. approved on 26 February 2015, upon proposal by the Appointments and Remuneration Committee, amendment to the "Plan for Delivery of Shares and options to Senior Management of Acciona and its group" Regulations, preparing new regulations that affect the executive directors and the Group's executives. The main characteristics are described below.

B. Senior Management

Senior Management includes those people forming the top two levels of the Acciona group's management and the Corporate Internal Audit Director. This classification is for information purposes only and without prejudice to their specific employment relationship.

The remuneration of the Company's General Managers and people discharging similar duties, excluding those who are simultaneously members of the Board of Directors (whose remuneration is disclosed above), and bearing in mind that this remuneration is taken from the perspective of Parent and subsidiaries, in 2017 and 2016 is summarised as follows:

Type of remuneration	**2017**	**2016**
Number of people	35	39
Remuneration (thousand euros)	21,551	24,672

The figures for 2016 appearing as remuneration (thousand euros) included the amounts related to compensation paid to the executives that left the company every year, for termination of their employment relationship, as well as the money settlement for differences in the options exercised during the year. In 2017 no settlements were paid to Senior Management.

The civil liability premium for directors and executives as paid in 2017 amounted to1,211 thousand euros.

Plan for delivery of shares and performance shares

The General Shareholders' Meeting held on 24 June 2014 approved the following agreement:

A) To extend the term of validity of the Shares and Options Delivery Plan to Acciona group's management, including Executive Directors, as was approved by the General Shareholders' Meeting of Acciona, S.A. on 4 June 2009, for application in financial years 2014 to 2020, and to increase the maximum number of shares available by 200,000 shares.

B) To authorise the Board of Directors of the Company so that it may, to all the extend required by law and upon proposal by the Appointments and Remuneration Committee, amend the Plan Regulations under the terms and conditions that the Board considers convenient, establishing delivery conditions and times, accrual periods, allocation criteria and limits and any other aspect that the Board considers relevant, in order to align further the long-term interests of the Company's Executive Directors and other executives of the Acciona Group with those of the shareholders of Acciona, S.A., and thus boost their motivation in the attainment of higher value and long-term stability for the group, and consolidate their loyalty and permanence in the Group.

Pursuant to that authority, on 26 February 2015 the Board of Directors approved, upon proposal by the Appointments and Remuneration Committee, to amend the Plan Regulations, drawing up a new one whose term of validity covers the six-year period from 2014 to 2019, both inclusive. In addition, and making use of the approval of the General Shareholders' Meeting on 18 May 2017, following a proposal from the Appointments and Remuneration Committee, the Board of Directors approved an additional amendment to the Plan Regulations at their meeting held on 14 December 2017 with the aim of adapting it to corporate governance best practices regarding deferral, malus and clawback on the variable remuneration of executive directors, and to the principles and guidelines contained in the Directors Remuneration Policy approved by the General Shareholders' Meeting.

The main characteristics are as follows:

A) Purpose of the Plan:

The purpose of the 2014 Plan for Delivery of Shares and "Performance Shares" is to remunerate management, including the Executive Directors of Acciona in such a manner as to boost the attainment of strategic business objectives to the benefit of the Company's shareholders, and the loyalty and permanence of executives.

B) Strategic indicators and objectives to achieve

Achievement of objectives will be based on business strategic indicators, which have been defined by the Board of Directors for financial years ranging from 2014 to 2019.

C) Plan beneficiaries

C.1. – Executive Directors

For Executive Directors, it is contemplated for the first time that they may have "performance shares" annually allocated by the Board of Directors. This does not give them the right to acquire the related shares (except where so provided by the Regulations) but it is an indication by the Board of Directors of the number of shares that the Board forecasts that can be allocated to these Executive Directors at a later date if two conditions are fulfilled: their permanence and the attainment of Acciona Group's long-term strategic goals as established by the Board as a requisite for the Executive Directors to receive shares.

Reference period: The reference period of the business strategic indicators will be the 2014-2019 six-year period, although, for allocation of "performance shares", the whole period from the start of the 2014 Plan application period to the end of the previous financial year will be considered.

"Performance shares" allocation: Upon completion of each financial year, the Board of Directors may assess the extent to which the long-term strategic objectives have been achieved up to that point.

The final allocation of treasury shares to Executive Directors will take place (a) at the end of the whole 2014 Plan period (in 2020) upon consideration of the assessment made for the whole 2014-2019 period and (b) at a midpoint milestone, in 2017, upon completion of the first three 2014-2016 financial years, upon consideration of the assessment made on the first 2014-2016 three-year period.

Based on the interest of the company and if circumstances so advise for Acciona and its group in the opinion of the Board of Directors, upon consideration of the recommendation from the Appointments and Remuneration Committee, the Board of Directors may put off to 2020 the delivery to the Executive Directors of the final shares allocated in 2017 (in relation to financial years 2014, 2015 and 2016), making the delivery of these shares coincide with the delivery of the shares that, if appropriate, should be delivered to the executive Directors at the end of the whole 2014 Plan period (in 2020).

Permanence condition: Delivery of the shares finally allocated to Executive Directors is dependent on the fact that, up to 31 March of the year when the shares are to be delivered, the Executive Director has not ceased to perform his/her senior management duties in Acciona or its Group for reasons attributable to the Director in question.

In no event may the number of allocated shares thus quantified exceed, together with those allocated under the 2014 Plan, the maximum number available approved by the GM.

The actual share delivery date in accordance with the provisions in the preceding sections shall be determined by the Board of Directors or their delegates, and in any case, it shall be done after the General Shareholders' Meeting of the year in which the shares are to be delivered has taken place. Delivery of 20% of the shares that the Executive Directors have a right to receive shall be subjected to a minimum deferral period of one (1) year, and its accrual shall be subject to their permanence as an Executive Director as detailed in the Regulations, and on there not being any causes that in the opinion of the external auditors could lead to a material restatement of the Acciona Group's consolidated financial statements, as determined by the Board of Directors following a proposal by the Appointments and Remuneration Committee, except when this arising from an amendment to accounting standards.

Shares delivered in 2017 are subject to an option for Acciona to buy them back: Treasury shares transferred to Executive Directors in 2017 (in relation to financial years 2014, 2015 and 2016) have been subjected to Acciona's right to buy them back, a right that can be exercised if the Executive Director acquiring the shares ceases to perform his/her senior management duties in Acciona or its group before 31 March 2020 for breach of his/her contractual obligations or resignation of his/her own free will.

C.2. – Group's Executives

For the other beneficiaries that are not executive directors, the Board of Directors will approve, upon considering proposal by the Appointments and Remuneration Committee, the amount for separate variable remuneration to be paid through delivery of the Acciona's treasury shares allocated for each financial year to each executive that benefits from the 2014 Plan other than Executive Directors.

The allocation may be implemented through a number of treasury shares or in a cash amount. In the latter case, the equivalent number of shares will be based on the closing price on the last day of trading of March of the year when the Board of Directors determines the allocation. In no event will the number of allocated shares thus quantified exceed, together with the other shares allocated under the 2014 Plan, the maximum number approved by the GM.

Treasury shares transferred to these Beneficiaries are subject to Acciona's right to buy them back, a right that can be exercised if the beneficiary acquiring the shares ceases his/her professional engagement with Acciona or its Group before 31 March of the third year following the year when delivery takes place, for reasons attributable to the Beneficiary. The Board of Directors may extend to a reduced group of executives the "performance share" and/or shares allocation system established for executive directors, with the changes as can be proposed by the Appointments and Remuneration Committee regarding interim allocation, tax system, objectives, midpoint milestones and delivery times, with the purpose of increasing their motivation in the attainment of higher value and long-term stability for the group, as well as consolidating their loyalty and permanence in the Group.

The 2014 Plan does not provide for the possible sale of shares delivered in order to pay the tax incurred by the Beneficiary as a result of such delivery. The cost of the payment on account of the 2014 Plan performance shall not be passed on to the beneficiaries, and the Company shall assume the tax cost that this payment may have on the personal income tax of the beneficiaries with the established limits.

D) Number of shares available for the Plan

Initially, the maximum number of shares that could be allocated to the Beneficiaries in application of the 2014 Plan was fixed at 258,035, although it could be increased by resolution of the General Shareholders' Meeting.

In this respect, the General Shareholders' Meeting held on 11 June 2015, 10 May 2016 and 18 May 2017 agreed to increase the maximum number of shares available for the "2014-2019 Plan for Delivery of Shares and Performance Shares" by 100,000 for each year, without affecting later increases if so proposed by the Board of Directors and approved by the General Shareholders' Meeting.

At the close of 2017 the maximum number of shares that could be delivered to implement the Plan, was 353,240, after 35,917 were used in 2017 for delivery to executives other than Executive Directors, and 104,096 shares were used for delivery to Executive Directors. Without prejudice to the foregoing, in 2017, 26,025 shares have been assigned to have a delivery deferred for a period of three years on a straight-line basis in implementation of the Plan.

E) Recipients

The annual number of Recipients shall not exceed 100.

<u>Plan to replace variable remuneration for shares</u>

Upon proposal by the Appointments and Remuneration Committee, given the limited number of Beneficiaries of the former Plan, with the purpose of furthering and extending the objectives for building loyalty and retaining executives to the Group's executives, on 26 March 2015 the Board of Directors approved the "Plan to Replace Variable Remuneration for Acciona shares, aimed to Acciona and its group's management" (the Replacement Plan), excluding executive directors; the main characteristics of the plan are the following:

Aim: To retain and motivate the management team effectively and achieve higher alignment of their interests with those of the Company and its Group.

Initial duration: Six years (2014 to 2019).

Purpose: To offer discretionally the option of replacing or swapping, in whole or in part, variable remuneration in cash for Company shares to certain Acciona and its group's executives, according to a swap equation to be determined each year. In 2015, 2016, and

2017, the swap equation approved carried an incentive of 25% over the variable remuneration replaced.

Beneficiaries: The executives that the Board of Directors determines of its own free will. Executive Directors are excluded from this Plan.

Restrictions on the shares delivered: In general terms, the shares delivered cannot be (a) disposed of, encumbered or used under any title (except for mortis causa), and (b) no option right can be set up over them, or any other right limiting ownership or as security, until after 31 March of the third year following the year in which the shares in question were delivered to the Beneficiary.

Treasury shares transferred to these Beneficiaries, corresponding to the incentive and not to the portion of the shares related to the replaced remuneration as per the amendment approved on 29 February 2016 by the Board of Directors, are subject to Acciona's right to buy them back, a right that can be exercised if the Beneficiary acquiring the shares ceases his/her professional engagement with Acciona or its Group before 31 March of the third year following the year when delivery takes place, for reasons attributable to the Beneficiary.

The Acciona share price to be taken as benchmark to determine the swap equation will be the closing price on the last day of trading of March of the year when the Board of Directors determines the allocation of the replacement option.

SHAREHOLDERS' PLAN

The Board of Directors, following proposal by the Appointments and Remuneration Committee, with the purpose of facilitating participation in the company's shareholdings, approved on 28 February 2017 a new Plan that makes it possible to redistribute part of the variable and/or fixed money remuneration with the limit of 12,000 euros per year through delivery of shares in the Company in accordance with the current regulatory framework, which is favourable in terms of the fiscal treatment of this type of plan.

The plan is voluntary, and it offers all employees with fiscal residence in Spain the opportunity of participating in the company's results by becoming shareholders. This Plan does not affect executive directors as their relationship is mercantile and not based on an employment contract. The shares were measured at the closing quotation price on 13 April 2017.

Finally, the number of shares delivered to Beneficiaries other than executive directors (47 Beneficiaries), under the **Plan for Delivery of Shares /Performance Shares**, in consideration of their dedication and performance in financial year 2017, was 35,917 shares at the fair value of 2,678 thousand euros.

Given that this plan accrues on a three-year basis, one third of the fair values mentioned above is reflected in "Staff costs" on the accompanying income statement at 31 December. The other two thirds will be recognised on the income statements for financial years 2018 and 2019.

As regards Executive Directors, one allocation and delivery of shares took place in 2017; 104,096 shares were delivered to Executive Directors and 26,025 shares have been assigned with a deferred delivery on a straight-line basis over a three-year period.

Finally, in application of the **Replacement Plan**, 22,086 shares in the Company were delivered in 2017, at the fair value of 1,651 thousand euros, to 37 executives of Acciona and its Group, in payment of part of their variable remuneration in cash in 2016.

The Company determined the fair value of the goods and services received by reference to the fair value of the equity instruments assigned.

The "Plan for delivery to Senior Management" replaced by the plan described in the paragraphs above established the replacement of shares with stock option rights for Acciona, S.A. ordinary shares. The options granted one year as part of the Plan could be exercised, in whole or in part, in one go or more, within the three-year period from (a) 31 March of the third calendar year following the year when they were allocated and (b) 31 March of the third year following the start of the period (the "Exercising Period"). The movement in 2017 in the number of options and weighted average of the prices to exercise the stock options was the following:

2017	**N° of options**	**Strike Price - Weighted Average (in euros)**
Existing at the start of the financial year	**68,872**	**60.31**
Awarded during the period	--	--
Cancelled during the period	--	--
Exercised during the period	(45,150)	46.15
Lapsed during the period	--	--
Existing at the end of the period	**23,721**	**63.25**
Susceptible of being exercised at the end of the period	23,721	63.25

As regards the options existing at the end of the financial year, it should be indicated that the strike price ranged between 56.21 and 66.73 euros and that the weighted average of the remaining life of the contract was 0.8 years.

The valuation methodology applied is based on the Enhanced FASB 123 method (Accounting for Stock Based Compensation), which is in turn based on standard "fair value" methods of the CRR binomial type with certain modifications. The model consists in estimating the value of the option by trinomial tree methods and then adjusting this value by considering that the executive in question may leave the company during the maturity period or may exercise the option when the share reaches a multiple of the strike value. The market inputs applied for valuation purposes are the closing price of the reference share on the date of issue of the plan and the strike price established for the exercise of the option, the track record of the reference share in terms of volatility calculated as the standard deviation from the quotation yields for a period equal to the duration of the plan and the risk-free interest rate.

Detail of the individuals who held Senior Management positions in the Group (taking the Parent and subsidiaries into account as Senior Management) in 2017 was as follows:

Name or registered name	Position(s) held
Alcázar Viela, Jesús	General Manager – Acciona Infrastructure - Latin America
Ancín Viguiristi, Joaquín	General Manager – Acciona Energy – Engineering & Construction
Antúnez Cid, Isabel	General Manager – Acciona Property
Arilla de Juana, Carlos María	General Manager - Economic and Financial Area
Beltrán Núñez, Raúl	Internal Audit Manager
Callejo Martínez, Alfonso	General Manager - Corporate Resources
Carrión López de la Garma, Macarena	General Manager - Office of the Chairman
Castilla Cámara, Luis	CEO - Acciona Infrastructure
Castillo García, Joaquín	Area General Manager - Acciona Energy Development
Claudio Vázquez, Adalberto	Area General Manager - Acciona Infrastructure Contract Management and Studies
Corella Hurtado, Olga	General Manager - Acciona Infrastructure - Economic Control Area
Cruz Palacios, Juan Manuel	General Manager - Acciona Infrastructure - Labour Relations, OHS and Sustainability
Díaz-Caneja Rodríguez, José Luis	Area General Manager - Acciona Water
Ezpeleta Puras, Arantza	General Manager – Technology & Innovation
Fajardo Gerez, Fernando	Area General Manager - Acciona Infrastructure – Australia and South-East Asia
Farto Paz, José María	Area General Manager - Acciona Infrastructure – Galicia
Fernández López, Roberto	Area General Manager - Acciona Infrastructure - Corporate Resources
Figueroa Gómez de Salazar, José Julio	Area General Manager – Legal Services
Gutierrez Abarquero, David	Area General Manager – Fiscal
Jiménez Serrano, Ramón	Area General Manager – Acciona Industrial and Acciona Service
Mateo Alcalá, Rafael	CEO - Acciona Energy
Mollinedo Chocano, José Joaquín	General Manager - Institutional Relations, Sustainability and Brand
Moreno Lorente, Huberto José	General Manager – Acciona Infrastructure - Construction Area
Muro-Lara Girod, Juan	General Manager – Corporate Development and Relations with Investors
Otazu Aguerri, Juan	Production Area General Manager - Acciona Energy
Quero Gil, Mario	Area General Manager – Trasmediterránea
Rego Prieto, Oscar Luis	Procurement Area General Manager - Acciona Infrestructure
Rodríguez Hernández, José Luis	Area General Manager – Other Businesses and Investees
Santamaría-Paredes Castillo, Vicente	Area General Manager – Compliance
Silva Ferrada, Juan Ramón	Area General Manager – Sustainability
Soto Conde, Antonio	Area General manager - Grupo Bodegas Palacio 1894
Tejero Santos, José Ángel	Area General Manager - Economic Oversight and Finance
Terceiro Mateos, José Manuel	Area General Manager - Acciona Infrastructure - Economics and Finance
Vega-Penichet Lopez, Jorge	General Secretary
Vicente Pelegrini, Justo	Area General Manager - Acciona Construction - Spain, Portugal and Africa

Detail of the individuals who held Senior Management positions in the Group (taking the Parent and subsidiaries into account as Senior Management) in 2016 was as follows:

Name or registered name	Position(s) held
Alcázar Viela, Jesús	General Manager – Acciona Infrastructure - Latin America
Ancín Viguiristi, Joaquín	General Manager – Acciona Energy – Engineering & Construction
Antúnez Cid, Isabel	General Manager – Acciona Property
Arilla de Juana, Carlos María	General Manager - Economic and Financial Area
Beltrán Núñez, Raúl	Internal Audit Manager
Blanco Diéguez, José Luis	General Manager - Acciona Windpower

Name or registered name	Position(s) held
Cabanillas Alonso, Pío	General Manager - Corporate Image and Global Marketing
Callejo Martínez, Alfonso	General Manager - Corporate Resources
Carrión López de la Garma, Macarena	General Manager - Office of the Chairman
Castilla Cámara, Luis	CEO - Acciona Infrastructure
Castillo García, Joaquín	Area General Manager - Acciona Energy Development
Claudio Vázquez, Adalberto	General Manager Civil Works - Acciona Infrastructure
Corella Hurtado, Olga	General Manager - Acciona Infrastructure - Economic Control Area
Cruz Palacios, Juan Manuel	General Manager - Acciona Infrastructure - Labour Relations, Environment Quality Plan and Sustainability
Díaz-Caneja Rodríguez, José Luis	Area General Manager - Acciona Water
Ezpeleta Puras, Arantza	General Manager – Technology & Innovation
Fajardo Gerez, Fernando	Area General Manager - Acciona Infrastructure – Australia and South-East Asia
Farto Paz, José María	Area General Manager - Acciona Infrastructure – Galicia
Fernández López, Roberto	Area General Manager - Acciona Infrastructure - Corporate Resources
Figueroa Gómez de Salazar, José Julio	Area General Manager – Legal Services
Gutierrez Abarquero, David	Area General Manager – Fiscal
Jiménez Serrano, Ramón	Area General Manager – Acciona Industrial and Acciona Service
Luna Butz, Walter	CEO - Acciona Energy
Mateo Alcalá, Rafael	CEO - Acciona Energy
Mollinedo Chocano, José Joaquín	General Manager - Institutional Relations, Sustainability and Brand
Moreno Lorente, Huberto José	Area General Manager- Railway & Tunnels, Acciona Infrastructures
Muro-Lara Girod, Juan	General Manager – Corporate Development and Relations with Investors
Otazu Aguerri, Juan	Production Area General Manager - Acciona Energy
Quero Gil, Mario	Area General Manager – Trasmediterránea
Rego Prieto, Oscar Luis	Procurement Area General Manager - Acciona Infrestructure
Rivas Anoro, Félix	Area General Manager - Procurement, Innovation, Quality and the Environment
Rodríguez Hernández, José Luis	Area General Manager – Other Businesses and Investees
Santamaría-Paredes Castillo, Vicente	Area General Manager – Compliance
Silva Ferrada, Juan Ramón	Area General Manager – Sustainability
Soto Conde, Antonio	Area General manager - Grupo Bodegas Palacio 1894
Tejero Santos, José Ángel	Area General Manager - Economic Oversight and Finance
Terceiro Mateos, José Manuel	Area General Manager - Acciona Infrastructure - Economics and Finance
Vega-Penichet Lopez, Jorge	General Secretary
Vicente Pelegrini, Justo	Area General Manager - Acciona Infrastructure Spain and Construction Africa, Sweden and Emirates

C. Auditor

In 2017, the fees for financial audit and other services provided by the new auditor of the Group's consolidated financial statements, KPMG Auditores, S.L., or by firms in the KPMG organisation (Deloitte, S.L. in 2016), and the fees billed by the auditors of the financial statements of the consolidated companies, and by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows:

	Services provided by the main auditor		Services provided by other audit firms	
	2017	2016 (*)	2017	2016
Auditing services	3,694	3,282	752	1,654
Other assurance services	961	383	560	1,037

Total audit and related services	**4,655**	**3,665**	**1,312**	**2,691**
Tax advisory services	153	807	1,235	790
Other services	2,059	3,537	5,019	3,998
Total professional services	**2,212**	**4,344**	**6,254**	**4,788**

(*)Deloitte, S.L. was the main Auditor during 2016.

With regards to the main auditor, "other assurance services" includes mainly advisory services in the scope of sustainability and corporate social responsibility, financial due diligence services, services to issue "comfort letters", and reports on agreed procedures. The concept of "tax advisory services" includes mainly fees for advisory services on transfer pricing, corporate tax and indirect taxation documentation. Finally, "other services" mainly includes advisory services the Group's management of expatriate staff, valuation services, advice regarding information security and information technology and business consultancy services.

35.- Other disclosures concerning the Board of Directors

Pursuant to Article 229 of Royal Legislative Decree 1/2010, of 2 July, whereby the consolidated text of the Capital Companies Act was approved, at 31 December 2017, according to the information available to the Company and notified by Directors and their related parties, they were not involved in any situations of conflict, whether direct or indirect, with the Company's interests.

36. - Trade and other accounts payable

At 31 December 2017, the balance of trade and other payables came to 2,199 million euros, and to 2,297 million euros in 2016; as a significant variation under this heading it should be noticed the transfer of the Subgroup Trasmediterránea to "held for sale" for the amount of 74 million euros.

As detailed in Note 14, the amount corresponding to customer advances recorded at the close of the financial year 2017 and 2016 under this heading amount to 658 and 944 million euros, respectively, mainly from the infrastructure division.

Average period for payment to suppliers

The table below details the information required by Final Provision Two of Act 31/2014, of 3 December, as prepared following application of Resolution dated 29 January 2016 by the Spanish Accounting and Audit Institute. This information refers only to Spain, where this regulation is applicable:

Average payment period and payments made and payments outstanding at the balance sheet date in Spain	**2017**	**2016**
	Days	**Days**
Average period of payment to suppliers	38	42
Paid operations ratio	34	40
Unpaid operations ratio	60	55

(thousand euros)	**Amount**	**Amount**
Total payments made	2,655,262	2,344,181
Total payments outstanding (*)	448,834	411,792

(*) There are "outstanding payments" at 31 December 2017 recorded under "liabilities associated with assets held for sale" for the amount of 56,205 thousand euros.

The "Average period of payment to suppliers" refers to the time that elapses from delivery of goods or provision of services by a supplier to payment of the operation.

The "Average period of payment to suppliers" is calculated as the quotient whose numerator is the result of adding the paid operations ratio by the total amount of payments made to suppliers plus the operations outstanding ratio by the total amount of payments outstanding and whose denominator is the total amount of payments made and payments outstanding.

The "Paid operations ratio" is calculated as the quotient whose numerator is the sum of the products related to the amounts paid, by the number of payment days (calendar days elapsed as from the time when the period begins to run up to actual payment of the operation) and whose denominator is the total amount of payments made.

And the "Unpaid operations ratio" refers to the quotient whose numerator is the sum of the products related to the amounts outstanding, by the number of payment outstanding days (calendar days elapsed as from the time when the period begins to run up to the closing of annual accounts) and whose denominator is the total amount of payments outstanding.

APPENDIX I

GROUP COMPANIES

The subsidiaries of ACCIONA, S.A. considered to be Group companies were treated as such in accordance with IFRS. The companies fully consolidated in 2017, and the information thereon at 31 December 2017, were the following (amounts in thousand euros):

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
3240934 Nova Scotia Company	–	Canada	Energy	100.00%	Subgroup Acciona Renewable Canadá	292
Acciona Wind Energy Canada Inc.	–	Canada	Energy	66.67%	Subgroup Acciona Energía Internacional	52,446
Acciona & Sogex Facility Services LLC	A	Oman	Urban Services	70.00%	Subgroup Acciona Facility Services	248
Acciona Agua Adelaide Pty Ltd	A	Australia	Water Treatment	100.00%	Subgroup Acciona Agua Australia	7
Acciona Agua Australia Proprietary, Ltd	A	Australia	Water Treatment	100.00%	Subgroup Acciona Agua	5
Acciona Agua Brasil - Tratamento De Agua Ltd	–	Brazil	Water Treatment	100.00%	Subgroup Acciona Agua	2,544
Acciona Agua Canada Inc.	B	Canada	Water Treatment	100.00%	Subgroup Acciona Agua	7
Acciona Agua India Private Limited	E	India	Water Treatment	100.00%	Subgroup Acciona Agua	1,257
Acciona Agua Internacional Australia Pty, Ltd	C	Australia	Water Treatment	100.00%	Subgroup Acciona Agua Internacional	–
Acciona Agua Internacional Inc.	–	Canada	Water Treatment	100.00%	Subgroup Acciona Agua Internacional	7
Acciona Agua Internacional, S.L.	–	Madrid	Water Treatment	100.00%	Subgroup Acciona Agua	4
Acciona Agua México. S.R.L. De C.V.	–	Mexico	Water Treatment	100.00%	Subgroup Acciona Agua	6,061
Acciona Agua Servicios S.L.	A	Madrid	Water Treatment	100.00%	Subgroup Acciona Agua	51,130
Acciona Agua, S.A.	A	Madrid	Water Treatment	100.00%	Subgroup Corporación Acciona Infraestructuras	284,285
Acciona Airport Services Düsseldorf Gmbh	A	Germany	Logistics Services	100.00%	Subgroup Acciona Airport Services Frankfurt	25
Acciona Airport Services Barcelona, S.L	–	Madrid	Logistics Services	100.00%	Subgroup Acciona Airport Services	3
Acciona Airport Services Canarias, S.L	–	Madrid	Logistics Services	100.00%	Subgroup Acciona Airport Services	3
Acciona Airport Services Chile, Spa	–	Chile	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	774
Acciona Airport Services Este, S.L	–	Madrid	Logistics Services	100.00%	Subgroup Acciona Airport Services	3
Acciona Airport Services Frankfurt, Gmbh	A	Germany	Logistics Services	100.00%	Acciona	5,637
Acciona Airport Services Madrid, S.L	–	Madrid	Logistics Services	100.00%	Subgroup Acciona Airport Services	3

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Acciona Airport Services Norte, S.L	—	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	25,726
Acciona Airport Services Sur, S.L	—	Madrid	Logistics Services	100.00%	Subgroup Acciona Airport Services	3
Acciona Airport Services, S.A.	A	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	25,724
Acciona Biocombustibles, S.A.	—	Navarra	Energy	100.00%	Subgroup Acciona Energía	12,871
Acciona Biomasa	—	Navarra	Energy	100.00%	Subgroup Acciona Energía	20,003
Acciona Cerro Negro, S.A.	—	Chile	Water treatment/Construction	100.00%	Subgroup Acciona Construcción	4
Acciona Concesiones Australia Pty Limited	A	Australia	Concession Operation	100.00%	Subgroup Acciona Concesiones	—
Acciona Concesiones Chile, S.A.	—	Chile	Holding Company	100.00%	Subgroup Acciona Construcción	8,419
Acciona Concesiones, S.L.	A	Madrid	Holding Company	100.00%	Acciona	59,060
Acciona Concessions Management Inc.	A	Canada	Holding Company	100.00%	Subgroup Acciona Concesiones	4,142
Acciona Construccion Australia, Pty Ltd.	—	Australia	Construction	82.40%	Subgroup Geotech Holding	—
Acciona Construcción, S.A	B	Madrid	Construction	100.00%	Subgroup Corporación Acciona Infraestructuras	332,227
Acciona Construction Holdings Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holding	127,442
Acciona Construction Maroc, SARL	—	Morocco	Construction	100.00%	Subgroup Acciona Construcción	—
Acciona Construction Philippines Inc.	—	Philippines	Construction	100.00%	Subgroup Acciona Construcción	1,534
Acciona Construction USA Corp.	—	USA	Construction	100.00%	Subgroup Acciona Construcción	4
Acciona Copiapó, S.A.	—	Chile	Water treatment/Construction	100.00%	Subgroup Acciona Construcción	4
ACCIONA CORPORACION, S.A.	—	Madrid	Instrumental	100.00%	Subgroup Finanzas y Cartera 2	60
Acciona Desarrollo Corporativo, S.A.	—	Madrid	Instrumental	100.00%	Subgroup Finanzas y Cartera 2	60
Acciona Do Brasil, Ltda.	—	Brazil	Holding Company	100.00%	Subgroup Acciona Construcción	18,927
Acciona Energía Atlanta I, S.L.	—	Madrid	Energy	66.67%	Subgroup Acciona Energía Internacional	2
Acciona Energía Atlanta II, S.L.	—	Madrid	Energy	66.67%	Subgroup Acciona Energía Internacional	2
Acciona Energía Atlanta III, S.L.	—	Madrid	Energy	66.67%	Subgroup Acciona Energía Internacional	2
Acciona Energía Chile	A	Chile	Energy	100.00%	Subgroup Acciona Energía Global	37
Acciona Energía Chile Holdings, SA	A	Chile	Energy	100.00%	Subgroup Acciona Energía Global	136
Acciona Energía Costa Rica, S.A.	—	Costa Rica	Energy	100.00%	Subgroup Acciona Energía Global	479
Acciona Energía Global Italia, S.R.L.	A	Italy	Energy	100.00%	Subgroup Acciona Energía Global	3,347

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Acciona Energía Global, S.L.	A	Navarra	Energy	100.00%	Subgroup Acciona Energía	92,307
Acciona Energía Internacional, S.A.	A	Navarra	Energy	66.67%	Subgroup Acciona Energía	324,000
Acciona Energía México Global LLC	A	Mexico	Energy	100.00%	Subgroup Acciona Energía Global	7,632
Acciona Energía México, Srl	A	Mexico	Energy	66.67%	Subgroup Acciona Energía Internacional	3,300
Acciona Energía Servicios México S De Rl De C.V.	A	Mexico	Energy	100.00%	Subgroup Acciona Energía Mexico Global	3,916
Acciona Energía, S.A.	A	Navarra	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	1,146,380
Acciona Energija D.O.O.	–	Croatia	Energy	100.00%	Subgroup Acciona Energía Global	–
Acciona Energy North América Corp.	A	USA	Energy	66.67%	Subgroup Acciona Energía Internacional	224,438
Acciona Energy Australia Global, Pty. Ltd	A	Australia	Energy	100.00%	Subgroup Acciona Energía Global	–
Acciona Energy Canadá Global Corp	–	Canada	Energy	100.00%	Subgroup Acciona Energía Global	2,267
Acciona Energy Development Canadá Inc	–	Canada	Energy	100.00%	Subgroup Acciona Energía Global Canada	–
Acciona Energy Global Poland Sp. Z.O.O.	A	Poland	Energy	100.00%	Subgroup Acciona Energía Global	716
Acciona Energy India Private Limited	A	India	Energy	100.00%	Subgroup Acciona Energía Global	15,555
Acciona Energy Korea, Inc	–	South Korea	Energy	100.00%	Subgroup Acciona Energía Global	–
Acciona Energy Oceania Construction Pty Ltd	–	Australia	Energy	100.00%	Subgroup Acciona Energía Global Australia	1,087
Acciona Energy Oceania Financial Services Ply, Ltd	A	Australia	Energy	100.00%	Subgroup Acciona Energía Global Australia	34
Acciona Energy Oceania Ply. Ltd	A	Australia	Energy	66.67%	Subgroup Acciona Energía Internacional	102,736
Acciona Energy Poland Maintenance Services Sp. Z O.O	A	Poland	Energy	100.00%	Subgroup Acciona Energía Global Poland	25
Acciona Energy Poland Sp. Z.O.O	A	Poland	Energy	66.67%	Subgroup Acciona Energía Internacional	46,968
Acciona Energy South Africa (Proprietary) Limited	A	South Africa	Energy	66.67%	Subgroup Acciona Energía Internacional	34,852
Acciona Energy South Africa Global (Pty) Ltd	A	South Africa	Energy	100.00%	Subgroup Acciona Energía Global	10,823
Acciona Energy USA Global LLC	A	USA	Energy	100.00%	Subgroup Acciona Energía Global	128,715
Acciona Engineering Qatar	A	Qatar	Engineering	100.00%	Subgroup Acciona Ingeniería	47
Acciona Eólica Calabria, Srl	–	Italy	Energy	100.00%	Subgroup Acciona Energía Global Italia	2,723
Acciona Eólica Cesa Italia, S.R.L.	A	Italy	Energy	66.67%	Subgroup Acciona Energía Internacional	20,572
Acciona Eólica Cesa, S.L.	–	Madrid	Energy	100.00%	Subgroup Ceatesalas	93,938
Acciona Eólica De Castilla La Mancha, S.L.	A	Madrid	Energy	100.00%	Subgroup Alabe	100
Acciona Eólica De Galicia, S.A.	A	Lugo	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	27,716

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Acciona Eólica Levante, S.L.	A	Valencia	Energy	100.00%	Subgroup Alabe	19,314
Acciona Eólica Portugal Unipersonal, Lda.	A	Portugal	Energy	66.67%	Subgroup Acciona Energia Internacional	24,457
Acciona EPC North América LLC	—	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	8
Acciona Facility Services Automoción Catalunya, S.L.	—	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services	3
Acciona Facility Services Canadá Ltd	—	Canada	Urban Services	100.00%	Subgroup Acciona Facility Services	—
Acciona Facility Services Este, S.L.	—	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services	3
Acciona Facility Services Germany Gmbh	—	Germany	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	5,044
Acciona Facility Services Holland B.V.	—	Holland	Urban Services	100.00%	Subgroup Acciona Facility Services	18
Acciona Facility Services Italia, Srl	—	Italy	Urban Services	100.00%	Subgroup Acciona Facility Services	12
Acciona Facility Services Poland Spólka Z.O.O.	—	Poland	Facility Services	100.00%	Subgroup Acciona Facility Services	—
Acciona Facility Services Portugal	E	Portugal	Urban Services	100.00%	Subgroup Acciona Facility Services	1,048
Acciona Facility Services Sur, S.A.	—	Toledo	Urban Services	100.00%	Subgroup Multiservicios Acciona Facility Services	262
Acciona Facility Services, S.A.	A	Barcelona	Urban Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	101,518
Acciona Financiación De Filiales Chile Spa	A	Chile	Financial	100.00%	Acciona	70,873
Acciona Financiación Filiales	A	Madrid	Financial	100.00%	Acciona	411,826
Acciona Financiacion Filiales Australia Pty Ltd	A	Australia	Financial	100.00%	Acciona	—
Acciona Forwarding Argentina, S.A.	—	Argentina	Logistics Services	100.00%	Subgroup Acciona Forwarding	673
Acciona Forwarding Brasil	A	Brazil	Logistics Services	98.71%	Subgroup Acciona Forwarding	3,305
Acciona Forwarding Canarias, S.L.	A	Canary Islands	Logistics Services	100.00%	Subgroup Acciona Forwarding	389
Acciona Forwarding, S.A.	A	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	5,628
Acciona Geotech Group Services Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holding	—
Acciona Geotech Holding Pty Ltd	A	Australia	Construction	82.40%	Subgroup Acciona Geotech	130,390
Acciona Global Renewables, S.A.	—	Madrid	Energy	66.67%	Subgroup Acciona Energía	40
Acciona Green Energy Developments, S.L.	A	Navarra	Energy	100.00%	Subgroup Acciona Energía	26,000
Acciona Ground Services, S.L	—	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	2
Acciona Handling Services, S.L.	—	Valencia	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	—
Acciona Health Care Services, S.L.	—	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services	3

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Acciona Industrial Australia, Pty Ltd	–	Australia	Construction	100.00%	Subgroup Acciona Construcción	6
Acciona Industrial, S.A.	A	Sevilla	Construction	100.00%	Subgroup Acciona Construcción	21,476
Acciona Infraestructuras Colombia SAS	–	Colombia	Construction	100.00%	Subgroup Acciona Construcción	6
Acciona Infraestructuras Residenciales México S.A.	A	Mexico	Construction	100.00%	Subgroup Acciona Construcción	2
Acciona Infraestructuras-Elecnor, Hospital David	A	Panama	Construction	75.00%	Subgroup Acciona Construcción	6
Acciona Infraestructure Asia Pacific Pty Limited	–	Australia	Construction	100.00%	Subgroup Acciona Construcción	57,223
Acciona Infrastructure New Zealand. Ltd	A	New Zealand	Construction	100.00%	Subgroup Acciona Construcción	19
Acciona Infrastructures Australia Pty. Ltd	B	Australia	Construction	100.00%	Subgroup Acciona Construcción	16,133
Acciona Ingeniería Colombia, S.A.S.	–	Colombia	Engineering	100.00%	Subgroup Acciona Ingeniería	6
Acciona Ingeniería Industrial S.A. De C.V.	A	Mexico	Engineering	100.00%	Subgroup Acciona Ingeniería	12,211
Acciona Ingeniería S.A.	A	Madrid	Engineering	100.00%	Subgroup Acciona Construcción	12,409
Acciona Inmobiliaria S.L.	A	Madrid	Real estate	100.00%	Acciona	1,434,454
Acciona Instalaciones México, S.A De C.V.	B	Mexico	Construction	100.00%	Subgroup Acciona Industrial	122
Acciona Inversiones Corea, S.L.	–	Navarra	Energy	100.00%	Subgroup Acciona Energía Global	–
Acciona Logística, S.A.	–	Madrid	Holding Company	100.00%	Acciona	326,889
Acciona Mantenimiento De Infraestructuras, S.A.	A	Madrid	Construction	100.00%	Subgroup Acciona Construcción	278
Acciona Medioambiente, S.A.	A	Valencia	Urban Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	–
Acciona Multiservicios, S.A.	A	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services	700
Acciona Nieruchomosci, Sp. Z.O.O	–	Poland	Real estate	100.00%	Subgroup Acciona Inmobiliaria	7,705
Acciona Operación y Mantenimiento, S.R.L De C.V.	A	Mexico	Urban Services	100.00%	Subgroup Acciona Facility Services	626
Acciona Portugal II - Energia Global, Lda	–	Portugal	Energy	100.00%	Subgroup Acciona Energía Global	1
Acciona Producciones y Diseño S.A.	A	Madrid	Audio-visual services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	7,805
Acciona Project Management Mexico, S.A. de C.V	A	Mexico	Urban Services	100.00%	Subgroup Acciona Facility Services	1,077
Acciona Rail Services, S.A.	–	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	256
Acciona Real Estate, S.A.U.	A	Madrid	Real estate	100.00%	Subgroup Acciona Inmobiliaria	399,506
Acciona Redes y Mantenimientos Especializados, S.L	–	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services	3
Acciona Renewable Energy Canadá Gp Holdings Inc	–	Canada	Energy	100.00%	Subgroup Nova Scotia	3,965
Acciona Renewable Energy Canadá Holdings LLC	–	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	297
Acciona Saltos De Agua, S.L.U.	A	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	70,603
Acciona Saudi Arabia For Contracting Llc	E	Saudi Arabia	Engineering	100.00%	Subgroup Acciona Industrial	123

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Acciona Serv. Hospitalarios, S.L.	—	Madrid	Holding Company	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	629
Acciona Service, S.L.	A	Madrid	Urban Services	100.00%	Subgroup Corporación Acciona Infraestructuras	143,538
Acciona Servicios Administrativos, S.A. de C.V.	A	Mexico	Real estate	100.00%	Subgroup Acciona Facility Services	586
Acciona Servicios Concesionales, S.L.	A	Madrid	Concession Operation	100.00%	Acciona	1,294
Acciona Servicios Ferroviarios, S.L.	A	Madrid	Logistics Services	100.00%	Subgroup Acciona Facility Services	21
Acciona Servicios Urbanos Medio Ambiente México, S.A. De C.V.	A	Mexico	Urban Services	100.00%	Subgroup Acciona Facility Services	1,790
Acciona Servicios Urbanos, S.L.	A	Madrid	Urban Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	30,809
Acciona Sistemas De Seguridad, S.A.	—	Madrid	Construction	100.00%	Subgroup Acciona Facility Services	411
Acciona Smart City Services, S.L	—	Madrid	Urban Services	100.00%	Subgroup Acciona Facility Services	3
Acciona Solar Energy LLC	—	USA	Energy	66.67%	Subgroup Acciona Energía North América	27,664
Acciona Solar Power Inc.	—	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	6,055
Acciona Solar, S.A.	—	Navarra	Energy	100.00%	Subgroup Acciona Energía	3,360
Acciona Suministradora México, S.R.L. de C.V.	—	Mexico	Energy	100.00%	Subgroup Acciona Energía	—
Acciona Termosolar	A	Navarra	Energy	100.00%	Subgroup Acciona Energía	15,505
Acciona Water Supplies Technology Beijing Co. Ltd	E	China	Water Treatment	100.00%	Subgroup Acciona Agua	319
Acciona Wind Energy Pvt Ltd	A	India	Energy	66.67%	Subgroup Acciona Energía Internacional	7,050
Acciona Wind Energy USA, LLC	—	USA	Energy	66.67%	Subgroup Acciona Energía North América	313,921
Acciones Urbanas, Servicios y Medio Ambiente, S.L.	—	Murcia	Urban Services	50.00%	Subgroup Acciona Servicios Urbanos	200
Aepo Gabón, S.A.	—	Gabon	Engineering	100.00%	Subgroup Acciona Ingeniería	4
Aepo Polska S.P. Z O.O	—	Poland	Engineering	100.00%	Subgroup Acciona Ingeniería	18
Aerosite Energy Private Limited	A	India	Energy	100.00%	Subgroup Acciona Energía Global	3,020
AFS Efficient Energy Uk Limited	—	United Kingdom	Urban Services	100.00%	Subgroup Acciona Facility Services	—
AFS Empleo Social Barcelona, S.L.	—	Barcelona	Urban Services	100.00%	Subgroup Acciona Facility Services	3
AFS Empleo Social, S.L.	—	Barcelona	Urban Services	100.00%	Subgroup Acciona Facility Services	153
Agencia Marítima Transhispanica, S.A.	—	Madrid	Logistics Services	92.71%	Subgroup Acciona Trasmediterranea	664
Agencia Schembri, S.A.	C	Madrid	Logistics Services	92.71%	Subgroup Acciona Trasmediterranea	14,808
Aguas Pilar De La Horadada S.L.	—	Madrid	Water Treatment	100.00%	Subgroup Acciona Agua Servicios	3

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
AIE Trafalgar	--	Cádiz	Energy	86.20%	Subgroup Acciona Energía	1,693
Alabe Mengibar, A.I.E.	--	Madrid	Energy	96.25%	Subgroup Ineuropa de cogeneración	59
Alabe Sociedad De Cogeneración, S.A.	--	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	3,948
Almeyda Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global	--
Amherst Wind Construction Gp Inc	--	Canada	Energy	100.00%	Subgroup Acciona Energía Global Canada	--
Anchor Wind, LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	3,132
Andratx Obres I Sanetjament, S.L.	--	Mallorca	Water Treatment	100.00%	Subgroup Acciona Agua	4
Antigua Bodega De Don Cosme Palacio, S.L.	--	Alava	Winery	100.00%	Subgroup Palacio	744
Apoderada Corporativa General, S.A.	--	Madrid	Instrumental	100.00%	Acciona	60
Arsogaz 2005, S.L.	--	Madrid	Real estate	100.00%	Subgroup Acciona Inmobiliaria	1,001
Asesores Turisticos Del Estrecho, S.A.	--	Málaga	Logistics Services	92.71%	Subgroup Acciona Trasmediterranea	186
ATLL Concesionaria de la Generalitat de Catalunya, S.A.	A	Barcelona	Water Treatment	76.05%	Subgroup Acciona Agua	24,609
Aulac Wind Power Lp	--	Canada	Energy	100.00%	Subgroup Acciona Energía Global Canada	--
Autovia De Los Viñedos	A	Toledo	Concessions	100.00%	Acciona	--
Avenir El Romero Spa	--	Chile	Energy	100.00%	Subgroup Acciona Energía Global	--
Bear Creek	--	USA	Energy	100.00%	Subgroup GWH Acciona Energy	1,396
Bestinver Gestion S.C.I.I.C., S.A.	A	Madrid	Financial	100.00%	Subgroup Bestinver	331
Bestinver Pensiones G.F.P., S.A.	A	Madrid	Financial	100.00%	Subgroup Bestinver	1,203
Bestinver Sociedad De Valores, S.A.	A	Madrid	Financial	100.00%	Subgroup Bestinver	5,267
Bestinver, S.A.	A	Madrid	Financial	100.00%	Acciona	6,113
Biocarburants De Catalunya, S.A.	--	Barcelona	Energy	100.00%	Subgroup Acciona Energía	1,947
Biodiesel Caparroso, S.L.	--	Navarra	Energy	100.00%	Subgroup Acciona Energía	54,707
Biodiesel Del Esla Campos	--	Navarra	Energy	100.00%	Subgroup Biocombustibles	5,611
Biodiesel Sagunt, S.L.	--	Navarra	Energy	100.00%	Subgroup Biocombustibles	2,186
Biomasa Alcazar, S.L.	--	Madrid	Energy	100.00%	Subgroup Biomasa Nacional	303
Biomasa Briviesca, S.L.	A	Burgos	Energy	85.00%	Subgroup Biomasa Nacional	4,191
Biomasa Miajadas, S.L.	A	Madrid	Energy	100.00%	Subgroup Biomasa Nacional	20,003
Biomasa Sangüesa, S.L.	A	Navarra	Energy	100.00%	Subgroup Acciona Energía	100
Bodegas Palacio, S.A.	A	Alava	Winery	100.00%	Subgroup Sileno	1,526
Capev Venezuela	E	Venezuela	Construction	100.00%	Subgroup Acciona Construcción	3,883
Ce Oaxaca Cuatro, S. De R.L. De C.V.	A	Mexico	Energy	66.67%	Subgroup Acciona Energia Mexico	278
Ce Oaxaca Dos, S. De R.L. De C.V.	A	Mexico	Energy	66.67%	Subgroup Acciona Energia Mexico	335

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Ce Oaxaca Tres, S. De R.L. De C.V.	A	Mexico	Energy	66.67%	Subgroup Acciona Energía Mexico	–
Ceatesalas. S.L.	–	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	983,583
Cenargo España, S.L.	A	Madrid	Logistics Services	92.71%	Subgroup Agencia Schembri	7,080
Centro De Servicios Compartidos De Acciona S.L.	–	Madrid	Instrumental	100.00%	Acciona	3
Ceólica Hispania. S.L.	–	Madrid	Energy	100.00%	Subgroup Acciona Eólica Cesa	49,404
Cesa Eolo Sicilia Srl.	–	Italy	Energy	66.67%	Subgroup Cesa Italia	10,581
Cirtover, S.L.	–	Madrid	Instrumental	100.00%	Acciona	3
Civerzba ITG, S.L.	–	Egypt	Energy	100.00%	Subgroup Acciona Energía Global	4,307
Coefisa, S.A.	–	Switzerland	Financial	100.00%	Acciona	711
Coleman Rail Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holding	2,665
Combuslebor, S.L.	–	Murcia	Logistics Services	100.00%	Subgroup Olloquiegui	–
Compañía de agua Calten, S.A.P.I. de C.V.	–	Mexico	Water Treatment	68.60%	Subgroup Acciona Agua	29
Compañia De Aguas Paguera, S.L.	–	Mallorca	Water Treatment	100.00%	Subgroup Gesba	1,803
Compañía Eólica Granadina, S.L.	A	Granada	Energy	50.00%	Subgroup Ceólica	2,930
Compañia Internacional De Construcciones	–	Panama	Financial	100.00%	Acciona	1,353
Compañía Trasmediterránea, S.A.	A	Madrid	Logistics Services	92.71%	Subgroup Acciona Logística	260,540
Compañía Urbanizada Del Coto, S.L.	C	Madrid	Real estate	21.02%	Subgroup Acciona Real Estate	–
Consorcio Acciona Ossa, S.A	–	Chile	Construction	65.00%	Subgroup Acciona Construcción	5
Consorcio Acciona_Ossa Andina S.A.	–	Chile	Construction	65.00%	Subgroup Acciona Construcción	4
Consorcio Constructor Araucaria Ltd.	–	Chile	Construction	60.00%	Subgroup Acciona Construcción	3
Consorcio Eólico Chiripa, S.A.	A	Costa Rica	Energy	65.00%	Subgroup Acciona Energía	–
Construcciones Residenciales Mexico, C.B.	A	Mexico	Construction	100.00%	Subgroup Acciona Construcción	3,220
Constructora El Paso S.P.A.	–	Chile	Construction	100.00%	Subgroup Acciona Construcción	8
Constructora La Farfana, Spa	–	Chile	Construction	100.00%	Subgroup Acciona Construcción	8
Constructora Ruta 160, S.A.	–	Chile	Construction	100.00%	Subgroup Acciona Concesiones Chile	87,429
Copane Valores, S.L.	–	Madrid	Instrumental	100.00%	Acciona	55,779
Corporación Acciona Energías Renovables, S.L.	A	Madrid	Energy	100.00%	Acciona	2,917,224
Corporación Acciona Eólica, S.A.	A	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	343,503
Corporación Acciona Hidráulica, S.A.	A	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energías Renovables	65,003
Corporación Acciona Infraestructuras S.L.	–	Madrid	Holding Company	100.00%	Acciona	760,052
Corporación De Explotaciones y Servicios, S.A	–	Madrid	Holding Company	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	3,829

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Corporación Eólica Catalana. S.L.	—	Madrid	Energy	100.00%	Subgroup Ceólica	12
Corporación Eólica De Valdivia. S.L.	—	Madrid	Energy	100.00%	Subgroup Ceólica	12,405
Corporación Eólica La Cañada. S.L.	—	Madrid	Energy	100.00%	Subgroup Ceatesalas	1,368
Demsey Ridge Wind Farm, LLC	A	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA	125,772
Depurar 7B, S.A.	E	Aragón	Water Treatment	100.00%	Subgroup Acciona Agua	4,892
Depurar 8B, S.A.	E	Aragón	Water Treatment	100.00%	Subgroup Acciona Agua	5,939
Desarrolladora De Infraestructura Hispano-Peninsular, S.A. De C.V.	A	Mexico	Construction	60.00%	Subgroup Acciona Construcción	1
Desarrolladora De Infraestructuras Hispano-Mexicanas, S.A. De C.V.	A	Mexico	Construction	100.00%	Subgroup Acciona Construcción	4
Desarrollos Revolt Del Llobregat,S.L.	—	Madrid	Real estate	100.00%	Subgroup Acciona Inmobiliaria	32,461
Desarrollos y Construcciones, S.A. De C.V.	A	Mexico	Construction	100.00%	Subgroup Acciona Construcción	7,828
Dren, S.A.	—	Madrid	Holding Company	100.00%	Acciona	1,335
Ecogrove	A	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA	89,329
Ecovista Wind, LLC	—	USA	Energy	100.00%	Subgroup Ecoenergy	—
Efrato ITG, S.L.	—	Egypt	Energy	100.00%	Subgroup Acciona Energía Global	4,307
EHN Slovenia	—	Slovenia	Energy	100.00%	Subgroup Acciona Energía Global	—
Emp.Diseño Constr.Cons.Jardines y Zonas Verdes, S.A.	—	Málaga	Construction	100.00%	Subgroup Acciona Construcción	546
Empordavent S.L.U.	A	Barcelona	Energy	100.00%	Subgroup Acciona Energía	14,206
Empreendimientos Eólicos Do Verde Horizonte, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	5,248
Empreendimientos Eólicos Ribadelide, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	3,662
Empresa Operadora ATLL, S.A.	A	Barcelona	Water Treatment	100.00%	Subgroup Acciona Agua	60
Enalia, Ltda.	—	Colombia	Winery	100.00%	Subgroup Hijos de Antonio Barceló	2,136
Energea Servicios y Mantenimiento. S.L.	A	Barcelona	Energy	100.00%	Subgroup Terranova Energy Corporation	3
Energia Renovable Del Istmo II SA de Cv	A	Mexico	Energy	100.00%	Subgroup Acciona Energía Mexico Global	14,154
Energía Renovables De Barazar, S.L.	—	Madrid	Energy	100.00%	Subgroup Ceatesalas	47,836
Energias Alternativas De Teruel, S.A.	—	Teruel	Energy	51.00%	Subgroup Acciona Energía	82
Energias Eólicas De Catalunya, S.A.	A	Barcelona	Energy	100.00%	Subgroup Acciona Energía	6,000
Energías Renovables De Ricobayo. S.A.	—	Madrid	Energy	50.00%	Subgroup Ceólica	294
Energías Renovables El Abra. S.L	—	Vizcaya	Energy	100.00%	Subgroup Ceólica	5,798
Energías Renovables Operación y Mantenimiento, S.L	A	Barcelona	Urban Services	100.00%	Subgroup Multiservicios Acciona Facility Services	3
Energias Renovables Peña Nebina. S.L.	A	Madrid	Energy	100.00%	Subgroup Ceólica	2,625
Entidad Efinen, S.A.	—	Madrid	Instrumental	100.00%	Acciona	4,508

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Entorno Urbano y Medio Ambiente, S.L.	--	Murcia	Urban Services	50.00%	Subgroup Acciona Servicios Urbanos	2
Entrecanales y Tavora Gibraltar, Ltd	--	Gibraltar	Construction	100.00%	Subgroup Acciona Construcción	37,645
Eólica De Rubió, S.A.	A	Barcelona	Energy	100.00%	Subgroup Acciona Energía	6,000
Eólica De Zorraquín, S.L.	A	Madrid	Energy	66.00%	Subgroup Acciona Energía	603
Eólica Villanueva, S.L.	A	Navarra	Energy	66.66%	Subgroup Acciona Energía	867
Eólicos Breogan, S.L.	--	Pontevedra	Energy	100.00%	Subgroup Ceólica	5,028
ES Legarda, S.L.	--	Navarra	Energy	100.00%	Subgroup Biocombustibles	8,424
Estibadora Puerto Bahía, S.A.	--	Cádiz	Logistics Services	92.71%	Subgroup Acciona Trasmediterranea	--
Estudios y Construcciones De Obras, S.A. De C.V.	--	Mexico	Construction	50.00%	Subgroup Acciona Construcción	--
Europa Ferrys, S.A.	A	Cádiz	Logistics Services	92.71%	Subgroup Acciona Trasmediterranea	18,494
Eurus S.A.P.I De C.V.	A	Mexico	Energy	62.67%	Subgroup Acciona Energía Mexico	2
Finanzas Dos, S.A.	--	Madrid	Instrumental	100.00%	Acciona	6,626
Finanzas Nec, S.A.	--	Madrid	Financial	100.00%	Subgroup Acciona Inmobiliaria	61
Finanzas y Cartera Dos, S.A.	--	Madrid	Holding Company	100.00%	Acciona	160
Finanzas y Cartera Uno, S.A.	--	Madrid	Instrumental	100.00%	Acciona	15
Flughafendienst Av Gmbh	--	Germany	Logistics Services	100.00%	Subgroup Acciona Airport Services	28
Frigoriferi Di Tavazzano, S.P.A.	--	Italy	Logistics Services	100.00%	Subgroup Acciona Logística	3,188
Fujin Power Private Limited	A	India	Energy	100.00%	Subgroup Acciona Energía Global	3,020
Renewable energy generation S.A.	--	Alava	Energy	100.00%	Subgroup Ceólica	4,438
Generica De Construcc.Y Mto. Industrial, S.A.	--	Zaragoza	Construction	100.00%	Subgroup Acciona Construcción	107
Geog Services Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holding	--
Geotech Holdco Pty Ltd	--	Australia	Construction	82.40%	Subgroup Geotech Holdco	112,956
Geotech Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holding	5,369
Gestio Catalana D'Aigües, S.A.	--	Barcelona	Water Treatment	100.00%	Subgroup Acciona Agua	60
Gestion De Recursos Corporativos, S.L.	--	Navarra	Energy	100.00%	Acciona	3
Gestion De Servicios Urbanos Baleares, S.A.	--	Mallorca	Water Treatment	100.00%	Subgroup Acciona Agua Servicios	7,234
Gouda Wind Facility (Proprietary) Limited	A	South Africa	Energy	36.60%	Subgroup Acciona Energía Sudáfrica	6,376
Gsd Flughafen Gmbh	--	Germany	Logistics Services	100.00%	Subgroup Acciona Airport Services	25
Guadalaviar Consorcio Eólico Alabe Enerfin, S.A.	--	Madrid	Energy	100.00%	Subgroup Alabe	250
Gunning Wind Energy Developments Pty Ltd	A	Australia	Energy	66.67%	Subgroup Gunning Wind Energy	1,738
Gunning Wind Energy Holdings Pty Ltd	A	Australia	Energy	66.67%	Subgroup Acciona Energía Oceania	1,738

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Gwh-Acciona Energy LLC	–	USA	Energy	100.00%	Subgroup Acciona Energia Global USA	–
Heartland Windpower, LLC	–	USA	Energy	100.00%	Subgroup Acciona Energia Global USA	–
Hermes Logistica, S.A.	–	Barcelona	Logistics Services	92.36%	Subgroup Acciona Trasmediterranea	3,855
Hidroeléctrica Del Serradó, S.L.	–	Barcelona	Energy	100.00%	Subgroup Acciona Saltos de Agua	1,844
Hijos de Antonio Barceló, S.A.	A	Madrid	Winery	100.00%	Acciona	31,710
Hospital De Leon Bajio, S.A. De C.V.	A	Mexico	Concessions	100.00%	Acciona	2,960
Iber Rail France, S.L.	–	Francia	Logistics Services	92.71%	Subgroup Acciona Trasmediterranea	170
Iberica Arabian Co Ltd	–	Saudi Arabia	Engineering	100.00%	Subgroup Acciona Ingeniería	120
Iberinsa Do Brasil Engenharia Ltda.	–	Brazil	Engineering	100.00%	Subgroup Acciona Ingeniería	1,624
Inantic, S.A.	–	Madrid	Instrumental	100.00%	Subgroup Acciona Construcción	560
Inetime, S.A.	–	Madrid	Urban Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	–
Ineuropa De Cogeneración, S.A.	–	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energias Renovables	18,462
Infraestructuras Ayora, S.L.	–	Madrid	Energy	84.72%	Subgroup Guadalaviar	3
Inmobiliaria Parque Reforma, S.A. De CV	A	Mexico	Real estate	100.00%	Subgroup Acciona Inmobiliaria	34,357
INR Eólica, S.A.	–	Sevilla	Energy	100.00%	Subgroup Acciona Energía	613
Interlogistica Del Frío, S.A.	A	Barcelona	Logistics Services	100.00%	Subgroup Acciona Logística	16,819
Interurbano De Prensa, S.A.	A	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	2,714
John Beever Pty Ltd	A	Australia	Construction	82.40%	Subgroup Geotech Holding	13,233
Kw Tarifa, S.A.	–	Madrid	Energy	100.00%	Subgroup Corp. Acciona Energias Renovables	8,134
Lambarene Necso Gabon	A	Gabon	Construction	100.00%	Subgroup Acciona Construcción	152
Lameque Wind Power Lp	A	Canada	Energy	66.67%	Subgroup Acciona Wind Energy Canadá	12,060
Lusonecso	–	Portugal	Real estate	100.00%	Subgroup Acciona Inmobiliaria	5,173
Malgarida I Spa	–	Chile	Energy	100.00%	Subgroup Acciona Energía Global	–
Malgarida II Spa	–	Chile	Energy	100.00%	Subgroup Acciona Energía Global	–
Maritime Global Operator, Ltd	–	Malta	Logistics Services	92.71%	Subgroup Acciona Trasmediterranea	172,510
MDC Airport Consult Gmbh	–	Germany	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	1,685
Meltemi South Sp. Z.O.O.	–	Poland	Energy	66.67%	Subgroup Acciona Energía Polonia	–
Meltemi Sp. Z.O.O.	A	Poland	Energy	66.67%	Subgroup Acciona Energía Polonia	38,290
Metrologia y Comunicaciones, S.A.	–	Madrid	Construction	100.00%	Subgroup Acciona Construcción	150

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Millatres 2003, S.L.	—	Tenerife	Logistics Services	92.71%	Subgroup Agencia Schembri	3
Mostostal Warszawa, S.A.	A	Poland	Construction	50.09%	Subgroup Acciona Construcción	24,316
Moura Fabrica Solar, Lda.	A	Portugal	Energy	100.00%	Subgroup Acciona Energía Global	16,858
Mt Gellibrand Wind Farm Holding Pty Ltd	—	Australia	Energy	100.00%	Subgroup Acciona Energía Global	—
Mt Gellibrand Wind Farm Pty, Ltd.	—	Australia	Energy	100.00%	Subgroup Acciona Energía Global Australia	377
Multiservicios Grupo Ramel, S.A.	—	Barcelona	Urban Services	100.00%	Subgroup Acciona Facility Services	1,500
Necso Canada, Inc.	B	Canada	Construction	100.00%	Subgroup Acciona Construcción	218,730
Necso Entrecanales Cubiertas Mexico, S.A. De CV	A	Mexico	Construction	100.00%	Subgroup Acciona Construcción	553
Necso Hong Kong, Ltd.	—	Hong Kong	Construction	100.00%	Subgroup Acciona Construcción	1,936
Necso Triunfo Construcoes Ltda	—	Brazil	Construction	50.00%	Subgroup Acciona Construcción	155
Nevada Solar One, LLC	A	USA	Energy	66.67%	Subgroup NVS1 Investment Group	11,559
Northwinds Trading (Proprietary) Limited	—	South Africa	Engineering	100.00%	Subgroup Acciona Industrial	—
Notos Produçao De Energia Lda	A	Portugal	Energy	46.67%	Subgroup Sayago	200
Nvs1 Investment Group LLC	—	USA	Energy	66.67%	Subgroup Acciona Solar Energy	11,559
Operadora De Servicios Hospitalarios, S.A. De C.V.	A	Mexico	Concession Operation	100.00%	Subgroup Acciona Servicios Hospitalarios	3
P & S Logistica Integral Peru	A	Perú	Logistics Services	89.54%	Subgroup Acciona Forwarding	757
Pacific Renewable Energy Generation LLC	—	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	—
Packtivity, S.A.	—	Madrid	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	65
Palmas Wind, Llc	—	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	—
Parco Eólico Cocuilo S.P.A.	A	Italy	Energy	66.67%	Subgroup Cesa Italia	10,906
Paris Aquitaine Transports, S.A.	—	Francia	Logistics Services	100.00%	Subgroup Olloquiegui	1,236
Parque Eólico Da Costa Vicentina, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	5,403
Parque Eólico Da Raia, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	1,843
Parque Eólico De Manrique, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	1,314
Parque Eólico De Pracana, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	1,139
Parque Eólico Do Marao, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	2,551
Parque Eólico Do Outeiro, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	14,483
Parque Eólico Dos Fiéis, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	882
Parque Eólico El Chaparro	—	Navarra	Energy	100.00%	Subgroup Alabe	5
Parque Eólico Escepar, S.A.	A	Toledo	Energy	100.00%	Subgroup Ceólica	1,539
Parque Eólico La Esperanza, S.L.	A	Madrid	Energy	100.00%	Subgroup Ceólica	2,644

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Parque Eólico Peralejo, S.A.	A	Toledo	Energy	100.00%	Subgroup Ceólica	1,020
Parque Eolico San Gabriel Spa	—	Chile	Energy	100.00%	Subgroup Acciona Energía Global	4,133
Parque Eólico Villamayor, S.L.	A	Madrid	Energy	100.00%	Subgroup Ceólica	6,127
Parque Reforma Santa Fe, S.A. De C.V.	A	Mexico	Real estate	100.00%	Subgroup Parque Reforma	13,326
Parques Eólicos Celadas, S.L.	A	Madrid	Energy	100.00%	Subgroup Ceólica	4,599
Parques Eólicos De Ciudad Real. S.L.	A	Ciudad Real	Energy	100.00%	Subgroup Ceólica	7,844
Parques Eólicos Del Cerrato. S.L.	A	Madrid	Energy	100.00%	Subgroup Ceólica	1,375
PAT Cargo, S.A.	E	Chile	Logistics Services	57.50%	Subgroup Acciona Forwarding	687
Pia.Cos S.R.L.	—	Italy	Water Treatment	100.00%	Subgroup Acciona Agua	10
Pichilingue Spa	—	Chile	Energy	100.00%	Subgroup Acciona Energía Global	—
Pililin Spa	—	Chile	Energy	100.00%	Subgroup Acciona Energía Global	—
Pitagora Srl.	A	Italy	Energy	66.67%	Subgroup Cesa Italia	5,854
Press Cargo Colombia, S.A.	E	Colombia	Logistics Services	99.34%	Subgroup Acciona Forwarding Perú	632
Pridagua Tratamiento De Aguas y Residuos. Lda.	—	Portugal	Water Treatment	100.00%	Subgroup Acciona Agua	—
Pridesa America Corporation	—	USA	Water Treatment	100.00%	Subgroup Acciona Agua	—
Punta Palmeras, S.A.	A	Chile	Energy	66.67%	Subgroup Acciona Energía Internacional	24,866
Pyrenees Wind Energy Developments Pty. Ltd	A	Australia	Energy	66.67%	Subgroup Acciona Energía Oceania	8,076
Pyrenees Wind Energy Holdings Pty. Ltd	A	Australia	Energy	66.67%	Subgroup Pyrenees Wind Energy	5,398
Ramwork, S.A.	—	Barcelona	Urban Services	99.98%	Subgroup Acciona Facility Services	500
Ravi Urja Energy India Pvt Ltd	A	India	Energy	100.00%	Subgroup Acciona Energía Global	3,115
Red Hills Finance, LLC	A	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA	7,790
Red Hills Holding, LLC	—	USA	Energy	66.67%	Subgroup Red Hills Finance	14,322
Rendos, S.A.	—	Madrid	Financial	100.00%	Acciona	18,720
Renovables Del Penedés, S.A.U.	—	Badajoz	Energy	100.00%	Subgroup Acciona Energía	3,590
Riacho Novo Empreendimentos Inmobiliarios, Ltda	—	Brazil	Real estate	100.00%	Subgroup Acciona Inmobiliaria	10,584
Rio Paraiba Do Sul Serviços Ltda	—	Brazil	Concession Operation	100.00%	Subgroup Acciona do Brasil	476
Ripley Windfarm JV	A	Canada	Energy	66.67%	Subgroup Acciona Wind Energy Canadá	21,045
Rodovia do Aço, S.A.	E	Brazil	Concessions	100.00%	Subgroup Acciona Construcción	89,067
Rústicas Vegas Altas, S.L.	A	Badajoz	Energy	100.00%	Subgroup Acciona Energía	7,141
S.C. A2 Tramo 2, S.A.	A	Guadalajara	Concessions	100.00%	Acciona	14,876
S.C. DLP, S.A.	—	Madrid	Construction	60.00%	Subgroup Acciona Construcción	571
S.C. Hospital del Norte, S.A.	A	Madrid	Concessions	95.00%	Acciona	19,757

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Saltos Del Nansa, S.A.U.	--	Santander	Energy	100.00%	Subgroup Acciona Saltos de Agua	73,038
Saltos y Centrales De Catalunya, S.A.	A	Barcelona	Energy	100.00%	Subgroup Acciona Saltos de Agua	38,238
San Roman Finance Llc	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	51,884
San Roman Holding Llc	--	USA	Energy	100.00%	Subgroup San Roman Holding Llc	51,884
San Roman Wind I, LLC	A	USA	Energy	100.00%	Subgroup San Roman Holding Llc	120,871
San Solar Energy Facility (Propietary) Limited	A	South Africa	Energy	100.00%	Subgroup Acciona Energía Global Sudáfrica	408
Sc Acciona Facility Services Automotive Srl	--	Rumania	Urban Services	100.00%	Subgroup Acciona Facility Services	--
Scdad .Empresarial De Financiacion y Comercio, S.L	--	Madrid	Financial	100.00%	Acciona	138
Sierra De Selva, S.L.	A	Navarra	Energy	100.00%	Subgroup Acciona Energía	17,126
Sileno, S.A.	--	Alava	Winery	100.00%	Subgroup Hijos de Antonio Barceló	7,615
Sishen Solar Facility (Proprietary) Limited	A	South Africa	Energy	36.60%	Subgroup Acciona Energía Sudáfrica	1,584
Sistemas Energéticos Sayago. S.L	--	Madrid	Energy	66.67%	Subgroup Acciona Energía Internacional	213
Sistemas Energéticos Valle De Sedano. S.A.	A	Madrid	Energy	100.00%	Subgroup Ceólica	20,837
Sociedad Explotadora De Recursos Eólicos, S.A.	A	Portugal	Energy	66.67%	Subgroup Acciona Eólica Portugal	4,818
Sociedad Istmeña Desarrollo Eólico, SRL De C.V.	--	Mexico	Energy	100.00%	Subgroup Acciona Energía Mexico Global	1,303
Sociedad Levantina De Obras y Servicios, S.A.	--	Valencia	Construction	100.00%	Subgroup Acciona Construcción	1,503
Sociedad San Rafael Hidráulica S.A. De C.V.	A	Mexico	Engineering	100.00%	Subgroup Acciona Ingeniería	10,902
Soconfil, S.A.	--	Madrid	Instrumental	100.00%	Subgroup Finanzas y Cartera 2	60
Solar Fields Energy Photo Voltaic India Pvt Ltd	--	India	Energy	100.00%	Subgroup Acciona Energía Global	2,298
Solomon Forks Wind Farm, LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	--
Starke Wind Golice Sp. Z.O.O.	A	Poland	Energy	66.67%	Subgroup Acciona Energía Polonia	6,371
Sun Photo Voltaic Energy India Pvt Ltd	A	India	Energy	100.00%	Subgroup Acciona Energía Global	17,133
Surya Energy Photo Voltaic India Pvt Ltd	--	India	Energy	100.00%	Subgroup Acciona Energía Global	3,472
Table Mountain Wind LLC	--	USA	Energy	100.00%	Subgroup Acciona Energía Global USA	6
Tajro, Sp. Z.O.O.	--	Poland	Real estate	100.00%	Subgroup Acciona Inmobiliaria	33,458
Tatanka Finance LLC	--	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA	682
Tatanka Holding, LLC	--	USA	Energy	26.00% (100% acciones clase B)	Subgroup Tatanka	1,160
Tecniomnia Española, S.L.	--	Barcelona	Urban Services	100.00%	Subgroup Acciona Facility Services	30
Terminal De Carga Rodada, S.A.	A	Madrid	Logistics Services	92.71%	Subgroup Acciona Trasmediterranea	2,941

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Terminal Ferry Barcelona, S.R.L.	C	Barcelona	Logistics Services	92.71%	Subgroup Acciona Trasmediterranea	25,330
Termosolar Alvarado Dos, S.L.	–	Badajoz	Energy	100.00%	Subgroup Acciona Energía	193
Termosolar Alvarado, S.L.	A	Badajoz	Energy	100.00%	Subgroup Termosolar Nacional	11,500
Termosolar Majadas, S.L.	A	Madrid	Energy	100.00%	Subgroup Termosolar Nacional	24,059
Termosolar Palma Saetilla, S.L.	A	Madrid	Energy	100.00%	Subgroup Termosolar Nacional	49,164
Ternua Holdings. B.V.	–	Holland	Energy	100.00%	Subgroup Tecusa	866
Terranova Energy Corporation	–	USA	Energy	100.00%	Subgroup Acciona Eólica Cesa	52,289
Terranova Energy Corporation. S.A.	–	Barcelona	Energy	100.00%	Subgroup Ceólica	15,933
Tibest Cuatro, S.A.	–	Madrid	Instrumental	100.00%	Acciona	13,523
Tictres, S.A.	–	Madrid	Instrumental	100.00%	Acciona	18,249
Tlaui Aqua, S.A. de C.V.	–	Mexico	Water Treatment	70.00%	Subgroup Acciona Agua	5,693
Tolchén Transmisión Spa	–	Chile	Energy	100.00%	Subgroup Acciona Energía Global	270
Tolpan Sur, Spa	–	Chile	Energy	100.00%	Subgroup Acciona Energia Global	1,470
Torre Lugano S.L.	–	Valencia	Real estate	100.00%	Subgroup Acciona Real Estate	6,097
Tours And Incentives, S.A.U.	–	Madrid	Logistics Services	92.71%	Subgroup Acciona Trasmediterranea	464
Towarowa Park Spolka Z.O.O.	–	Poland	Real estate	100.00%	Subgroup Acciona Inmobiliaria	15,338
Transportes Olloquiegui, S.A.	–	Navarra	Logistics Services	100.00%	Subgroup Acciona Logística	44,063
Transurme, S.A.	–	Barcelona	Logistics Services	100.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	109
Trasmediterránea Cargo, S.A.	–	Madrid	Logistics Services	92.71%	Subgroup Acciona Trasmediterranea	18,187
Trasmediterránea Shipping Maroc. S.A.R.L.	–	Tánger	Logistics Services	92.71%	Subgroup Acciona Trasmediterranea	9
Ttanka Wind Power LLC	A	USA	Energy	26.00% (100% acciones clase B)	Subgroup Tatanka	130,138
Tucana, Sp. Z.O.O.	A	Poland	Real estate	100.00%	Subgroup Acciona Inmobiliaria	23,300
Tuppadahalli Energy India Private Limited	A	India	Energy	66.67%	Subgroup Acciona Energía Internacional	10,891
Turismo y Aventuras, S.A.U	–	Madrid	Logistics Services	92.71%	Subgroup Acciona Trasmediterranea	464
Usya Spa	–	Chile	Energy	100.00%	Subgroup Acciona Energía Global	–
Valgrand 6, S.A.	–	Madrid	Real estate	21.02%	Subgroup Acciona Real Estate	–
Velva Windfarm, LLC	–	USA	Energy	66.67%	Subgroup Acciona Wind Energy USA	7,052
Viajes Eurotras, S.A.	–	Cádiz	Logistics Services	92.71%	Subgroup Acciona Trasmediterranea	927
Vientos Bajo Hondo I, S.A.	–	Argentina	Energy	100.00%	Subgroup Acciona Energía Global	–

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Vientos Bajo Hondo, S.A.	—	Argentina	Energy	100.00%	Subgroup Acciona Energia Global	—
Viñedos Viña Mayor, S.L.	—	Madrid	Winery	100.00%	Subgroup Hijos de Antonio Barceló	4
Vjetroelektrana Čemernica D.O.O.	—	Croatia	Energy	100.00%	Subgroup Acciona Energia Global	415
Vjetroelektrana Jelinak Doo	A	Croatia	Energy	66.67%	Subgroup Acciona Energia Internacional	8,002
Vjetroelektrana Opor D.O.O.	—	Croatia	Energy	100.00%	Subgroup Acciona Energia Global	1,444
Voltser Serviços De Operaçao E Manutençao De Centr	—	Portugal	Energy	100.00%	Subgroup Acciona Energia Global Portugal II	79
White Shield Wind Proyect LLC	A	USA	Energy	66.67%	Subgroup Acciona Wind Energy Usa, Llc	48,586
Wind Farm 66, LLC	—	USA	Energy	100.00%	Subgroup Acciona Energia Global USA	800
Zurich Wind Power Lp Inc	—	Canada	Energy	100.00%	Subgroup Acciona Renewable Canadá	856

(*) Companies whose financial statements are audited by: (A) KPMG; (B) PricewaterhouseCoopers; (C) Deloitte; (D) Ernst & Young (E) Others

APPENDIX II

JOINTLY CONTROLLED ENTITIES

The jointly controlled entities proportionately consolidated in the year ended 31 December 2017, in accordance with IFRS, and the information related thereto are as follows (amounts in thousand euros):

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Aista-Trans JV (PTY) LTD	E	South Africa	Construction	66.67%	Subgroup Acciona Construcción	–
Bokpoort EPC Consortium (Pty) Ltd	C	South Africa	Engineering	30.00%	Subgroup Acciona Ingeniería	–
Chin Chute Windfarm JV	B	Canada	Energy	22.22%	Subgroup Acciona Wind Energy Canadá	4,000
Consorcio Acciona Brotec Icafal S.A.	C	Chile	Construction	60.00%	Subgroup Acciona Construcción	25,893
Consorcio Hospital Egc, S.A.	–	Chile	Construction	80.00%	Subgroup Acciona Construcción	5
Iniciativas Energéticas Renovables, S.L.	–	Pamplona	Energy	50.00%	Subgroup Acciona Energía	15
Liciastar (Propietary) Limited	–	South Africa	Engineering	50.00%	Subgroup Acciona Ingeniería	–
Magrath Windfarm Jv	B	Canada	Energy	22.22%	Subgroup Acciona Wind Energy Canadá	1,095
Ouarzazate Solar 1, Sarl	–	Morocco	Engineering	37.50%	Subgroup Acciona Ingeniería	–
Proyecto F8 Troy Aym, S.A. de C.V.	B	Mexico	Engineering	55.95%	Subgroup Acciona Industrial	–
Sistema Eléctrico De Evacuacion Eólica En Subestac	–	Madrid	Energy	31.90%	Subgroup Acciona Eólica Cesa	10

(*) Companies whose financial statements are audited by: (A) KPMG; (B) PricewaterhouseCoopers; (C) Deloitte; (D) Ernst & Young (E) Others

APPENDIX III

COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The associates accounted for using the equity method in the year ended 31 December 2017, in accordance with IFRS, and the information related thereto are as follows (amounts in thousand euros):

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Autovia Del Almanzora S.A.	–	Sevilla	Concessions	23.75%	Subgroup Acciona Construcción	1,635
Acciona & Ghanim Bin Saad Alsaad And Sons Group Ho	–	Qatar	Urban Services	49.00%	Subgroup Acciona Facility Services	21
Acciona Agua & Sogex Llc	–	Oman	Water Treatment	50.00%	Subgroup Acciona Agua	–
Acciona Agua Sardinia Infraestructure S.R.L.	–	Italy	Water Treatment	10.00%	Subgroup Acciona Agua	–
Acciona Concesiones P2W investment limited	–	New Zealand	Conc infraestructuras	10.00%	Subgroup Acciona Concesiones	–
Acciona Waste Water Treatment Plant Limited	–	Trinidad y Tobago	Water Treatment	70.00%	Subgroup Acciona Agua	3,074
Acciona Wastewater Solutions GP Inc.	–	Canada	Water Treatment	25.00%	Subgroup Acciona Agua	–
Acciona Wep Holdings Inc.	–	Canada	Concessions	33.33%	Subgroup Acciona Concesiones	1
Acciones Urbanas, Servicios y Medio Ambiente, S.L.	–	Murcia	Urban Services	50.00%	Subgroup Acciona Servicios Urbanos	200
Adelaideaqua Pty Ltd.	A	Australia	Water Treatment	50.00%	Subgroup Acciona Agua Adelaide	–
Aguas Tratadas Del Valle De Mexico S.A. De C.V.	A	Mexico	Water Treatment	24.26%	Subgroup Acciona Agua	25,494
Aleph Solar I SA PI De CV	–	Mexico	Energy	50.00%	Subgroup Acciona Energia Mexico Global	873
Aleph Solarfield I SA PI De CV	–	Mexico	Energy	50.00%	Subgroup Acciona Energia Mexico Global	529
Aleph Solarfield II SA PI De CV	–	Mexico	Energy	50.00%	Subgroup Acciona Energia Mexico Global	529
Aleph Solarfield SA PI De CV	–	Mexico	Energy	50.00%	Subgroup Acciona Energia Mexico Global	529
Aleph Solarfields México SA PI De CV	–	Mexico	Energy	50.00%	Subgroup Acciona Energia Mexico Global	5,256
Algerian Water Investment, S.L.	–	Madrid	Water Treatment	50.00%	Subgroup Acciona Agua	6,825
Alsubh Solar Power, S.A.E.	–	Egypt	Energy	50.00%	Subgroup Acciona Energia Global	667
Altrac Light Rail Holdings 1 Pty Limited	–	Australia	Concessions	5.00%	Subgroup Acciona Concesiones	8,614
Amper Central Solar Moura	C	Portugal	Energy	43.74%	Subgroup Acciona Energia Internacional	12,740
Ampliación Facultad Dret, S.A.	–	Barcelona	Construction	50.00%	Subgroup Acciona Construcción	1,038
Aprofitament D'Energies Renovables De L´Ebre S.L.	–	Barcelona	Energy	9.76%	Subgroup Acciona Energía	378
Baja California Power, S.A. De C.V.	B	Mexico	Engineering	65.00%	Subgroup Acciona Ingeniería	1

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Bana H2 Szeleromu Megujulo Energia Hasznosito Kft	E	Hungary	Energy	49.25%	Subgroup Energy Corp Hungary	--
Bioetanol Energético	--	Madrid	Energy	50.00%	Subgroup Biocombustibles	804
Bioetanol Energético La Mancha	--	Madrid	Energy	50.00%	Subgroup Biocombustibles	931
Camarate Golf, S.A.	--	Madrid	Real estate	22.00%	Subgroup Acciona Inmobiliaria	2,455
Carnotavento, S.A.	--	A Coruña	Energy	24.50%	Subgroup Eurovento	1
Cathedral Rocks Construcc. And Management, Pty Ltd	--	Australia	Energy	50.00%	Subgroup Acciona Energía Global Australia	--
Cathedral Rocks Holdings 2, Pty. Ltd	--	Australia	Energy	33.34%	Subgroup Cathedral Rocks Holdings	8,256
Cathedral Rocks Holdings, Pty. Ltd	--	Australia	Energy	33.34%	Subgroup Acciona Energía Oceania	9,123
Cathedral Rocks Wind Farm, Pty. Ltd	B	Australia	Energy	33.34%	Subgroup Cathedral Rocks Holdings 2	8,256
Chinook Highway Operations Inc.	--	Canada	Concession Operation	50.00%	Subgroup Acciona Concesiones	1,062
Cogeneración Arrudas Ltda	--	Brazil	Water Treatment	50.00%	Subgroup Acciona Agua	55
Concesionaria De Desalacion De Ibiza, S.A.	E	Ibiza	Water Treatment	50.00%	Subgroup Acciona Agua	1,082
Concesionaria La Chira, S.A.	B	Peru	Water Treatment	50.00%	Subgroup Acciona Agua	6,364
Consorcio Traza, S.A.	--	Zaragoza	Concessions	16.60%	Acciona	12,074
Constructora De Obras Civiles y Electromecanicas	--	Mexico	Water Treatment	24.50%	Subgroup Aguas Hispano Mexicana	1
Constructora Necso Sacyr Chile	--	Chile	Construction	50.00%	Subgroup Acciona Concesiones Chile	7
Constructora Terminal Valle de México, S.A. de C.V.	--	Mexico	Construction	14.28%	Subgroup Acciona Construcción	--
Depurar P1, S.A.	--	Zaragoza	Water Treatment	50.00%	Subgroup Acciona Agua	1,035
Desarrollo De Energías Renovables De Navarra, S.A.	--	Pamplona	Energy	50.00%	Subgroup Acciona Energía	4,936
Divinopolis Saneamento, S.A.	--	Brazil	Water Treatment	15.00%	Subgroup Acciona Agua	185
EMSERVA, S.A.	--	Málaga	Water Treatment	49.00%	Subgroup Acciona Agua Servicios	50
Energías Renovables Mediterraneas, S.A.	A	Valencia	Energy	50.00%	Subgroup Acciona Energía	79,500
Energy Corp Hungary Kft	E	Hungary	Energy	50.00%	Subgroup Acciona Eólica Cesa	1,475
Eólicas Mare Nostrum S.L.	--	Valencia	Energy	50.00%	Subgroup Acciona Energía	4,515
Eólico Alijar, S.A.	A	Cádiz	Energy	50.00%	Subgroup Acciona Energía	2,791
Eurovento, S.L.	--	A Coruña	Energy	50.00%	Subgroup Tripower	1,966
Evacuacion Villanueva Del Rey, S.L.	--	Sevilla	Energy	44.75%	Subgroup Termosolar Palma Saetilla	1
Explotaciones Eólicas Sierra De Utrera, S.L.	--	Madrid	Energy	25.00%	Subgroup Ceólica	817
Ferrimaroc Agencias, S.L.	--	Almería	Logistics Services	46.36%	Subgroup Cenargo España	14
Ferrimaroc, S.A.	--	Morocco	Logistics Services	46.36%	Subgroup Cenargo España	20
Firefly Investments 238 (Proprietary) Limited	A	South Africa	Energy	45.00%	Subgroup Acciona Energía Global Sudáfrica	

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Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Gran Hospital Can Misses, S.A.	—	Ibiza	Concessions	40.00%	Acciona	2,148
Helena Water Finance Pty Ltd	A	Australia	Water Treatment	25.05%	Subgroup Acciona Agua Internacional Australia	7,995
Infraestructuras Radiales, S.A.	—	Madrid	Concessions	25.00%	Acciona	28,773
Infraestructuras Villanueva, S.L.	—	Madrid	Energy	40.53%	Subgroup Guadalaviar	1
Interboya Press, S.A.	—	Madrid	Logistics Services	50.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	30
Lineas Eléctricas Asturianas. S.L.	—	Asturias	Energy	50.00%	Subgroup Eurovento	2
Líneas Eléctricas Gallegas II. S.L.	—	Galicia	Energy	50.00%	Subgroup Eurovento	2
Líneas Eléctricas Gallegas III. S.L.	—	Galicia	Energy	50.00%	Subgroup Eurovento	2
Líneas Eléctricas Gallegas. S.L.	—	Galicia	Energy	35.00%	Subgroup Eurovento	1
Locubsa	E	Andorra	Construction	48.89%	Subgroup Acciona Construcción	26
Logiberica de Prensa y Servicios, S.L.	—	Madrid	Logistics Services	50.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	30
Maple Concessions Canada Inc.	—	Canada	Holding Company	10.00%	Subgroup Acciona Concesiones	179
Mov-R H1 Szeleromu Megujulo Energia Hasznosito Kft	E	Hungary	Energy	49.25%	Subgroup Energy Corp Hungary	1,159
Myah Typaza, Spa	D	Algeria	Water Treatment	25.50%	Subgroup Algerian Water Investment	6,858
Necsorgaz, S.L.	—	Madrid	Real estate	50.00%	Subgroup Acciona Inmobiliaria	14
Nexus Infrastructure Holdings Unit Trust	—	Australia	Concessions	20.00%	Subgroup Acciona Concesiones	5,830
NORDEX SE	—	Germany	Energy	29.90%	Acciona	753,942
Nova Darsena Deportiva De Bara, S.A.	—	Madrid	Concessions	50.00%	Acciona	—
Nuevo Hospital De Toledo, S.A.	—	Toledo	Concessions	33.33%	Subgroup Acciona Concesiones	3,726
Oakleaf Investment Holdings 86 (Proprietary) Limit	A	South Africa	Energy	50.00%	Subgroup Acciona Energía Global Sudáfrica	6,684
Operador Del Mercado Ibérico - Polo Español, S.A.	—	Madrid	Energy	5.00%	Subgroup Acciona Energía	1,583
Operadora Can Misses S.L.	—	Ibiza	Concession Operation	40.00%	Subgroup Acciona Servicios Hospitalarios	281
P2W Services Limited	—	New Zealand	Conc infraestructuras	50.00%	Subgroup Acciona Concesiones	—
Páramo De Los Angostillos, S.L.	C	Palencia	Energy	50.00%	Subgroup Acciona Energía	1,920
Parque Eólico A Runa. S.L.	A	A Coruña	Energy	50.00%	Subgroup Ceólica	7,068
Parque Eólico Adrano. S.L.	A	A Coruña	Energy	50.00%	Subgroup Ceólica	7,429
Parque Eólico Ameixenda Filgueira. S.L.	A	A Coruña	Energy	50.00%	Subgroup Ceólica	6,648
Parque Eólico Cinseiro. S.L.	A	Zamora	Energy	50.00%	Subgroup Ceólica	505
Parque Eólico Currás. S.L.	A	A Coruña	Energy	50.00%	Subgroup Ceólica	1,885
Parque Eólico De Abara. S.L.	A	A Coruña	Energy	50.00%	Subgroup Ceólica	1,663
Parque Eólico De Barbanza. S.L.	—	A Coruña	Energy	12.50%	Subgroup Eurovento	450
Parque Eólico De Bobia y San Isidro. S.L.	A	Asturias	Energy	50.00%	Subgroup Ceólica	548
Parque Eólico De Deva. S.L.	A	A Coruña	Energy	50.00%	Subgroup Ceólica	3,505

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Parque Eólico De Tea. S.L.	A	A Coruña	Energy	50.00%	Subgroup Ceólica	6,393
Parque Eólico Vicedo. S.L.	A	A Coruña	Energy	50.00%	Subgroup Ceólica	553
Parque Eólico Virxe Do Monte. S.L.	A	A Coruña	Energy	50.00%	Subgroup Ceólica	5,147
Parques Eólicos De Buio. S.L.	A	A Coruña	Energy	50.00%	Subgroup Ceólica	4,305
Polígono Romica, S.A.	--	Albacete	Real estate	50.00%	Subgroup Acciona Inmobiliaria	937
Port City Water Services Inc.	--	Canada	Water Treatment	50.00%	Subgroup Acciona Agua	--
Reghion Agua S.C.A.R.L.	--	Italy	Water Treatment	50.00%	Subgroup Acciona Agua Servicios	5
Residencial Maranta Dos S.A. de C.V.	--	Mexico	Real estate	10.00%	Subgroup Parque Reforma	807
Rising Sun Energy, S.A.E.	--	Egypt	Energy	38.00%	Subgroup Acciona Energía Global	1,091
S.C. Autovía De La Plata S.A.	--	Madrid	Concessions	25.00%	Subgroup Acciona Construcción	11,531
S.C. Autovia Gerediaga Elorrio S.A.	--	Bilbao	Concessions	22.80%	Subgroup Acciona Construcción	7,017
S.C. Del Canal De Navarra, S.A.	--	Pamplona	Concessions	50.00%	Acciona	--
Novo Hospital De Vigo S.A.	--	Pontevedra	Concessions	43.33%	Acciona	13,605
S.C. Puente Del Ebro, S.A.	--	Aragón	Concessions	50.00%	Acciona	6,693
Servicio De Tratamiento De Aguas Ptar Caracol, S,A	D	Mexico	Water Treatment	48.98%	Subgroup Acciona Agua	328
Servicios Comunitarios De Molina De Segura, S.A.	E	Murcia	Water Treatment	48.27%	Subgroup Acciona Agua Servicios	10,267
Sistemes Electrics Espluga, S.A.	--	Barcelona	Energy	50.00%	Subgroup Acciona Energía	31
Sociedad De Aguas Hispano Mexicana S.A De C.V.	A	Mexico	Water Treatment	50.00%	Subgroup Acciona Agua	5,944
Sociedad Explotadora Autovia Gerediaga - Elorrio S.L.	--	Spain	Concession Operation	28.70%	Subgroup Acciona Concesiones	50
Sociedad Mixta Del Agua- Jaen, S.A.	A	Jaén	Water Treatment	60.00%	Subgroup Acciona Agua Servicios	1,368
Sociedad Operadora Novo Hospital De Vigo S.A.	--	Pontevedra	Concession Operation	43.33%	Subgroup Acciona Servicios Hospitalarios	26
Solena Group	--	USA	Urban Services	25.00%	Subgroup Acciona Servicios Urbanos y Medio Ambiente	3,995
Sunrise Energy, S.A.E.	--	Egypt	Energy	38.00%	Subgroup Acciona Energía Global	1,091
Testa Residencial Socimi SA	--	Madrid	Real estate	21.02%	Subgroup Acciona Real Estate	335,824
Tranvias Urbanos De Zaragoza S.L.	--	Zaragoza	Concession Operation	15.00%	Subgroup Acciona Concesiones	9
Tuto Energy I, S.A.P.I. de C.V.	--	Mexico	Energy	50.00%	Subgroup Acciona Energia Mexico Global	213
Tuto Energy Ii, S.A.P.I. de C.V.	--	Mexico	Energy	50.00%	Subgroup Acciona Energia Mexico Global	1,888
Valdivia Energía Eólica, S.A.	A	Sevilla	Energy	50.00%	Subgroup Acciona Energía	3,145
Vento Mareiro. S.L.	--	A Coruña	Energy	24.50%	Subgroup Eurovento	1
Ventos e Terras Galegas II. S.L.	--	Galicia	Energy	50.00%	Subgroup Tripower	2
Ventos e Terras Galegas. S.L.	--	Galicia	Energy	50.00%	Subgroup Tripower	90

Company	Audit	Location	Main activity	Effective Share %	Holder of interest	Carrying amount
Vertex Residencial Cuajimalpa, S.A. De C.V.	A	Mexico	Real estate	10.00%	Subgroup Parque Reforma	298

(*) Companies whose financial statements are audited by: (A) KPMG; (B) PricewaterhouseCoopers; (C) Deloitte; (D) Ernst & Young (E) Others

APPENDIX IV

CHANGES IN THE SCOPE OF CONSOLIDATION

Changes in the consolidation scope in 2017 were as follows:

Company	Location	Main activity	Change	Consolidation Method
Acciona Facility Services Poland Spólka Z.O.O.	Poland	Urban Services	Addition	Group
Acciona Geotech Holding Pty Ltd	Australia	Construction	Addition	Group
Geotech Holdco PTY LTD	Australia	Construction	Addition	Group
Acciona Construction Holdings Pty Ltd	Australia	Construction	Addition	Group
Geotech Pty Ltd	Australia	Construction	Addition	Group
Coleman Rail Pty Ltd	Australia	Construction	Addition	Group
John Beever Pty Ltd	Australia	Construction	Addition	Group
Geog Services Pty Ltd	Australia	Construction	Addition	Group
Acciona Geotech Group Services Pty Ltd	Australia	Construction	Addition	Group
Acciona Concesiones P2W investment limited	New Zealand	Concession Operation	Addition	Associates
P2W Services Limited	New Zealand	Concession Operation	Addition	Associates
Acciona Construction USA Corp.	USA	Construction	Addition	Group
Alsubh Solar Power, S.A.E.	Egypt	Energy	Addition	Associates
Vientos Bajo Hondo, S.A.	Argentina	Energy	Addition	Group
Vientos Bajo Hondo I, S.A.	Argentina	Energy	Addition	Group
Aista-Trans JV (PTY) LTD	South Africa	Engineering	Addition	Multigroup
Constructora Terminal Valle de México, S.A. de C.V.	Mexico	Construction	Addition	Associates
Acciona Construccion Australia, Pty Ltd	Australia	Construction	Addition	Group
Acciona Financiacion Filiales Australia Pty Ltd	Australia	Financial	Addition	Group
Acciona Wastewater Solutions GP Inc.	Canada	Water Treatment	Addition	Associates
Acciona Construction Maroc, SARL	Morocco	Construction	Addition	Group
Palmas Wind, Llc	USA	Energy	Addition	Group
Civerzba ITG, S.L.	Egypt	Energy	Addition	Group
Efrato ITG, S.L.	Egypt	Energy	Addition	Group
Testa Residencial Socimi SA	Spain	Real estate	Addition	Group
Acciona Suministradora México, S.R.L. de C.V.	Mexico	Energy	Addition	Group
Acciona Industrial Australia, Pty Ltd	Australia	Engineering	Addition	Group
Rising Sun Energy, S.A.E.	Egypt	Energy	Addition	Associates
Sunrise Energy, S.A.E.	Egypt	Energy	Addition	Associates

Company	Location	Main activity	Change	Consolidation Method
Acciona Agua Sardinia Infraestructure S.R.L.	Italy	Water Treatment	Addition	Associates
Tlaui Aqua, S.A. de C.V.	Mexico	Water Treatment	Addition	Group
Compañia de agua Calten, S.A.P.I. de C.V.	Mexico	Water Treatment	Addition	Group
Acciona Construction Philippines Inc.	Philippines	Construction	Addition	Group
Combuslebor, S.L.	Murcia	Logistics Services	Removals	Group
Logística Del Transporte Slb, S.A.	Murcia	Logistics Services	Removals	Group
Murfitrans, S.L.	Murcia	Logistics Services	Removals	Group
Transportes Frigoríficos Murcianos, S.L.	Murcia	Logistics Services	Removals	Group
Grupo Transportes Frigoríficos Murcianos, S.L	Murcia	Logistics Services	Removals	Group
Frigoríficos Caravaca, S.L.	Murcia	Logistics Services	Removals	Group
Acciona Facility Services Belgique Sprl	Belgium	Urban Services	Removals	Group
Compañía Urbanizada Del Coto, S.L.	Madrid	Real estate	Removals	Group
Valgrand 6, S.A.	Madrid	Real estate	Removals	Group
East West Connect Holding 3 Pty Limited	Australia	Concessions	Removals	Associates
Acciona Solar Canarias, S.A.	Canary Islands	Energy	Removals	Group
Tripower Wind, B.V.	Holland	Energy	Removal	Associates
S.C. Acciona Concesiones Ruta 160	Chile	Concessions	Removal	Group
Corporación Eólica Sora, S.A.	Zaragoza	Energy	Removal	Group
Ripley Windfarm JV	Canada	Energy	Change in Method	Group
Autovia De Los Viñedos	Toledo	Concessions	Change in Method	Group
Acciones Urbanas, Servicios y Medio Ambiente, S.L.	Murcia	Urban Services	Change in Method	Group

Changes in the consolidation scope in 2016 were as follows:

Company	Location	Main activity	Change	Consolidation Method
Acciona Agua & Sogex Llc	Oman	Water Treatment	Addition	Associates
Acciona Agua Canada Inc.	Canada	Water Treatment	Addition	Group
Acciona Agua Internacional Inc.	Canada	Water Treatment	Addition	Group
Acciona Airpor Services Düsseldorf Gmbh	Germany	Logistics Services	Addition	Group
Acciona Airport Services Chile,Spa	Chile	Logistics Services	Addition	Group
Acciona Concesiones Australia Pty Limited	Australia	Concession Operation	Addition	Group
Acciona Financiación De Filiales Chile Spa	Chile	Financial	Addition	Group
Acciona Infrastructure New Zealand, Ltd	New Zealand	Construction	Addition	Group

Company	Location	Main activity	Change	Consolidation Method
Acciona Ingeniería Colombia, S.A.S.	Colombia	Engineering	Addition	Group
Acciona Saudi Arabia For Contracting Llc	Saudi Arabia	Engineering	Addition	Group
Divinopolis Sancamento, S.A.	Brazil	Water Treatment	Addition	Associates
Energia Renovable Del Istmo II SA de Cv	Mexico	Energy	Addition	Group
Liciastar (Propietary) Limited	South Africa	Engineering	Addition	Multigroup
Mt Gellibrand Wind Farm Holding Pty Ltd	Australia	Energy	Addition	Group
NORDEX SE	Germany	Energy	Addition	Associates
Northwinds Trading (Proprietary) Limited	South Africa	Engineering	Addition	Group
Parque Eolico San Gabriel Spa	Chile	Energy	Addition	Group
Port City Water Services Inc.	Canada	Water Treatment	Addition	Associates
Proyecto F8 Troy Aym, S.A. de C.V.	Mexico	Engineering	Addition	Multigroup
Reghion Agua S.C.A.R.L.	Italy	Water Treatment	Addition	Associates
Residencial Maranta Dos S.A. de C.V.	Mexico	Real estate	Addition	Associates
San Roman Finance Llc	USA	Energy	Addition	Group
San Roman Holding Llc	USA	Energy	Addition	Group
Sociedad Explotadora Autovia Gerediaga - Elorrio S.L.	Spain	Concession Operation	Addition	Associates
Tolchén Transmisión Spa	Chile	Energy	Addition	Group
Tolpan Sur, Spa	Chile	Energy	Addition	Group
Tuto Energy I, S.A.P.I. de C.V.	Mexico	Energy	Addition	Associates
Tuto Energy Ii, S.A.P.I. de C.V.	Mexico	Energy	Addition	Associates
Almeyda Spa	Chile	Energy	Addition on Split	Group
Malgarida I Spa	Chile	Energy	Addition on Split	Group
Malgarida II Spa	Chile	Energy	Addition on Split	Group
Pichilingue Spa	Chile	Energy	Addition on Split	Group
Pililin Spa	Chile	Energy	Addition on Split	Group
Usya Spa	Chile	Energy	Addition on Split	Group
Acciona - Vjetroelektrane D.O.O.	Croatia	Energy	Removal	Group
Acciona Airport Services Berlin, S.A.	Germany	Logistics Services	Removal	Group
Acciona Blades, S.A.	Navarra	Energy	Removal	Group
Acciona Energiaki, S.A.	Greece	Energy	Removal	Group
Acciona Engineering Canada Inc	Canada	Engineering	Removal	Group
Acciona Las Tablas, S.L.	Madrid	Real estate	Removal	Group
Acciona Towers, S.L.	Madrid	Energy	Removal	Group
Acciona Windpower Brasil Ltda.	Brazil	Energy	Removal	Group
Acciona Windpower Chile, S.A.	Chile	Energy	Removal	Group
Acciona Windpower Deutschland Gmbh	Germany	Energy	Removal	Group
Acciona Windpower India Private Limited	India	Energy	Removal	Group
Acciona Windpower Internacional, S.L.	Navarra	Energy	Removal	Group
Acciona Windpower Korea, Inc	South Korea	Energy	Removal	Group
Acciona Windpower México, Srl De C.V.	Mexico	Energy	Removal	Group
Acciona Windpower North America L.L.C.	USA	Energy	Removal	Group
Acciona Windpower Oceania, Pty, Ltd	Australia	Energy	Removal	Group

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Nº 10[illegible]

Company	Location	Main activity	Change	Consolidation Method
Acciona Windpower Rüzgar Enerjisi Sistemleri	Turkey	Energy	Removal	Group
Acciona Windpower South Africa (Pty) Ltd.	South Africa	Energy	Removal	Group
Acciona Windpower, S.A.	Navarra	Energy	Removal	Group
Arturo Soria Plaza, A.I.E.	Madrid	Real estate	Removal	Associates
Constructora Sacyr Necso Chile, S.A.	Chile	Construction	Removal	Associates
Corporación Acciona Windpower, S.L.	Madrid	Energy	Removal	Group
Energía Renovable De Teruel ,S.L.	Teruel	Energy	Removal	Group
Eoliki Evripoy Cesa Hellas Epe	Greece	Energy	Removal	Group
Eoliki Panachaikou Sa	Greece	Energy	Removal	Group
Eoliki Paralimnis Cesa Hellas Epe	Greece	Energy	Removal	Group
Gestion De Edificios Comerciales, S.A.	Madrid	Real estate	Removal	Associates
Hsd Flughafen Gmbh	Germany	Logistics Services	Removal	Group
Industria Toledana De Energías Renovables, S.L.	Toledo	Energy	Removal	Group
Secomsa Gestió, S.L	Tarragona	Urban Services	Removal	Associates
Shanghai Acciona Windpower Technical Service Co.,Ltd	China	Energy	Removal	Group
Tratamiento De Resíduos De La Rad, S.L.	La Rioja	Urban Services	Removal	Group
Vector-Cesa Hellas Likosterna Epe	Greece	Energy	Removal	Group
Yeong Yang Windpower Corporation II	South Korea	Energy	Removal	Group
Acciona Energía Solare Italia, S.R.L	Italy	Energy	Removal on Merger	Group
Acciona Eólica Basilicata, Srl	Italy	Energy	Removal on Merger	Group
Acciona Eólica Molise, Srl	Italy	Energy	Removal on Merger	Group
Acciona Rinnovabili Calabria, Srl	Italy	Energy	Removal on Merger	Group
Acciona Rinnovabili Italia, Srl	Italy	Energy	Removal on Merger	Group
Corporación Eólica De Zamora. S.L.	Madrid	Energy	Removal on Merger	Group
Eólica De Sanabria. S.L.	Madrid	Energy	Removal on Merger	Group
Eólicas Del Moncayo. S.L.	Soria	Energy	Removal on Merger	Group
Parque Eólico Tortosa. S.L.	Barcelona	Energy	Removal on Merger	Group
Sistemas Energéticos El Granado. S.A	Sevilla	Energy	Removal on Merger	Group
ATLL Concesionaria de la Generalitat de Catalunya, S.A.	Barcelona	Water Treatment	Change in Method	Group
Parque Reforma Santa Fe, S.A. De C.V.	Mexico	Real estate	Change in Method	Group

APPENDIX V

BREAKDOWN OF THE MAIN CONCESSIONS

Water division:

EDAR 8B	Construction, operation and maintenance of the wastewater treatment plant "08B Zone" of Aragon	2008 - 2031	Spain	100%	Operational	Global integration	Intangible asset
EDAR 7B	Construction, operation and maintenance of the wastewater treatment plant "07B Zone" of Aragon	2011 - 2031	Spain	100%	Operational	Global integration	Intangible asset
IDAM Alicante	Construction, operation and maintenance of the sea water desalination plant in Alicante	2000 - 2018	Spain	50%	Operational	Proportional integration	Financial asset
IDAM Javea	Construction, operation and maintenance of the sea water desalination plant in Javea	2001 - 2023	Spain	100%	Operational	Global integration	Financial asset
IDAM Cartagena	Construction, operation and maintenance of the sea water desalination plant in Cartagena	2001 - 2020	Spain	63%	Operational	Proportional integration	Financial asset
IDAM Fouka	Construction, operation and maintenance of the sea water desalination plant in Tipaza	2008 - 2036	Argelia	26%	Operational	Equity method	Financial asset
IDAM Ibiza - Portmany	Reconstruction, works operation and maintenance of the sea water desalination plant in San Antonio Portmany and Ibiza	2009 - 2024	Spain	50%	Operational	Equity method	Financial asset
PTAR Atotonilco	Construction, operation and maintenance of the wastewater treatment plant in Atotonilco	2010 - 2035	Mexico	24%	Construction /Operational	Equity method	Financial asset
WWTP Mundaring	Construction, operation and maintenance of the wastewater treatment plants in Mundaring	2011 - 2048	Australia	25%	Operational	Equity method	Financial asset
PTAR La Chira	Construction, operation and maintenance of the wastewater treatment plants in La Chira	2011 - 2037	Peru	50%	Operational	Equity method	Financial asset
IDAM Arucas Moya	Extension, operation and maintenance of the sea water desalination plant in Arucas / Moya	2008 - 2024	Spain	100%	Operational	Global integration	Intangible asset
Red de saneamiento en Andratx	Construction, operation and maintenance of the sewage network in Andratx	2009 - 2044	Spain	100%	Construction /Operational	Global integration	Intangible asset
Port City Water	Design, construction, financing, operation and maintenance of a water treatment plant and storage reservoirs in Saint John	2016 - 2048	Canada	40%	Construction	Equity method	Financial asset
ATLL	Upstream water supply service in Ter-Llobregat	2013 - 2062	Spain	76%	Operational	Global integration	Intangible asset
Sercomosa	Public-private company whose principal activity is the water supply to Molina de Segura	1998 - 2040	Spain	48%	Operational	Equity method	Intangible asset
Somajasa	Public-private company to manage integrated water cycle of public services in some relevant Municipalities of Province of Jaen	2007 - 2032	Spain	60%	Operational	Equity method	Intangible asset
Gesba	Water supply service in Andratx and Deiá (Mallorca)	1994 - 2044	Spain	100%	Operational	Global integration	Intangible asset
Paguera	Water supply service in Calvià (Mallorca)	1969 - 2019	Spain	100%	Operational	Global integration	Intangible asset
Costa Tropical	Integrated water cycle service in Costa Tropical (Granada)	1995 - 2045	Spain	49%	Operational	Proportional integration	Intangible asset
Boca del Rio	Integrated water cycle of public services in Boca del Rio (Veracruz)	2018 - 2047	Mexico	70%	Operational	Global integration	Intangible asset

Infrastructure division:

Chinook roads (SEST)	Pay for availability road integrated in the Calgary ring motorway (25km)	2010 - 2043	Canada	5%	Operational	Equity method*	Financial asset
Autovia de los Viñedos	Construction, operation and maintenance of road CM-42 between Consuegra & Tomelloso (74.5km). Shadow toll	2003 - 2033	Spain	100%	Operational	Global integration	Intangible asset
Rodovia do Aço	Recovery, operation and maintenance of BR-393 (200.4km) road in Rio de Janeiro state (between Volta Redonda & Alén). Explicit toll	2008 - 2033	Brazil	100%	Construction & Operational	Global integration	Intangible asset
A2 - Section 2	Remodeling, restoration, operation and maintenance of a 76.5km strech of an existing road between km 62 (A-2) and km 139 (border of province of Soria-Guadalajara). Shadow toll	2007 - 2026	Spain	100%	Operational	Global integration	Intangible asset
Windsor Essex Parkway	Design, construction and operation of 11km highway connecting Windsor (Ontario - Canada) and U.S. Border (Detroit - Michigan)	2010 - 2044	Canada	33%	Operational	Equity method	Financial asset
Nouvelle Autoroute A-30	Construction and operation of toll road-Highway 30 in Montreal, between Châteauguay and Vaudreuil-Dorion (74km). Explicit toll	2008 - 2043	Canada	5%	Operational	Equity method*	Financial asset
Autovía Gerediaga - Elorrio	Construction, conservation and operation of N-636 road, Gerediaga-Elorrio stretch, and conservation and operation of Variante de Elorrio already built. Pay for avialiability	2012 - 2042	Spain	23%	Operational	Equity method	Financial asset
Autovía de la Plata	Construction, conservation and operation of Autovia de la Plata (A-66) road, between Benavente and Zamora. Stretches: A6 (Castrogonzalo) - Santovenia del Esla, Santovenia del Esla - Fontanillas de Castro, Fontanillas de Castro -Zamora. Pay for availability	2012 - 2042	Spain	25%	Operational	Equity method	Financial asset
Toowoomba Second Range Crossing (Nexus)	Design, construction and operation of 41km of the north ring road in Toowoomba (Queensland), from Helidon Spa to Athol, through Charlton. Avialiability payment (25 year operation from construction end)	2015 - 2043	Australia	20%	Construction	Equity method	Financial asset
Puhoi to Warkworth	Finance, design, construct and maintain the new Pūhoi to Warkworth motorway. The Pūhoi to Warkworth project will extend the four-lane Northern Motorway (SH1) 18.5km from the Johnstone's Hill tunnels to just north of Warkworth.	2016 - 2046	New Zealand	10%	Construction	Equity method	Financial asset
Consorcio Traza (Tranvía Zaragoza)	Construction & operation of the streetcar that crosses the city (12.8km)	2009 - 2044	Spain	17%	Operational	Equity method	Both methods
Sydney Light Rail	Design, construction and O&M of 12km rail line from Circular Quay via George Street to Central Station crossing Surry Hills to Moore Park, Kensington, Kingsford and Randwick. It includes operation of Inner West line	2014 - 2034	Australia	5%	Construction	Equity method	Financial asset
Canal de Navarra	Construction & operation of the 1st phase of the Canal de Navarra irrigation area	2006 - 2036	Spain	50%	Operational	Equity method	Both methods
Nova Darsena Esportiva de Bara	Construction & operation of the Roda de Bara marina. Revenues from moorings, shops & parkings (191,771m^2)	2005 - 2035	Spain	50%	Operational	Equity method	n.m
Fort St John	DBFOM for a new 55-bed hospital (plus 123 nursing home patients)	2009 - 2042	Canada	5%	Operational	Equity method*	Financial asset
Hospital de Leon Bajio	Design, construction, equipment and O&M of the hospital (184 beds)	2005 - 2030	Mexico	100%	Operational	Global integration	Financial asset
Hospital del Norte (Madrid)	DBFOM of the hospital with an area of 90,000m^2 divided in 4 blocks (283 beds)	2005 - 2035	Spain	95%	Operational	Global integration	Financial asset
Gran Hospital Can Misses (Ibiza)	DBFOM of the hospital with an area of 72,000m^2 & a health center (241 beds)	2010 - 2045	Spain	40%	Operational	Equity method	Financial asset
Novo Hospital de Vigo	DBFOM of 3 hospitals with an area of 300,000m^2 (175,000m^2 hospital y 125,000m^2 car park). (2007 beds)	2011 - 2035	Spain	43%	Operational	Equity method	Financial asset
Centro Hospitalario Universitario de Toledo	Construction and operation of Hospital Universitario de Toledo, with 760 beds	2015 - 2045	Spain	33%	Construction	Equity method	Financial asset

*Indirect shareholding through MAPLE Concessions Canada Inc., where 10% shareholding is held.

ACCIONA, S.A. AND SUBSIDIARIES
(CONSOLIDATED GROUP)
DIRECTORS' REPORT – FINANCIAL YEAR 2017

ACCIONA discloses its results in accordance with the International Financial Reporting Standards (IFRS) under a corporate structure, which comprises three divisions:

- Energy comprises the electricity business, from construction of wind farms to the generation, distribution and marketing of different energy sources.
- Infrastructure:
  - Construction includes mainly construction, industrial and engineering activities as well as transport and hospital concession activities.
  - Water includes the construction of desalination, water and wastewater treatment plants, as well as integral water services management from bulk water abstraction all the way to discharging treated wastewater to the environment. ACCIONA Agua also operates water concessions across the entire water cycle.
  - Services include the activities of facility services, airport handling, waste collection and management and logistic services among others.
- Other activities include the businesses of Trasmediterránea, Real Estate, Bestinver (fund manager), wineries and other businesses.

The Alternative Performance Measures or APM's used constanly in this half period report by ACCIONA Group are listed and defined below:

EBITDA or Gross profit/(loss) from operations: is defined as operating income before depreciation and amortisation, that is, it shows the operating result of the Group. The Company presents the calculation of EBITDA in the consolidated Profit & Losses account (see Consolidated Income Statement in point 2 of the Directors' Report). It is calculated by taking the following items of the consolidated income statement: "net revenue", "other revenues", "change in inventories of finished goods and work in progress", "cost of goods sold", "personnel expenses" and "other operating expenses".

Net debt: it shows the Group's debt, in net terms, deducting cash and cash equivalents. The detailed reconciliation is broken down in the Cash-flow and Net Financial Debt Variation section of the Directors' Report. It is calculated by taking the following items from the consolidated balance sheet: "non-current interest-bearing borrowings", "current interest-bearing borrowings", less "cash and cash equivalents" and "other current financial assets".

Non-recourse debt: as indicated in Note 18 to the consolidated financial statements, it corresponds to debt that does not have corporate guarantees, and therefore its recourse is limited to the debtor's assets and cash flows.

Recourse debt: debt with a corporate guarantee.

Financial gearing: it shows the relation between the Group's financial debt and its equity. It is calculated dividing "net debt" (calculated as explained above) by "equity".

Backlog: is defined as the pending production, that is to say, contractual amounts or customer orders after having deducted the amounts already accounted for as income on

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the income statement. It is calculated on the basis of orders and contracts awarded to the Group, deducting the realised portion that is accounted on "net revenue" and adding or subtracting "other variations", that corresponds to forex adjustments, modifications to the initial contracts and other changes to be made to the awarded backlog.

Net Capex: is defined as the net change in the balance of property, plant & equipment, intangible, financial and real estate assets during the period, corrected by:

- Depreciation, amortisation and impairment of assets during the period
- Results on disposal of non-current assets
- Forex fluctuations

When dealing with changes in the consolidation perimeter, net capex is defined as the net outflow/inflow of used/sourced resources in the purchase/sale of net assets.

Operating Cash-flow: it represents the ability of assets to generate resources in terms of net debt. It is obtained as follows:

EBITDA plus/minus change in operating working capital minus net financial cost plus/minus cash inflow/outflow of capital gains plus income from associates plus/minus other cash inflow/outflow different from those included in the Net Investment Cash-flow and from those which constitute remuneration to shareholders.

Net Investment Cash-flow: It is calculated as the Net capex plus/minus change in payable to capex providers.

Ordinary EBT: it is defined as earnings before tax excluding those accounting impacts related to exceptional decisions made by the Group's management, which go beyond the usual course of business operative decisions made by the different division's top management and are detailed in segment information note.

Management uses these APMs to take financial, operational or planning decisions. They are also used to evaluate the performance of the Group and its subsidiaries.

Management considers these APMs provide useful additional financial information to evaluate the performance of the Group and its subsidiaries as well as for decision-making by the users of the financial information.

Executive Summary

Key Highlights of the period:

- ACCIONA generated an income of €7,254 million, that represents an increase of 21.4% vs. FY2016.

- The EBITDA reached €1,275 million during FY2017, 7.0% more than in FY2016. This year is characterised by a higher contribution from Infrastructure division (+€106 million) which largely offset the slight decrease in the Energy division (-€14 million) and the lower contribution from Other Activities (-€7 million).

- The Energy division has delivered slightly lower EBITDA (-1.9%) vs FY2016, even though the Generation business improved its results (+2.5%). Mainly, due to the lower contribution from third-party turnkey activity, now that the Energy division has decided to focus exclusively on the construction of assets for its own portfolio.

- The Generation business in Spain increased its EBITDA by 9.7% thanks to the higher level of wholesale electricity prices as well as higher regulated incomes over the periodic review, even these drivers were significantly mitigated by the regulatory banding mechanism, forward sales, and lower production.

- The International Generation business suffered from lower generation volumes -partly due to events of force majeure- which led to declining EBITDA (-5.5%), despite the new capacity in operation.

- The Infrastructure division EBITDA increased across all its business lines and consolidated its margin levels. The volume in construction business is exceptionally high due to the simultaneous execution of five big projects.

- In Other Activities, the increased contribution of Bestinver (+18.9%) should be highlighted, with an EBITDA approaching historical highs.

- In terms of investment force, the gross capital expenditure in FY2017 reached €920 million which compares to the €916 million invested in FY2016. The Group's core businesses attracted the majority of the capex, with €468 million in Energy and €359 million across the Infrastructure division, which included one-off investments. Net Investment Cash-flow amounted to €609 million.

- Net Debt reached €5,224 million, 1.8% higher than in FY2016, highlighting the improvement of working capital and the closing of the sale of Ruta 160 in Q4 2017.

- On the other hand, ordinary financial expenses have decreased by 23.0%, consolidating the Group's new funding model as well as marginally improving financial expenses. Cost of debt decreased to 3.77% in FY2017 vs. 4.74% in FY2016.

- FY2017 has been a year of intense M&A activity, notably divestment deals as the sell agreement of Trasmediterránea (expecting close for H1 2018), the contribution of Real Estate assets to Testa Residencial and the sale of Ruta 160 concession that was liquidated in Q4 2017.

Income Statement Data

(Million Euros)	Jan-Dec 17	Jan-Dec 16	Chg. %
Revenues	7,254	5,977	21.4%
EBITDA	1,275	1,192	7.0%
EBIT	720	988	-27.1%
Ordinary EBT	382	312	22.3%
EBT	356	408	-12.6%
Net attributable profit	220	352	-37.5%

Balance Sheet Data and Capital Expenditure

(Million Euros)	31-Dec-17	31-Dec-16	Chg. %
Equity	3,963	4,097	-3.3%
Net debt	5,224	5,131	1.8%

(Million Euros)	Jan-Dec 17	Jan-Dec 16	Chg. %
Gross Capex	920	916	0.4%
Net Capex	719	852	-15.7%
Net Investment Cashflow	609	719	-15.3%

Operating Data

	31-Dec-17	31-Dec-16	Chg. %
Construction backlog (Million euros)	6,768	8,140	-16.9%
Water backlog (Million euro))	11,165	10,469	6.6%
Total wind installed capacity (MW)	7,382	7,260	1.7%
Total installed capacity (MW)	9,022	8,913	1.2%
Total production (GWh) (Jan-Dec)	20,431	20,830	-1.9%
Average workforce	37,403	32,835	13.9%

Consolidated Income Statement

(Million Euros)	Jan-Dec 17	Jan-Dec 16	Chg. (€m)	Chg. %
Revenues	**7,254**	**5,977**	**1,277**	**21.4%**
Other revenues	613	555	59	10.6%
Changes in inventories of finished goods and work in progress	29	8	21	247.4%
Total Production Value	**7,896**	**6,541**	**1,356**	**20.7%**
Cost of goods sold	(1,976)	(1,595)	(381)	23.9%
Personnel expenses	(1,497)	(1,288)	(209)	16.3%
Other expenses	(3,149)	(2,466)	(682)	27.7%
EBITDA	**1,275**	**1,192**	**82**	**7.0%**
Depreciation and amortisation	(633)	(547)	(86)	15.7%
Provisions	(30)	(231)	201	87.1%
Impairment of assets value	(7)	(107)	101	93.7%
Profit/(loss) from plant, property and equipment	111	640	(528)	-82.6%
Other gains and losses	4	43	(39)	-91.2%
EBIT	**720**	**988**	**(268)**	**-27.1%**
Net financial result	(322)	(671)	349	-52.1%
Translation differences (net)	(10)	28	(38)	-135.7%
Var. provisions financial investments	(2)	(1)	(1)	-129.8%
Share in results of associates accounted for by the equity method	(70)	70	(139)	-199.9%
Variation in fair value of financial instruments	39	(6)	45	n.a.
EBT	**356**	**408**	**(51)**	**-12.6%**
Tax on profit	(105)	(34)	(72)	211.8%
Profit/(loss) from Continuing Activities	**251**	**374**	**(123)**	**-32.9%**
Non-controlling interests	(31)	(22)	(9)	-20.9%
Attributable Net Profit	**220**	**352**	**(132)**	**-37.5%**

In order to facilitate the analysis of financial results for the period, a simplified Income Statement separating ordinary from exceptional impacts is provided below.

(Million Euros)	Jan-Dec 17 Ordinary	Jan-Dec 17 Excep. Impact	Jan-Dec 17 Total	Jan-Dec 16 Ordinary	Jan-Dec 16 Excep. Impact	Jan-Dec 16 Total	Chg. Ordinary %
Revenues	**7,254**	-	**7,254**	**5,977**	-	**5,977**	**21.4%**
Cost of goods sold, expenses and other income	(5,979)	-	(5,979)	(4,786)	-	(4,786)	24.9%
EBITDA	**1,275**	-	**1,275**	**1,192**	-	**(1,192)**	**7.0%**
Depreciation and amortisation	(633)	-	(633)	(547)	-	(547)	15.7%
Provisions, impairments and other	(37)	115	78	(43)	387	344	-14.5%
EBIT	**605**	**115**	**720**	**601**	**387**	**988**	**0.6%**
Net financial result	(322)	0	(322)	(373)	(298)	(671)	-13.7%
Share in results of associates accounted for by the equity method	75	(145)	(70)	70	0	70	8.5%
Other financial results	23	4	27	13	7	20	66.5%
EBT	**382**	**-26**	**356**	**312**	**95**	**408**	**22.5%**
Tax on profit	(108)	3	(105)	-117	83	(34)	-7.4%
Profit/(loss) from Continuing Activities	**274**	**(23)**	**251**	**195**	**179**	**374**	**40.4%**
Non-controlling interests	(41)	10	(31)	(49)	27	(22)	-17.2%
Attributable Net Profit	**233**	**(13)**	**220**	**146**	**206**	**352**	**59.8%**

Revenues

(Million Euros)	Jan-Dec 17	Jan-Dec 16	Chg. (€m)	Chg. %
Energy	1,737	1,796	(59)	-3.3%
Infrastructure	4,940	3,611	1,329	36.8%
Other Activities	690	668	22	3.2%
Consolidation Adjustment	(113)	(98)	(15)	-15.7%
TOTAL Revenues	**7,254**	**5,977**	**1,277**	**21.4%**

Consolidated revenues increased by 21.4% to €7,254 million, mainly due to the combined effect of:

- The decline in Energy revenues (-3.3%) mainly due to the AWP deconsolidation (wind turbine business) from 1st April 2016, and despite of the higher revenues from generation (+4.6%)
- Increase in revenues in all Infrastructure business lines (+36.8%)
- Revenues from Other Activities slightly increased by 3.2%

EBITDA

(Million Euros)	**Jan-Dec 17**	**% EBITDA**	**Jan-Dec 16**	**% EBITDA**	**Chg. (€m)**	**Chg. %**
Energy	726	57%	740	62%	(14)	-1.9%
Infrastructure	426	33%	321	27%	106	33.0%
Other Activities	124	10%	131	11%	(7)	-5.2%
Consolidation Adjustment	(1)	1%	0	0%	(1)	n.a.
TOTAL EBITDA	1,275	100%	**1,192**	100.0%	**84**	**7.0%**
Margin (%)	**17.6%**		***19.9%***			***-2,4pp***

Note: EBITDA contributions calculated before consolidation adjustments.

EBITDA increased by 7.0% to €1,275 million. This amount is reached due to the higher contribution of Infrastructure (+33.0%), which largely offset the slight decrease in Energy division (-1.9%) and the lower contribution from Other Activities (-5.2%).

EBIT

EBIT amounted to €720 million, 27.1% lower than in FY2016. This was mainly due to the accounting of exceptional impacts last year for a total amount of €375million (mainly related to capital gains derived from the AWP-Nordex deal).

Earnings Before Tax (EBT)

(Million Euros)	**Jan-Dec 16**	**Jan-Dec 17**	**Chg. (€m)**	**Chg. %**
Energy	134	107	(27)	25.1%
Infrastructure	120	122	(2)	-1.9%
Other Activities	127	85	42	48.9%
Consolidation Adjustment	1	-3	4	n.a.
Ordinary EBT	**382**	**312**	70	**22.3%**
Extraordinaries	(26)	95	**(121)**	-126.7%
TOTAL EBT	**356**	**408**	(51)	**-12.6%**
Margin (%)	**4.9%**	**6.8%**		**-1.9 pp**

Ordinary EBT increased by 22.3% to €382 million boosted not only by the increase in EBITDA, but also by the lower financial expenses.

Including the exceptional results derived from the contribution of Real Estate assets to Testa Residential, Ruta 160's capital gain and the impairment of the Group's stake in Nordex total EBT reached €356 million, -12.6% vs. FY2016.

Attributable Net Profit

Attributable net profit amounted to €220 million, 37.5% lower than in FY2016 mainly due to higher taxes, since in 2016 a large part of the exceptional impacts generated tax credits. However, ordinary attributable net profit reached €233 million, which means an annual growth of 59.5%.

Consolidated Balance Sheet

(Million Euros)	31-Dec-17	31-Dec-16	Chg. (€m)	Chg. %
Property, Plant & Equipment and Intangible assets	8,393	9,974	(1,581)	-15.9%
Financial assets	1,523	1,340	183	13.7%
Goodwill	186	79	106	134.2%
Other non-current assets	1,083	1,291	(208)	-16.1%
NON-CURRENT ASSETS	**11,184**	**12,684**	**(1,500)**	**-11.8%**
Inventories	821	783	38	4.9%
Accounts receivable	1,892	1,724	168	9.8%
Other current assets	298	250	48	19.1%
Other current financial assets	247	211	36	16.9%
Cash and Cash equivalents	1,273	1,428	(156)	-10.9%
Assets held for sale	1,432	327	1,105	333.7%
CURRENT ASSETS	**5,963**	**4,723**	**1,239**	**26.2%**
TOTAL ASSETS	**17,147**	**17,408**	**(260)**	**-1.5%**
Capital	57	57	-	0%
Reserves	3,486	3,437	49	1.4%
Profit attributable to equity holders of the parent Company	220	352	(132)	-37.5%
Treasury stock	(3)	(14)	11	78.2%
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3,760	3,831	(71)	-1.9%
NON-CONTROLLING INTERESTS	203	266	(63)	-30.9%
EQUITY	**3,963**	**4,097**	**(134)**	**-3.4%**
Interest-bearing borrowings	5,272	5,602	(330)	-5.9%
Other non-current liabilities	2,805	3,237	(432)	-15.4%
NON-CURRENT LIABILITIES	**8,077**	**8,839**	**(762)**	**-9.4%**
Interest-bearing borrowings	1,472	1,169	304	26.0%
Trade payables	2,199	2,297	(98)	-4.3%
Other current liabilities	962	819	143	17.4%
Liabilities associated to assets held for sale	474	186	287	154.4%
CURRENT LIABILITIES	**5,107**	**4,471**	**636**	**14.2%**
TOTAL EQUITY AND LIABILITIES	**17,147**	**17,408**	**(260)**	**-1.5%**

(Million Euros)	Jan-Dec 17	Jan-Dec 16	Chg.	Chg. (%)
EBITDA	1,275	1,192	83	7.0%
Financial Results	(254)	(330)	76	23.0
Working Capital	(343)	162	(505)	n.a.
Other operating cashflow	(251)	(244)	(7)	-2.9%
Operating cashflow	**427**	**780**	**(353)**	**-45.3%**
Gross ordinary Capex	(920)	(916)	(4)	-0.4%
Divestments	201	64	137	n.a.
Other investment cashflows	110	133	(23)	-17.3%
Net Investment Cashflow	**(609)**	**(719)**	**110**	**15.3%**
Treasury stock	(6)	-	(6)	n.a.
Derivatives	25	(12)	37	n.a.
Forex	105	(81)	186	n.a.
Dividends	(165)	(143)	(22)	-15.4%
Changes in scope & other inc. convertible bond	130	203	(73)	-36.0%
Financing/other cashflow	**89**	**(33)**	**122**	**369.7%**
Change in net debt decrease/(increase)	**(93)**	**28**	**(121)**	**432.1%**

Attributable Equity

ACCIONA's attributable equity as of 31st December 2017 reached €3,760 million, 1,9% lower than the previous year.

Net Financial Debt

	31-Dec-17		31-Dec-16		Chg. (€m)	Chg. %
	Amount	Total	Amount	% Total		
Non-recourse financial debt	1,889	28%	2,254	33%	(365)	-16.2%
Recourse financial debt	4,855	72%	4,517	67%	338	7.5%
Financial debt (*)	**6,744**	**100%**	**6,771**	**100%**	**(27)**	**-0.4%**
Cash + cash equivalents	**(1,520)**		**(1,640)**		**(120)**	**-7.3%**
Net financial debt:	**5,224**		**5,131**		**93**	**1.8%**

** Financial debt includes debentures and bonds.*

Net financial debt as of 31st December 2017 totalled €5,224 million, 1.8% above December 2016 levels. This variation in debt was mainly due to the combination of the following factors:

- The Operating Cash-flow amounted to €427 million. This figure has been affected by:

- The improvement in EBITDA by €83 million
- The investment in working capital vs. the cash received in FY2016 (-€343 million vs. +€162 million in 2016) had a negative impact. The main cause of this variation is the collection of prepayments from construction projects in 2016 that have been partially consumed in 2017.
- The positive effect of the reduction in financial outflows that fell to -€254 million (€76m lower than in FY2016)

* The Net Investment Cash-flow of -€609 million included a few one-off investments in Infrastructure and Energy divisions.
* The positive effect of the exchange rates (-€81 million in 2016 vs. +€105 million 2017).

Financial gearing has evolved as follows:

(Million Euros)	31-Dec-17	31-Dec-16
Gearing (Net Debt/Equity) (%)	132%	125%

Capital Expenditure

(Million Euros)	Jan-Dec 17	Jan-Dec 16	Chg. (€m)	Chg. (%)
Energy	468	489	(21)	-4.3%
Infrastructure	359	358	1	0.3%
Construction and Industrial	278	205	74	36.0%
Concessions	25	19	6	31.8%
Water	38	107	(69)	-64.2%
Services	18	28	(10)	-34.3%
Other Activities	93	69	24	34.3%
Gross Capex	**920**	**916**	**4**	**0.4%**
Divestments	(201)	(64)	(137)	-215.2%
Net Capex	**719**	**852**	**(134)**	**-15.7%**

Gross capital expenditure across ACCIONA's divisions in FY2017 amounted to €920 million.

Energy and Infrastructure divisions comprise the greatest investment effort. The Energy division invested €468 million related to, among others, the last payments for projects already in operation, the construction of new wind power capacity in Mexico, Australia and Chile and the acquisition of an additional 50% of a wind farm in Canada. Infrastructure division investments worth €359 million, including the acquisition of Geotech (€139 million).

In terms of divestments, it includes the sell of a real estate asset and Ruta 160 concession (debt was already classified as liability held for sale).
As a result, Net Capex has reached €719 million. In terms of cash outflows, Net Investment Cash-flow amounted to €609 million.

Results by Division

Energy

(Million Euros)	Jan-Dec 16	Jan-Dec 16	Chg. (€m)	Chg. %
Generation	1,324	1,266	58	4.6%
Spain	823	765	58	7.6%
International	501	501	-	0%
Non-generation	758	880	(122)	-13.9%
Consolidation adjustments and other	(345)	-350	6	1.6%
Revenue	**1,737**	**1,796**	**(59)**	**-3.3%**
Generation	802	782	20	2.5%
Spain	452	412	40	9.7%
International	350	370	(20)	-5.5%
Non-generation	(32)	27	(59)	-219.1%
Consolidation adjustments and other	(44)	-70	25	36.5%
EBITDA	**726**	**740**	**(14)**	**-1.9%**
Margin (%)	*41.8%*	*41.2%*		
EBT	**134**	**107**	**27**	**25.1%**
Margin (%)	*7.7%*	*6.0%*		

ACCIONA Energy's revenues fell by 3.3% compared to FY2016 to €1,737 million. EBITDA slightly decreased to €726 million (-1.9%).

Generation EBITDA improved by a 2.5% to €802 million.

The Generation business in Spain grew thanks to higher wholesale prices (€52.24/MWh vs €39.67/MWh in FY2016) and higher regulated revenues after the periodic review at the beginning of the year, however, these factors have been mitigated by the regulatory band mechanism (-€25 million), forward sales and lower production.

The International Generation business also suffered from lower generation volumes - partly due to events of force majeure (Mexico and USA), although such effect was partly offset by the new capacity in operation.

EBITDA contribution coming from Non-Generation activities decreased mainly due to the reduction in the turnkey project business and AWP deconsolidation.

EBT amounted to €134 million, 25.1% higher than FY2016.

Over the last 12 months, consolidated installed capacity increased by 148MW due to the increase of the international installed capacity and the reduction of 37MW of wind in Spain (repowering of a wind farm), and 12MW hydro in Spain (end of this concession). Internationally, 84MW of wind have been added in Mexico, 75MW of wind in India and 38MW of wind in Canada.

At operational level, consolidated production amounted to 16,929GWh, 2.4% lower than in FY2016, due to lower hydro and wind power production in Spain and despite the new international capacity in operation.

Breakdown of Installed Capacity and Production by Technology

	Total		Consolidated		Net	
31-Dec-17	**Installed MW**	**Produced GWh**	**Installed MW**	**Produced GWh**	**Installed MW**	**Produced GWh**
Spain	**5,901**	**12,529**	**4,623**	**9,749**	**5,229**	**11,054**
Wind	4,710	9,850	3,433	7,069	4,042	8,392
Hydro	876	1,804	876	1,804	876	1,804
Solar Thermoelectric	250	457	250	457	250	457
Solar PV	3	4	3	4	3	3
Biomass	61	414	61	414	59	397
International	**3,122**	**7,901**	**2,874**	**7,180**	**2,055**	**4,923**
Wind	2,671	7,208	2,469	6,584	1,711	4,456
USA	721	2,115	646	1,868	467	1,365
Mexico	641	1,835	641	1,835	445	1,191
Australia	303	889	239	727	180	539
Italy	156	252	156	252	104	168
South Africa	138	370	138	370	51	135
India	164	304	164	304	135	232
Portugal	120	290	120	290	75	178
Canada	181	467	141	304	94	203
Poland	101	210	101	210	67	140
Costa Rica	50	225	50	225	32	146
Chile	45	120	45	120	30	80
Croatia	30	78	30	78	20	52
Hungary	24	53	-	-	12	26
Solar PV	386	572	341	476	301	387
Chile	246	270	246	270	246	270
South Africa	94	207	94	207	35	76
Portugal	46	96	-	-	20	42
Solar Thermoelectric (USA)	64	121	64	121	43	80
Total Wind	**7,382**	**17,058**	**5,902**	**13,653**	**5,753**	**12,848**
Total other technologies	**1,640**	**3,373**	**1,595**	**3,277**	**1,531**	**3,130**
Total Energy	**9,022**	**20,431**	**7,497**	**16,929**	**7,284**	**15,977**

Infrastructure

(Million Euros)	Jan-Dec 17	Jan-Dec 16	Chg. (€m)	Chg. %
Construction	3,131	1,983	1,148	57.9%
Industrial	274	174	100	57.4%
Concessions	140	110	30	27.7%
Water	682	708	(26)	-3.7%
Services	753	677	76	11.2%
Consolidation adjustments	(39)	-41	2	4.9%
Revenues	**4,940**	**3,611**	**1,329**	**36.8%**
Construction	197	116	81	70.4%
Industrial	10	6	4	60.4%
Concessions	56	52	4	6.7%
Water	130	119	11	9.2%
Services	34	28	6	22.6%
EBITDA	**426**	**321**	**106**	**33%**
Margin (%)	8.6%	8.9%		
EBT	**120**	**122**	**(2)**	**-1.9%**
Margin (%)	2.4%	3.4%		

Revenues increased in both businesses amounting to €3,131 million in Construction (+57.9%) and €274 million in Industrial (+57.4%).

EBITDA stood at €207 million backed by the growth of works in progress, as well as the growth of capital-intensive construction projects, with greater EBITDA margins. It should be noted that such high level of income and EBITDA is exceptional due to the simultaneous development of important projects that are investment intensive.

Construction & Industrial Backlog

(Million Euros)	31-Dec-17	31-Dec-16	Chg. %	Weight (%)
Construction	6,287	7,527	-16.5%	33%
Industrial	481	613	-21.5%	3%
Water	11,165	10,469	6.6%	59%
Services	898	783	14.7%	5%
TOTAL	**18,831**	**19,392**	**-2.9%**	**100%**

A. Construction and Industrial

(Million Euros)	Jan-Dec 17	Jan-Dec 16	Chg. (€m)	Chg. %

Construction	3,131	1,983	1,148	57.9%
Industrial	274	174	100	57.4%
Revenues	**3,404**	**2,157**	**1,247**	**57.8%**
Construction	197	116	81	70.4%
Margin (%)	6.3%	5.8%		
Industrial	10	6	4	60.4%
Margin (%)	3.5%	3.5%		
EBITDA	**207**	**122**	**85**	**69.9%**
Margin (%)	6.1%	5.6%		
EBT	**57**	**56**	**1**	**1.9%**
Margin (%)	*1.7%*	*2.6%*		

Revenues increased in both businesses amounting to €3,131 million in Construction (+57.9%) and €274 million in Industrial (+57.4%).

EBITDA stood at €207 million backed by the growth of works in progress, as well as the growth of capital-intensive construction projects, with greater EBITDA margins. It should be noted that such high level of income and EBITDA is exceptional due to the simultaneous development of important projects that are investment intensive.

Construction & Industrial Backlog

As of 31st December 2017, backlog amounted to €6,768 million, 16.9% lower than in FY2016.

It is to be highlighted the award of the contract for the construction of the Ciudad de Mexico International Airport's terminal, as well as the new construction projects of Cebu Bridge in Philippines, Panamericana road in Panamá and Marga Marga Hospital in Chile.

Furthermore, ACCIONA-Geotech was awarded during 2017 with a contract regarding the modernization of the Ballarat Rail Line in Australia, which also contributed to the construction backlog.

(Million Euros)	31-Dec-17	31-Dec-16	Chg. %	Weight (%)
Total Spain	**1,247**	**1,417**	**-12.0%**	**18%**
Total International	**5,521**	**6,723**	**-17.9%**	**82%**
Latin America	2,151	2,710	-20.6%	32%
EMEA (Spain not incl.)	1,738	2,407	-27.8%	26%
Australia and South-East Asia	1,026	1,146	-10.5%	15%
North America	606	459	32.1%	9%
TOTAL	**6,768**	**8,140**	**-16.9%**	**100%**

B. Concessions

(Million Euros)	Jan-Dec 17	Jan-Dec 16	Chg. (€m)	Chg. %
Revenues	**140**	**110**	**30**	**27.7%**
EBITDA	**56**	**52**	**4**	**6.7%**
Margin (%)	39.6%	47.4%		
EBT	**10**	**13**	**(3)**	**-20.3%**
Margin (%)	7.3%	11.7%		

Concessions increased its revenues by 27.7% to €140 million and EBITDA to €56 million.

As of December 31st 2017, Book Value of concessions amounted to €1,211 million (€368 million in "equity" and €844[1] million in net debt) and has a total amount of 20 concessions.

Appendix V shows the detail of the concessions portfolio as of 31st December 2017.

[1]This figure includes the proportional part of the net debt from those concessions accounted by the equity method (€568m)

C. Water

(Million Euros)	Jan-Dec 16	Jan-Dec 17	Chg. (€m)	Chg. %
Revenues	**682**	**708**	**(26)**	**-3.7%**
EBITDA	**130**	**119**	**11**	**9.2%**
Margin (%)	19.1%	16.8%		
EBT	**38**	**38**	**-**	**1.1%**
Margin (%)	5.6%	5.4%		

The Water division revenues fell by 3.7%, but EBITDA increased by 9.2% to €130 million, primarily due to the increase of O&M activity which has higher margins.

Water Backlog

Water Backlog as of December 2017 stood at €11,165 million, increasing by 6.6% compared to FY2016. Among the new-awarded concessions, it is worth to mention the construction of water treatment facilities in Canada and Panama, as well as the water management service of Boca de Rio in Mexico.

(Million euros)	31-Dec-17	31-Dec-16	Chg. (%)	Weight (%)
D&C	537	555	-3.3%	5%
O&M	2,769	2,117	30.8%	25%
ATLL	7,858	7,796	0.8%	70%
TOTAL	**11,165**	**10,469**	**6.6%**	**100%**

(Million euros)	31-Dec-17	31-Dec-16	Chg. (%)	Weight (%)
Spain	9,194	9,141	0.6%	82%
International	1,970	1,328	48.4%	18%
TOTAL	**11,165**	**10,469**	**6.6%**	**100%**

Appendix V shows the detail of the portfolio of water concessions regulated by CINIIF12 as of 31st December 2017.

D. Services

(Million Euros)	Jan-Dec 17	Jan-Dec 16	Chg. (€m)	Chg. %
Revenues	**753**	**677**	**76**	**11.2%**
EBITDA	**34**	**28**	**6**	**22.6%**
Margin (%)	4.6%	4.1%		
EBT	**14**	**15**	**(1)**	**-8.5%**
Margin (%)	1.8%	2.2%		

The division reported an increase in revenues of 11.2% to €753 million and an EBITDA increase of 22.6% to €34 million, mainly due to higher volumes in the airport business.

Other Activities

(Million Euros)	Jan-Dec 17	Jan-Dec 16	Chg. (€m)	Chg. %
Trasmediterránea	426	431	(5)	-1.2%
Real estate	113	105	8	7.7%
Bestinver	106	85	21	24.9%
Corp. & other	45	48	(2)	-5.0%
Revenues	**690**	**668**	**22**	**3.2%**
Trasmediterránea	45	61	-16	-26.0%
Margin (%)	10.5%	14.1%		
Real estate	12	14	(2)	-13.3%
Margin (%)	10.8%	13.4%		
Bestinver	70	59	11	18.9%
Margin (%)	66.1%	69.4%		
Corp. & other	-3	-3	-	-9.6%
EBITDA	**124**	**131**	**(7)**	**-5.2%**
EBT	**127**	**85**	**42**	**48.9%**
Margin (%)	18.4%	12.8%		

During FY2017, Other Activities division, which includes Trasmediterránea, Real Estate, Bestinver and others, reported revenues of €690 million, up to 3.2% vs. FY2016.

EBITDA decreased to €124 million (-5.2%), mainly due to Trasmediterránea's results and despite the increase in contribution of Bestinver.

Trasmediterránea:

It presents a relatively flat revenues level (-1.2%) with an increase in passengers, vehicles and lane meters. EBITDA fell to €45 million, due to the increase in fuel costs related to increase in oil prices.

	Jan-Dec 17	Jan-Dec 16	Chg. (%)
Passengers served	2,547,566	2,508,535	1.6%
Cargo handled (lane metres)	6,057,793	5,780,966	4.8%
Vehicles	612,046	575,991	6.3%

Real Estate:

Turnover increased by 7.7% due to the asset rotation strategy (land).

EBITDA, however, fell by 13.3%, mainly due to desconsolidation of the divestment of patrimonial assets and relaunching of development activity.

Bestinver:

Bestinver's AUMs reached €6,058 million as of 31st December 2017, and improved EBITDA, up to €70 million (+18.9%) mainly due to higher average managed funds vs. FY2016.

MATERIAL INFORMATION, DIVIDEND AND SHARE DATA

Significant communications to the stock market

- **16 January 2017: ACCIONA reports the buyback of its remaining convertible bonds up to a maximum of €108.4m**

- The Company announced its intention to repurchase up to €108.4m in aggregate principal amount of its Bonds, representing the outstanding balance of the Bonds not already held by the Company in treasury stock.
- The Repurchase period was expected to close as soon as practicable on 19 January 2017 after market close, subject to the right of the Company to close or extend, at its sole discretion, the Repurchase at any time.

- **19 January 2017: ACCIONA informs about the terms & conditions of the buyback of its remaining convertible bonds**

- The definitive terms & conditions of the Repurchase were the following:
- The aggregate principal amount of the Bonds to be repurchased would be €91,600,000.
- The repurchase price per Existing Bond will be 134.80% of its principal amount, which represents an aggregate consideration of approximately €123.48m for the Repurchase as a whole.
- The Company has accepted all offers for repurchase of the Existing Bonds.
- Given that, following completion of the Repurchase, less than 15% in aggregate principal amount of the Bonds originally issued will be outstanding, the Company will be able to exercise its early redemption call in relation to all remaining Bonds at its principal amount plus accrued and unpaid interests, subject to the decision of the Board of Directors.

- **8 March 2017: ACCIONA Construction Australia-Geotech Group Transaction**

- ACCIONA Construcción S.A has indirectly acquired through ACCIONA Geotech Holding Pty Ltd the 82.4% of Geotech Holdings Pty Ltd, parent company of the Australian construction group Geotech for a cash consideration of AUD197m (subject to potential working capital, net debt and capex adjustments) and the assignment to ACCIONA Australia of three projects currently under tender. The transaction values Geotech at AUD262m (Enterprise Value) and the undertaking that ACCIONA Australia will be the bidding vehicle for future civil construction projects in Australia and New Zealand.

- **6 April 2017: Official announcement and submission of proposal of the Annual General Meeting**

- On 6 April 2017, the company informed the CNMV (Spanish Stock Market Regulator) of the Annual General Meeting announcement for 17 May 2017 for its first call, or the 18 May 2017 for its second one, and submitted the proposed agreements.

- **28 April 2017: Liquidity contracts and specialists**

- On 28 April 2017, the Company informed about the temporary suspension of the Liquidity Contract subscribed with *Bestinver Sociedad de Valores* to manage its treasury stock in order to allow the purchase of 300,000 shares of ACCIONA S.A by ACCIONA S.A. that represent 0.523% of the share capital that is intended to cover 4.5% outstanding from the Senior Convertible Bonds, after direct repurchases and the ones made on the 17th, 18th and 19th of January 2017.

- **28 April 2017: Liquidity contracts and specialists**

- On 28 April 2017, ACCIONA acquired, through a mass operation, a total share issue of 221,357 treasury stocks that represent a 0.386% of the social capital whose unit price is €74.70. After this transaction, the Company informed about the resumption of the operations under the liquidity contract subscribed on 3 July 2015 with *Bestinver Sociedad de Valores S.A.* in order to manage its treasury stock.

- **18 May 2017: Annual General Meeting – Approval of Agreements**

- On 18 May 2017 the Annual General Meeting adopted, among others, the following agreements:
- To approve the individualised annual accounts of ACCIONA S.A. for 2016, as well as the consolidated annual accounts of the corporate for the same period.
- To appoint *KPMG Auditores S.L.* as the accounts auditor of ACCIONA S.A. and its corporate group for a period of three years.
- To re-elect Mr. Jerónimo Gerard Rivero as Independent Director and appoint Ms. Karen Christiana Figueres Olsen as Independent Director.
- To authorise the acquisition of shares in the Company by the Company itself and by companies in its group, respecting the legal limits and requirements and in accordance with the conditions set out, leaving without any effect, in the amount not utilised, the authorisation approved for the purpose by the Ordinary General Meeting of Shareholders in 24 May 2012.
- To approve the Directors Remuneration Policy for the years 2018, 2019 and 2020 and the empowerment of the Board of Directors to interpret, develop, formalise and execute this agreement.
- To increase the maximum number of available shares for the Shares Delivery and Performance Shares Plan for 2014-2019 in 100,000 shares, without prejudice to subsequent increases, if proposed by the Board of Directors and approved by the General Meeting.
- To Approve, for information purposes, the Annual Directors' Remuneration Report for the year 2016.
- To approve the Sustainability Report 2016.

- **10 July 2017: The Company announces the completion of the liquidity contract signed on 2 July 2015**

- ACCIONA informs that the liquidity contract subscribed with Bestinver Sociedad de Valores, SA has been cancelled due to the entry into force on 11 July 2017, of Circular 1/2017 of 10 May, by the CNMV on liquidity contracts.

- **10 July 2017: ACCIONA announces the subscription of a new liquidity contract in accordance with Circular 1/2017 of the CNMV**

- ACCIONA informs that it has entered into a liquidity agreement with Bestinver Sociedad de Valores, S.A. for the management of its treasury stock.

- The Contract will have a duration of twelve months, which may be extended tacitly for an equal period.

- **27 July 2017: ACCIONA reports the agreement reached with Testa Residencial for the contribution of real estate assets**

- ACCIONA via its subsidiary ACCIONA Real Estate, S.A.U. has signed an agreement to contribute its residential rental business to Testa Residencial SOCIMI, S.A. for €336m. As consideration, ARE will receive newly issued shares in Testa representing 21% of the total share capital.

- **1 August 2017: ACCIONA reports the early redemption call of the outstanding Convertible bonds**

- ACCIONA informs that there are in circulation less than the 15% of the Bond's aggregate principal amount originally issued.
- The Company has decided to exercise its early redemption call on all current remaining Bonds at its principal amount plus accrued and unpaid interest up to (but excluding) the redemption date pursuant to the terms and conditions of the Bonds, and redeem and cancel the issuance entirely.

- **11 August 2017: ACCIONA announces the agreement for the sale of the Chilean highway concession, Ruta 160**

- The Company, via its subsidiaries ACCIONA Concesiones Chile Limitada and ACCIONA Construcción, S.A., has entered into an agreement with Globalvia for the sale of 100% of the Ruta 160 shares. The consideration transaction amounts to €335m, including the assumption of €117m of project debt and €33m corresponding to the market value of the financial derivatives associated to the debt.

- **25 October 2017: ACCIONA announces the disposal of its stake in Trasmediterránea**

- ACCIONA has reached an agreement with Naviera Armas Group for the sale of its holdings in Trasmediterránea (92.71%). The agreement implies an enterprise value for 100% of the company in a range of €419m to €436m, depending on the level of achievement of an earn out agreed with the Purchaser. The sale price for the shares owned by the Company amounts to €260.4m, of which €30.4m have been unconditionally deferred. In addition, the Purchaser will assume the repayment of a debt between Trasmediterránea and other companies belonging to the ACCIONA Group for an amount of €127.3m. The transaction is subject to the fulfilment of a condition precedent.

- **14 December 2017: ACCIONA reports on the modification of the Plan 2014 for Delivery of Shares and Performance Shares**

- The Board of Directors of ACCIONA has approved the amendment of the regulation of the Plan 2017 for Delivery of Shares and Performance Shares to the management of ACCIONA and its group.
- Amendments to the regulation of the Plan consist of:

  a) **Regarding Executive Directors:**

    - Deferral, of at least one year, in the delivery of 20% of the shares they are entitled to receive, also subject to the condition that their delivery does not disclose a material restatement of the ACCIONA Group's consolidated financial statements.

- o Possibility of claiming, under certain circumstances and during the 3 years following the date on which the delivery of the shares has been made, the refund of the equivalent amount ("claw-back").
- o Delivery date: The date specifically determined by the Board of Directors after the Ordinary General Shareholders' Meeting.
- o The tax regime applicable to the Executive Directors is in line with that established for the other beneficiaries of the Plan's regulations.
- o Remuneration may be replaced at the proposal of Appointments and Remuneration Committee, in the delivery of shares or different Alternative Instruments provided for in the Plan's regulations.

b) Regarding Beneficiaries other than Executive Directors:

- o Extend the Plan duration by two additional years (that is, up to and including 2021) under the terms and conditions provided for in the Plan's regulations.
- o It is foreseen the possibility of making an extraordinary allotment and delivery of ACCIONA shares in multi-annual periods (minimum of three years) to one or more Beneficiary Executives (other than Executive Directors) for the achievement of extraordinary results.
- o Remuneration may be replaced at the proposal of Appointments and Remuneration Committee, in the delivery of shares or different Alternative Instruments provided for in the Plan's regulations.

▪ **18 December 2017: ACCIONA announces the temporary suspension of Liquidity Contract**

- ACCIONA announces the temporary suspension of the Liquidity Contract signed on 10 July 2017 with Bestinver Sociedad de Valores, S.A., for the management of its treasury stock to allow the purchase by ACCIONA, S.A., of up to 90,000 shares of ACCIONA, S.A., representing 0.157% of the social capital through two block transactions. Shares that will be used to implement the Plan of Delivery of Shares and Performance Shares.

▪ **18 December 2017: ACCIONA informs of the resumption of operations under the Liquidity Contract subscribed after the block transactions.**

- ACCIONA has acquired, through two block transactions, a total package of 90,000 company's own shares, representing 0.157% of the social capital at the cost of €70.71 per share. In addition, once completed the reported operations, the Company informs of the resumption of the transaction under the Liquidity Contract signed on 10 July 2017 with Bestinver Sociedad de Valores, S.A., for the management of its treasury stock.

From 31 December 2017, ACCIONA has released the following material information:

▪ **26 January 2018: The Company communicates the internal reorganisation carried out by one of the reference shareholders and the subsistence of the Pacto Parsasocial de Estabilidad**

- The family Group of Mr. José María Entrecanales de Azcarate, in order to rationalise the management of its participation, updating and simplifying its corporate governance, has implemented an internal reorganisation resulting in La Verdosa SL directly owning 5.31% of ACCIONA.

- The terms of the aforementioned Pacto Parsasocial de Estabilidad, to which La Verdosa SL adheres, have not been modified, with each of its signatories retaining full freedom to vote and, therefore, there is no agreement on ACCIONA's management.

- **9 February 2018: ACCIONA reports on the news published in the newspaper "El Economista" regarding certain energy assets.**

- In relation to the news published in the newspaper "El Economista", ACCIONA informs that it is holding negotiations with Contour Global to carry out a corporate operation related to energy assets, but neither the perimeter, nor the valuations, nor the other terms and conditions mentioned in the article reflect the reality of it.

- **22 February 2018: ACCIONA reports on the news published by the media regarding the Alta Ter-Llobregat (ATLL) water management contract.**

- Regarding the news published by the media in relation to the Supreme Court ruling dismissing the Generalitat de Catalunya and Sociedad General de Aguas de Barcelona, S.A. contentious-administrative appeal against the ruling of the High Court of Justice of Catalonia dated 22 June 2015, confirming the annulment of the award of the alta Ter-Llobregat water management contract already decreed by the High Court of Justice of Catalonia. ACCIONA reports that its appeal, based on different grounds than those portrayed on these appeals, has not yet been resolved. Therefore, no sentence has been notified regarding this matter.

- Once the Sentence is notified, ACCIONA will analyse the grounds for its decision and will determine the appropriate legal and/or judicial actions.

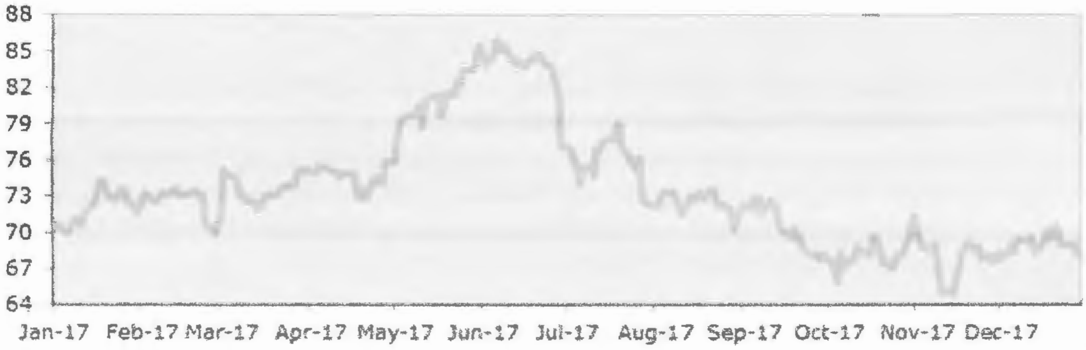
- In any case, it should be remembered that in accordance to Article 56 related to the public tender and decision of the Regional Departments of Economy & Knowledge and Territori i Sostenibilitat of the Generalitat de Catalunya dated 5 July 2013, ATLL Concesionaria de la Generalitat de Catalunya is obliged to continue providing service until the compensation set on the terms of reference and on the Consolidated Text of the Public Contract Law is paid and until the minutes in relation to the return of the assets and rights linked to the public service is signed.

Dividend

On 28 February 2017 ACCIONA's AGM proposed the payment of a dividend of €164.6m (€2.875 per share) against 2016 results. The dividend was paid on 3 July 2017.

Share data and share price performance

ACCIONA Share Price Evolution (€/share)



Key Share Data

	31-Dec-17
Price at 29 December 2017 (€/share)	68.04
Price at 30 December 2016 (€/share)	69.93
Low in FY 2017 (10/11/2017)	64.85
High in FY 2017 (06/06/2017)	85.87
Average daily trading (shares)	172,797
Average daily trading (€)	12,753,544
Number of shares	57,259,550
Market capitalisation at 29 December 2017 (€ millions)	3,896

Share capital

At 31 December 2017 the share capital of ACCIONA amounted to €57,259,550 divided into 57,259,550 shares with a face value of €1 each.

The group's treasury shares as of December 31st 2017 amounted to 45,702 shares, which represent a 0.08% of the share capital.

The changes in treasury shares in financial year 2017 were as follows:

	2017		2016	
	Number of shares	**Cost**	**Number of shares**	**Cost**
Opening balance	**233,898**	**14,403**	**320,460**	**20,238**
Additions	3,395,430	253,160	4,992,255	338,284
Retirements	(3.392,916)	(253,024)	(4,987,221)	(338,300)
Liquidity contract	**2,514**	**136**	**5,034**	**(16)**
Additions 03/05/2017 (*)	221,357	16,569	--	--
Other additions	90,001	6,370	--	--
Retirements	(502,068)	(34,332)	(91,596)	(5,819)
Other movements	**(190,710)**	**(11,393)**	**(91,596)**	**(5,819)**
Closing balance	**45,702**	**3,146**	**233,898**	**14,403**

(*) Specific acquisition to meet the convertible bond conversion requirements

Events after the reporting period

On 21 February 2018, Acciona Group and the company ATLL Concessionària de la Generalitat de Catalunya S.A. became aware of the judgement handed down by the Supreme Court on the cassation appeal filed by the Generalitat de Catalunya against the High Court of Justice of Catalonia (HCJC) ruling which invalidated the procedure to award said concession (appeal 2725/2015). This judgement dismisses the claims brought forward by the Generalitat and confirms the HCJC ruling.

The Acciona Group is currently waiting for notification of the cassation appeal 2682/2015 filed by Gestió Catalana de Aigues, and appeal 2678/2015 filed by the Concessionaire and by Acciona Agua against the HCJC judgement which invalidated the procedure to award said concession.

On 26 February 2018, an agreement has been reached for the sale of the thermal solar business in Spain to subsidiaries of the company Contour Global, consisting on five plants with a total capacity of 250 MW for an amount of 1,093 million euros (including debt). In addition, the parties have agreed to the payment of an earn out of up to 27 million euros. The effectiveness of the operation is conditional upon compliance with several conditions precedent (see Note 23 in the financial statements).

Main Risks associated with the ACCIONA Group's business activities

The risk scenarios considered in the ACCIONA Risk Management System have been classified into four groups: financial, strategic, operational and unpredictable, with the first two groups identified by the Group's executives as those presenting a higher risk profile.

1. Financial and Economic Risks:

Mainly fluctuations in exchange rates, interest rates and financial markets, changes in the prices of raw materials, liquidity, cash flow, late payment or loss of clients.

In order to mitigate the exchange rate risk, ACCIONA engages currency derivatives (mainly exchange-rate hedging instruments) to cover significant future transactions and cash flows in line with the tolerated risk thresholds. Note 19 to the annual accounts for 2017 includes detail of current and non-current assets and liabilities and of net equity at 31 December 2017 in the main currencies in which the Group operates.

Interest rate risk is particularly material with regard to the funding of infrastructure projects, in concession contracts, in the construction of wind farms or solar plants and other projects where the variation in interest rates may have a strong impact on their profitability. It is mitigated by hedging transactions through the engagement of derivatives. (Mainly Interest Rate Swaps, IRS).

The risk of fluctuations in prices of raw materials, mainly when purchasing fuel, is fundamentally mitigated in the short term by specific hedging transactions generally through the engagement of derivatives.

As regards credit and liquidity risks, the Group negotiates operations exclusively with solvent third parties and requires sufficient assurances to mitigate the risk of financial losses in the event of any default.

Together with a suitable level of reserves, it also constantly monitors the forecasts and the current levels of cash flows to match these against the maturity profiles for financial assets and liabilities.

2. Strategic Risks:

They are risks that have the consequences of reducing the growth of the company and failing to meet the objectives due to inability to respond to a dynamic and competitive environment. These risks include organisational changes, investments and divestments, threats from competitors, economic, political and legal changes, and the impact of new technologies or research and development.

ACCIONA minimises this type of risk through its own strategy and business model by applying adequate sectoral and geographic diversification of its businesses; the performance of exhaustive market research, surveys of competitors and the countries in which its activities are carried out; as well as through the encouragement of Research and Development.

Risks derived from contrary conduct to ethics and integrity. The markets in which ACCIONA operates could be exposed to risks of an ethical nature that go against the principles of integrity and respect in existing legislation. ACCIONA has put in place a Code of Conduct which establishes the basic principles and commitments that all directors and employees of the divisions as well as suppliers and third parties in contact with these companies must fulfil and respect when carrying out their activities. There is a whistle blowing channel, communicated at all levels of the Organisation, to enable information to be passed on, with guarantees of confidentiality, regarding any irregular conduct relating to accounting, supervision and auditing as well as any other non-compliance or breach of the behaviour promulgated in the Code.

3. Operational Risks:

They are risks concerning processes, people and products. They are related to regulatory, legal and contractual compliance, control systems and procedures, the supply chain, auxiliary services, information systems, employee productivity and the loss of key personnel.

In each business area, specific systems are established to cover all the business requirements, to systematise and document processes, and to manage quality, operations, planning and financial control.

In order to mitigate the risks in the procurement process, controls have been established to favour free competition and transparency in the processes and to avoid violating ACCIONA's commitment to ethical behaviour in these processes.

Every year ACCIONA draws up a map of the risks with its critical suppliers, analysing the main risks in its supply chain from the perspectives of economics, the environment, the prevention of occupational hazards, the activity and the country of origin.

4. Unforeseeable Risks:

They are risks related to damage caused to company assets and civil liability risks that could negatively impact the company's performance, including criminal acts of a cyber nature.

ACCIONA has a Corporate Management System for Environmental Crises. This system includes measures to be followed and the allocation of responsibilities and resources necessary for the adequate management of a crisis situation following any incident occurring at facilities owned or operated by the Company and leading to consequences for the environment.

ACCIONA has consolidated its initiatives for management of risks to the environment, focusing its efforts on the identification and implementation of measures for the mitigation of the most relevant risks.

As regards the tax risks faced by the Group, these are basically procedures, communication with business areas that may lead to an inadequate technical analysis, changes in tax regulations or administrative and jurisprudential criteria, as well as the reputational risk arising from tax decisions that may damage the Group's image and reputation.

Non-Financial Information Statement

Through ACCIONA's sustainability strategy defined in its Sustainability Master Plan (SMP), the company responds to the main challenges of sustainable development, particularly regarding the mitigation of climate change, the provision of solutions to address water stress and the design of infrastructure adapted to the new realities.

With a time frame up to 2020, the SMP (http://pds2020.acciona.com/) is structured in strategic and operational objectives, applicable to the whole organisation, with specifications for the different business lines, within the following areas:

- Society: social impact management, dialogue and leadership, social action and volunteering.
- Climate Change: carbon neutrality, climate risks and education.
- Environment: eco-efficiency in operations, sustainable water management, biodiversity.
- Good Governance: ethics, human rights, corporate governance, risk management and transparency.
- People: health and safety, development and incentives, diversity and inclusion, and training.
- Value Chain: sustainable management of the supply chain, partners, and clients.
- Innovation: being at the forefront in the field of collaborative innovation and operational innovation.

Since 2009, sustainability-related actions and undertakings as well as the objectives in the field of sustainability are promoted by the Board of Directors' Sustainability Committee. In addition, the Management Committee includes a body in charge of sustainability matters. At the same time, the specific objectives and initiatives of each division within the SMP framework are driven through the Sustainability Committees of each business.

In order to maintain an attitude of continuous monitoring of new trends and challenges in sustainability matters, and to delve deeper into the social, environmental and governance aspects of relevance for the business and to focus on accountability, ACCIONA draws up a materiality survey every year.

In 2017 the materiality analysis was updated based on the previous year's study, which identified and prioritised issues relevant to each of ACCIONA's main lines of business and their impact along the entire value chain. With regards to the key issues identified, "Climate change", "non-financial risks", "Ethics and anti-corruption ", "Human Rights at Work" and "Occupational Safety and Health" stand out as relevant in the ACCIONA's main businesses.

Based on this materiality analysis, ACCIONA exhaustively reports on its commitments, practices and performance each year in the *Annual Sustainability Report*, which is published on the corporate website (http://www.acciona.com).

As required by Royal Decree-Law 18/2017 on non-financial information and diversity, and in accordance with Directive 2014/95/EU, relevant information relating to environmental and social issues is provided below, as well as information regarding staff, respect for human rights and the fight against corruption and bribery[2].

Environmental issues

ACCIONA has four specific policies adopted by the Board of Directors' Sustainability Committee, which apply to all business lines and countries in which the company operates: Environmental Policy, Climate Change Policy, Water Policy and Biodiversity Policy.

In addition, the Code of Conduct includes the duty of ACCIONA and all its staff to know and adopt the Environmental Policy, and to strive to minimise the environmental impact of their activities.

ACCIONA's environmental management model is based on the principles of improving environmental performance, and it establishes a common action framework for all company divisions. This model involves considering environmental aspects from the perspective of an entire life cycle, as well as the identification of risks and opportunities to ensure improvement and the planned results. Environmental objectives are established in all business lines, taking as a reference the objectives included in the SMP and management systems.

The company's environmental management systems are certified under various international standards. Those certified under ISO 14001 for example are 100 % of the company's certifiable installed MW, 100 % of the marketing and sale of renewable energy with guarantees of origin accredited by the CNMV, 100 % of the construction activity in several countries (Spain, Chile, Mexico, Canada, Poland, Australia, etc.), among other ACCIONA activities. Energy management systems are also certified according to ISO 50001:2011, as well as all activities carried out by ACCIONA Agua in 12 of its centres for example, in addition to EMAS certifications for the water distribution network centres of ATLL, among others. Likewise, the Wineries for Climate Protection certification has been renewed at Bodegas Viña Mayor.

Environmental risk management is carried out by applying a procedural[3] methodology, with which the risks are identified, assessed, prioritised and communicated to the decision-making bodies, as well as the potential environmental events that could impact the company and its centres, and the events generated by the company and its centres which in turn could impact on the environment, in order to establish action policies and tolerance thresholds. The focus is on the risks that ACCIONA's activities pose to the environment, the risks associated with climate change and those associated with water resources. In addition, the company has procedural mechanisms to manage risks, with the aim of addressing risks that have turned into environmental crises.

- In 2017, ACCIONA carried out a top-down analysis of the environmental risks associated with climate change, following the Intergovernmental Panel on Climate Change (IPCC) methodology. Further work has also been done on the identification and assessment of risk scenarios that could specifically impact

[2] Issues relating to the diversity of the Board of Directors are included in ACCIONA's 2017 *Annual Corporate Governance Report.*

[3] Corporate Standards on Environmental Risk Management and associated Procedures (Environmental Responsibility, Climate Change and Water Resources).

ACCIONA's centres, activities and locations. The analysis carried out has obtained a total of 87 climate risk scenarios, of which 13% correspond to significant risk scenarios.

- In addition, a top-down analysis of risks and opportunities associated with water resources was carried out, which was able to identify 77 risk scenarios, 13% of which are significant risk scenarios.

- With regard to the risks that ACCIONA's activities pose to the environment, 115 risk scenarios have been analysed and evaluated within the scope of environmental risk standards.

ACCIONA has made a commitment to be a carbon neutral company and therefore, all emissions generated since 2016 that could not be reduced, are compensated through certified carbon credits. Thanks to ACCIONA's electricity generation activities being 100% from renewable sources, ACCIONA has avoided the emission of more than 14 million tonnes of CO2.

With the aim of contributing to the mitigation of climate change, the company has developed plans and programmes to reduce energy consumption and emissions of greenhouse gases, with a focus on energy efficiency and the use of renewable energy. In 2017, more than 200 centres have consumed energy from 100% renewable energy sources4.

Regarding water management, in 2017, ACCIONA's water footprint has generated a positive impact on the planet. In addition, plans to monitor and reduce water consumption4 have been developed in production centres with intensive use of water resources.

ACCIONA is committed to driving the transition towards a circular economy. In 2017, progress has been made in setting and achieving specific annual goals within the framework of its Waste Management Plan 2016-2020 promoting a circular economy, which at the group level sets a target to recover 50% of the waste generated in 2020, and to reduce the total amount of waste generated and not recovered by 10% when compared to 2015. During 2017, the company has recovered approximately 40% of the waste generated[4].

Finally, the new life cycle analyses undertaken during 2017 has been incorporated into the company's portfolio, reaching a total of 50 analyses corresponding to 19 ACCIONA Construcción, ACCIONA Agua, ACCIONA Service, ACCIONA Energía and Bodegas Palacio 1894 Group projects, in which the standardised environmental impacts of various company products and services are exposed.

ACCIONA has a total of 187 facilities that are located completely or partially in protected areas or non-protected areas with high biodiversity values, occupying around 8,000 hectares. The company has identified and assessed the most significant impacts for each of the facilities at these locations, taking into account the affected species, the surface

[4] The consolidated data on emissions, energy consumption, water consumption, waste, among others, are published in the Sustainability Report, after the calculations were verified by an external entity (ongoing at the date the Management Report was finalised).

area of the facility, the duration of the impacts and their reversibility or irreversibility. In 2017, the main impacts have been on the water environment (43 %), fauna (23 %), vegetation (15 %) and to a lesser extent on the atmosphere, soil, landscape and habitat. ACCIONA has protected and restored more than 120 hectares in the surroundings of its projects. In addition, the company has a Biodiversity Compensation and Improvement Programme which consists in designing and implementing voluntary initiatives that go beyond the administrative environmental requirements.

On the other hand, and aiming to extend its environmental commitment to its suppliers, ACCIONA has calculated the greenhouse gas emissions of 100 % of its supply chain for the fourth consecutive year, and the water consumption of 100 % of the suppliers for the third consecutive year, which makes it possible to carry out an analysis by country, procurement sector and division.

Social issues and issues related to staff

ACCIONA has a specific Human Resources and Occupational Health and Safety Policy which reflects the company's commitment to ensure the respect for human rights and the principles governed by the International Labour Organisation, as well as its support for the objectives of the Seoul Declaration on Safety and Health at Work. In addition, Acciona's Code of Conduct sets conduct standards regarding respect for people, equality and safety and health at work, among others.

With a workforce of 37,403 employees of 111 nationalities, 41 % being of non-Spanish nationality, ACCIONA considers it essential to attract and retain the best talent to compete in a global market and achieve the strategic goals that are pursued. Human capital management at ACCIONA is designed based on the definition of the human resources strategy and each year it is readjusted to the new business requirements.

For the period 2018-2020, the company sets as its main priority the need to put the employees at the centre of its strategy, with five basic management pillars. During 2017, the selection methodology has been revised, incorporating new tests that allow the capabilities that are required to be detected in a more effective way, and it has defined an internal mobility control panel. In the same way, a new Performance Management Model has been developed formed by four gears, launched through the first two phrases: Target Setting, Performance Status, My Development and Pay Decisions.

In addition, the company considers training to be an essential part for the professional development of individuals and therefore, in 2017, has carried out various initiatives such as the M3 Plus manager training, the TMAX+ programme for technicians, the new programme on Digital Skills and the new ACCIONA Sustainability Course, among others.

In 2017, voluntary rotation has decreased compared to the previous year to 3.7, the total rotation having increased from 6.59 in 2016 to 7.6 this year.

At ACCIONA, nearly all employees are covered by collective labour regulations in different countries (in certain countries, and due to commissioning reasons or legal framework reasons, there may be a minimum number of workers who are not covered, in any case this is less than 1% of the total staff).

Depending on the country and the performed activity, the occupational and social risks associated with the projects carried out by the company are different: the most labour-intensive businesses increase the risk associated with personnel management. Also, the protection of minorities stands out in certain countries (BBEEE requirements in South Africa, First Nations in Canada, Indigenous Peoples in Australia), as well as the promotion of equality (Europe, Canada, etc.), and the protection of immigrant groups (Middle East and Asia). The management of these risks at ACCIONA involves aligning the overall processes and objectives of diversity and socially responsible recruitment with the development of specific plans and procedures where required. To do this, external audit processes on working conditions are established in certain high-risk situations, as is the case of the United Arab Emirates.

In order to ensure these objectives are met, the results obtained in the field of equality and socially responsible recruitment are reported on a monthly basis. These results are analysed by each business and country division in order to determine the action and/or correction plans required to ensure the objectives are met.

In the specific case of Spain, all activity sectors are covered by Equality Plans in accordance with Organic Law 3/2007 for effective gender equality between women and men, signed with the most representative labour unions, in which the results are reported and assessed jointly every six months. Similar mechanisms are implemented in countries such as Australia, Mexico and Canada.

Regarding the gender diversity, in 2017, 30% of the total staff are women, occupying 12.8% of the total number of Director positions and 19.8% of management positions. With regards to the employability of people with disabilities, 3.52% of the equivalent employment of the total workforce in Spain has been reached.

In matters regarding occupational safety and health, ACCIONA has action plans and specific objectives for promoting the health of its employees and collaborators and preventing occupational risks. Within the occupational risk management system, the company makes a continuous effort to assess the specific risks associated with each activity (e.g., risks associated with occupational diseases, construction works, machinery, work at height, electrical contacts, etc.).

It should be noted that the majority of ACCIONA's businesses are certified according to the OHSAS 18001 standard (100% of ACCIONA Energy, 97% of ACCIONA Infrastructure, 100% Corporate, 100% ACCIONA Real Estate and 100% Bestinver). In addition, ACCIONA Infrastructure has other local voluntary certifications, such as the COR in Canada and the OFSC Federal Safety in Australia.

The Prevention Committee holds a meeting twice a year, made up of the OHS Managers from ACCIONA's different divisions and business lines and the human resources department; the aim is to follow up on the projects that are ongoing and their level of development, as well as the occupational accidents in the period.

In the last such Committee, the data on accidents occurred on 2017 was analysed and the investigations into the causes and corrective measures of fatal accidents both of employees and subcontracted employees were reviewed. [5]

The company carries out different preventive actions such as the Health and Welfare Plan, the Road Safety Plan, actions in the field of education in all divisions, raising awareness and disseminating information relating to safety, among others. Some of the infrastructure division's initiatives should be noted, for example, the Leader Project which establishes leadership habits in OHS, as well as the Behaviour Based Safety for You (BBS4U) project, the aim of which is to control and prevent risks related to worker's behaviour from occurring. At ACCIONA Energía, the Think Safe programme has been implemented to improve the preventive culture of all the employees of the division, by taking part in awareness meetings.

ACCIONA extends its culture and commitment to health and safety through its entire supply chain, involving contractors or subcontractors in preventive and training activities, and monitoring the accident rate statistics of contractors and subcontractors. In addition, specific initiatives have been developed, such as for example, the Voluntary Protection Programme for companies collaborating with ACCIONA Infrastructuras, so that these companies improve the occupational risk prevention standards and can be certified with a seal of approval which qualifies them as "safe companies". The implementation of this programme has resulted in 39 improvement plans in 2017.

Social issues related to local communities

ACCIONA's Sustainability Policy, approved by the Board of Directors' Sustainability Committee in 2013, includes the company's commitment to create value for the communities where it operates, as well as to maintain regular and fluid dialogue with its interest groups. This commitment to the interests of local communities is also incorporated into the Code of Conduct. In addition, by the end of 2017, work has been done on developing a specific relational policy with interest groups which will be adopted in 2018.

The company has developed its own methodology for Social Impact Management (SIM), to analyse and address the social consequences of the projects on people, both negative and positive. This methodology is being implemented through a specific corporate procedure and is applicable to construction, operation and service projects of ACCIONA Infrastructure and ACCIONA Energy. The Social Impact Management methodology includes the following phases:

- Characterisation of the social risk: study of the degree of social risk of the project through the characterisation of the social risk starting at the design and bid phase.
- Social evaluation of the project: analysis of the socio-demographic characteristics of the populations in the area of influence of the project, identification and assessment of the positive or negative social impacts, and preparation of a social action proposal.

[5] Accident rates are published in the Sustainability Report, after the calculations were verified by an external entity (ongoing at the date the Management Report was finalised).

- Communication and dialogue with communities: depending on the type of project, means of communicating are established with local communities and other interest groups to inform them of the project, its main impacts, and the social measures to be carried out.
- Implementation and monitoring of the measures: implementation of the measures identified to avoid and mitigate negative social impacts, as well as to strengthen the positive impacts.

The possible negative impacts that the SIM methodology focuses on are, among others: those affecting basic services and supplies to the communities; problems of road safety in urban environments; alteration of basic rights such as education and health; and changes in housing prices. On the other hand, the positive impacts that are generated when projects are developed are the recruitment of local staff, improvement of access to traffic routes and stimulating the local economy, among others, are highlighted.

With regards to the communications and dialogue with local communities, ACCIONA Energy, in addition to the usual channels within the projects, has a form on its website through which any person or group affected by the projects can raise a query and/or suggestion. ACCIONA Infraestructuras establishes a suggestions and complaints channels for projects in which the client requires it or allows it.

During 2017, the SIM methodology has been implemented in a total of 100 ACCIONA projects (a 22% increase compared to 2016) in 33 countries (compared to 23 in the previous year), 13 projects belong to ACCIONA Energy and 87 belonging to ACCIONA Infraestructuras (Construction, Water, Industrial and Services).

In addition, social impact management has been carried out in 12 projects of the Infrastructure division that have been classified as relevant, i.e. projects which although are not within the scope of the methodology, are considered as strategic for the business.

The projects involved are diverse: construction of linear infrastructures and buildings, construction and operation of water treatment plants, and construction and operation of wind farms and photovoltaic plants, among others. For example, in 2017, the social impacts have been managed on the construction of the Quito Metro (Ecuador), a water treatment plant in Metesusto (Colombia), a solar thermal plant in Kathu (South Africa), a wind farm in Bannur (India), the El Romero Solar photovoltaic plant (Chile), etc.

The main social measures implemented to mitigate negative impacts and enhance the positive impacts in 2017 have been information campaigns about the project, rehabilitation and improvement of areas surrounding the projects, professional training for project workers, as well as environmental awareness-raising and social actions, education and health campaigns for schools, collaboration agreements to activate the local economy, among others.

As a novelty, in 2017, 9 external audits have been carried out, 2 on Energy projects and 7 on Infrastructure projects in order to assess the degree of implementation of the SIM methodology.

Issues related to human rights

As set out in the Code of Conduct, the Human Rights Policy, and the Human Resources and Occupational Health and Safety Policy approved by the Board of Directors, ACCIONA is committed to respecting the human rights and public freedoms recognised in the Universal Declaration of Human Rights of the United Nations; ACCIONA assumes the Declaration on Fundamental Principles and Rights at Work, the ILO Agreements, the OECD's Guidelines for Multinational Enterprises and the United Nations Global Compact, among others, as basic conduct guidelines. Any alleged breach or violation of the conducts contained in the Code of Conduct, including human rights issues, can be communicated through the company's Ethical Channel.

The company developed a human rights risk diagnosis, taking the UN's Guiding Principles on Business and Human Rights as a frame of reference. During 2017, the human rights risk categories have been reviewed and the risks associated in the countries in which the company carries out its activities have been analysed. It was concluded that 52 % of the countries in which ACCIONA operates have a severe or very severe risk of violating human rights, according to Maplecroft.

The human rights risks analysed include freedom of opinion and expression, rights of minorities, rights of indigenous people, women and girls, rights to basic services, violations by hired security forces, migrant workers' rights, working conditions, health and safety, forced labour and child labour.

Taking the standards of the Danish Institute for Human Rights and the United Nations Global Compact as a reference, with regard to the control measures identified based on the analysis of the company's procedures and policies, it was concluded that 43% are completed covered, 52% are partly covered, 3% have insufficient coverage and it does not apply to 2%.

On the other hand, in relation to the rights of local and work communities that may be affected by ACCIONA's activities, the Social Impact Management (SIM) methodology has been used to study possible infringements of human rights that a particular project or service could inflict on communities and other interest groups, among other factors. In addition, it evaluates the social impacts in terms of severity if significant changes are incurred in the social, economic or cultural structure of a certain population or group of employees, or if human rights are affected. In this case, the SIM methodology requires prevention and mitigation measures for these impacts to be established.

In 2017, 12 of the projects in which the SIM methodology has been implemented identified possible risks of violating human rights. In all of these cases, measures have been taken to prevent such violations from occurring.

During 2017, different educational initiatives that include human rights issues have also been implemented. In ACCIONA's Sustainability Course released to more than 10,000 employees from all divisions and geographical areas, training on the company's responsibility to respect labour and civil rights is included. In addition, ACCIONA offers a specific course on the Code of Conduct which includes human rights within their 17 basic action guidelines. In relation to the training provided to suppliers, ACCIONA has designed an online course on "Sustainability applied to your company" in collaboration with the Spanish Network for the United Nations Global Compact, which includes a specific module on human rights and social action. It is expected that a specific course on human rights for company employees will be developed in 2018.

Issues relating to the fight against corruption and bribery

The policies established by the ACCIONA group to fight against corruption and bribery are the following:

- Code of Conduct: establishes the values that should guide the behaviour of all managers, directors, employees and suppliers of ACCIONA group companies. The Code of Conduct, adopted in 2007, was revised in 2011 and again in 2016 by the Board of Directors.

- Anti-corruption Policy: approved in 2013, establishes the ACCIONA Group's clear position against any corrupt or criminal act, as well as the extrapolation of this commitment to all the people that make up the group.

- Anti-corruption Action Standards: approved by the Board of Directors in January 2016, provide compliance guidelines to prevent misconduct which are mandatory for all employees and parties associated with ACCIONA (including agents, intermediaries, advisers, consultants and suppliers).

- Corporate Standard on donations and non-commercial sponsorships: approved in 2017, developed from the anti-corruption standards.

The Compliance Management department, created in 2015 and reporting directly to the Executive Presidency and to the Board of Directors' Audit Committee, supervises the respect for and the effectiveness of the procedures, controls and internal commitments established to ensure compliance with voluntary and regulatory obligations regarding ethical, organisational, environmental and social matters, and the identification, prevention and mitigation of associated risks.

The ACCIONA Group maintains relations with Public Administrations and participates in tender processes for infrastructure in different countries when carrying out its activities, and therefore the risks of public corruption are analysed in each project, evaluating the country and importance of the project.

ACCIONA has adopted and implemented a Crime Prevention and Anti-Corruption Model which has the following features:

- The model is arranged according to ACCIONA group's organisational structure, and it specifies the criminal risks and their corresponding controls for each department of the group in separate sections.

- Internal controls are associated to each identified risk which mitigate or, at any rate, decrease the chances of each criminal risk occurring.

- The model documents these internal controls, with a series of attributes that characterise them which include the area or administration responsible for implementing the control, and a specific description of the control activity.

- In addition, the model includes controls from ACCIONA group's Internal Control over Financial Reporting Systems (ICoFRS) which are suitable for preventing certain offences from being committed.

The crime prevention model established for Spain and adapted to local legislative requirements as applicable is progressively being implanted to the other countries in which the group's activities are carried out.

In addition, control measures have been implemented to prevent or identify potential cases of corruption. The most important controls are reviewed periodically by the assigned managers. The following actions, among others, are highlighted.

The group has implemented an Ethical channel since 2007 which allows others to communicate any irregular behaviour related to accounting, monitoring, auditing or any breach or violation of the conducts contained in the Code and internal standards. The internal standards impose an obligation to let the company know immediately of any potential irregularities or breaches of the code that employees might become aware of, as well as to report any fact, act, conduct or behaviour that is contrary to the Anti-Corruption Standards.

The Code of Conduct Committee ensures that complaints regarding any possible breaches are analysed thoroughly, always guaranteeing the confidentiality of the complaints, as well as ensuring that there is no retaliation of any kind against those who make the complaints in good faith and respecting, in any case, the people allegedly involved.

In 2017, 45 communications were received through the Ethical Channel compared to 26 in 2016. Specific instructions were carried out for 51% of the communications received, involving an external instructor in many cases. The other 49 % were closed without any instruction, since they were not related to the Code of Conduct (non-financial anonymous complaints that were merely about labour, organisational or functional issues) without prejudice to the fact that a preliminary investigation was conducted for the majority of the archived files without a specific instructor being assigned.

The Code of Conduct, the Corporate Policies, and the Anti-Corruption Standards have been communicated to the employees and published on the company's intranet and web page. In addition, employees must mandatorily read and accept the Code of Conduct and the Anti-Corruption Standards

In 2017, the Compliance Management department published relevant information on anti-corruption on the intranet page, such as examples of reasonable gifts following the standards of the Foreign Corrupt Practices Act, instructions regarding contracts with agents and intermediaries, and clauses that must be contained in the agreements, the importance of the Ethical Channel in order to communicating irregularities, and a summary of their activities.

Likewise, two training activities were held in 2017. On the one hand, 1,400 executives and managers were trained in an Anti-Corruption Course. On the other hand, 6,213 employees were trained in a course on the Code of Conduct, which is available to all employees in 7 languages.

TRADUCTOR

With regard to due diligence on the knowledge of third parties, the group has implemented a tool that allows an initial analysis to be carried out on the third parties that ACCIONA will/or aims to have a commercial/partnership relationship with, and which improves the risks management in projects. At the end of 2017, more than 170 third parties were evaluated.

Supply Chain: environmental, social, labour, human rights and anti-corruption issues.

ACCIONA works to extend sustainability to its supply chain and promotes the adoption of the values contained in its Code of Conduct among its suppliers and contractors. In addition, this Code sets specific guidelines on relations with suppliers. Similarly, the Ethical Principles for Suppliers, Contractors and Partners which were approved in 2011 cover aspects regarding transparency and ethics, human and social rights, health and safety, and quality and the environment. In addition, the company has established minimum standards in the field of ethics and integrity, human rights and corporate responsibility, environment, safety and health, among others, contained in the No Go Policies.

The main tool used for supply chain management at ACCIONA is PROCUR-e, the Supplier Portal and Tender Tool, in which increasingly detailed controls are established as the criticality increases. All suppliers registered are required to accept the Supplier's Self-Declaration of Compliance document, which reflects ACCIONA's commitment with international standards, the Code of Conduct, Ethical Principles for suppliers, and minimum standards in the field of integrity, environment and quality. This requirement has already been formally accepted by more than 23,500 suppliers.

Any supplier that submits an offer through PROCUR-e, must complete the self-assessment questionnaire regarding corporate responsibility (CR) and sustainability; from this moment on the supplier forms part of the Supplier Risk Map which monitors and updates the level of risk on a daily basis which is based on 10 variables including Integrity, Country Risk, CR and Sustainability (focussing on Human Rights), Health and Safety, the Environment, Assessment, etc. By the end of 2017, more than 16,700 suppliers have a Risk Map.

The following control is established for critical suppliers during the Evaluation and Approval Process, through which the criticality regarding the level of Integrity, country risk, CR, sustainability, OHS risk, environmental risk, legal documentation and assessment are reviewed. By the end of 2017, ACCIONA has 3,850 approved suppliers. Within the approval process, 296 auditing process have been carried out on suppliers, 47 of them on suppliers from risk countries, in order to ensure the non-infringement of human rights in those areas, among other aspects. 88.46 % suppliers on ACCIONA sites in risk countries have been audited.

Focus has been on issues relating to the fight against corruption and bribery, and in 2017, the Integrity variable has been monitored for 5,947 suppliers.

ACCIONA offers its suppliers and contractors training programmes in subjects such as the Code of Conduct, sustainability, human rights, prevention of discrimination, among others.

Foreseeable Evolution

In 2017, the upturn in activity that began in mid-2016 was confirmed. This growth, which occurred surprisingly in Europe and Asia, led to an increase in the global product which was estimated at 3.7% over the past year, half a point higher than what was projected in 2016 for the end of 2017.

This growth force, the high confidence levels, and the US fiscal reform are the main factors that have led to the global growth expectations being revised, placing them at 3.9% per year for 2018 and 2019. There are a number of risks that threaten this growth, although these seem to be balanced. The possible correction of financial markets is highlighted, as a result of the increase in the value of assets over the past few years with very small volatilities, in addition to some isolating measures, the geopolitical tension in some parts of the globe, and the political uncertainty in certain countries.

It can be concluded that the upward revision of the global outlook is the result of advanced economies, expecting a growth of 2.3% and 2.2% for 2018 and 2019, respectively. This revision reflects the expectation that the acceleration of demand and investment will be maintained, which are the result of the favourable financial conditions and the improvement in the confidence level.

In addition, as noted, it is expected that the tax reform in the United States is a temporary boost in the growth of the United States, which was corrected by the IMF in its latest growth forecasts published in January 2018 to 2.7% in 2018 and 2.5% in 2019, as well as the growth of its trading partners, especially Mexico and Canada. Although, it should be noted that even if this stimulus will boost growth in the coming years, the forecasts then reduce for a few years from 2022.

With regards to the euro zone, the forecasts have also been revised upwards, particularly those of Italy, Germany and Holland, thanks to the increase in the internal and external debt. The forecasts are 2.2% for 2018 and 2% for 2019.

With regards to Spain, it should be noted that the growth expected by the end of 2017 will be far greater than the potential, standing at 3.1%. However, political uncertainty due to the Catalonia situation and its effect on the demand and confidence have led to the growth expectations for 2018 to be revised downwards, which have changed from the initially estimated 2.5% to the current 2.4%, and to 2.1% in 2019. In this way, the Spain forecast is the only one of the large economies that has been reduced for 2018. However, it remains to be the economy with the highest growth rate among the major European economies as a result of the reforms adopted in the past and the optimism of the macro-economic situation in Europe.

The growth forecasts in other advanced economies have also been revised upwards, especially as a result of the higher growth in the advanced economies of Asia. This is due to the fact that these economies are more susceptible to changes in the investment and international trade prospects, as is the case with Japan, whose growth expectations have been revised upwards for 2018 and 2019 and are set at 1.2% and 0.9%, respectively.

The growth of the economies in emerging markets is expected to be 4.9% in 2018 and 5% in 2019, although there is a wide dispersion between the development of each economy. The Asian region of emerging economies produces more than half of the global growth and will grow by around 6.5% in 2018 and 6.6% in 2019, at the same rate as in 2017. It is expected that the growth in India will increase to 7.4% in 2018 and to 7.8% in 2019, while in China the growth projections moderate its growth gradually and it is estimated to be at 6.6% and 6.4% for 2018 and 2019, respectively.

The emerging economies of Europe enjoy relaxed financial conditions and an increase of exports to the euro zone, which has led to an upward revision of its growth, especially in Poland and Turkey.

In Latin America, the forecasts show that the recovery will be strengthened, and the growth has been revised upwards, noting that it will be at 1.9% in 2018 and 2.6% in 2019. This upward revision occurs as a result of the strengthening of Brazil's recovery, of the new perspectives of Mexico as a result of the tax reform in the United States, and the effect of the price increase of raw materials and the easing of financial conditions in some raw material exporting countries. On the other hand, the Venezuelan economy has been revised downward, which is loosely offset by upward revisions in the remaining Latin American countries.

The revision of generalised growth caused the growth expectation of Russia to be revised slightly upward to 1.7% in 2018 and 1.5% in 2019, which has led to an increase in the growth expectations of the Commonwealth of Independent States, exceeding 2% in both years.

Average period of payment to suppliers and Corporate Social Responsibility

To the effects of the provisions in article 262.1 of Royal Legislative Decree 1/2010, of 2 July, whereby the consolidated text of the Capital Companies Act is approved, the information on the average period for payment to suppliers is contained in Note 36 to the financial statements. In addition, and in conformity with recommendation 55 of the Code of Good Governance of Listed Companies, it is hereby indicated that the aspects related to Corporate Social Responsibility are discussed in the Sustainability Report.

Annual Corporate Governance Report

The Annual Corporate Governance Report is available in its entirety on the web site of the National Securities Market Commission (www.cnmv.es) and on the Company's web page (www.acciona.es).

In addition, the Annual Corporate Governance Report will be notified to the National Securities Market Commission as a Material Event.

For the purposes of Royal Decree 1362/2007 of 19 October (article 8.1 b) the Directors of Acciona S.A. now subscribe the following **declaration under their own responsibility:**

To the best of their knowledge, the Consolidated Financial Statements drawn up in accordance with the applicable accounting principles offer a true and fair view of the equity, financial situation and results of the issuer and the companies included in the scope of consolidation taken as a whole, and the Directors' report includes a faithful analysis of the business trend and results and of the position of the issuer and the companies included in the scope of consolidation taken as a whole, together with the description of the main risks and uncertainties faced.

Formal note added to state for the record that the Directors of ACCIONA, S.A. are aware of the entire contents of the Financial Statements and the Directors' Report corresponding to the 2017 financial year of Acciona, S.A. and its subsidiaries (Consolidated Group), as submitted to the Board of Directors and duly prepared by the Board at the meeting held on 26 February 2018, printed on 231 sheets, all of them signed by the Secretary and with the corporate Seal affixed and numbered as follows:

Cover Page	Page 1
Content	Pages 2 and 3
Consolidated Balance Sheet	Page 4
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Therefore, in witness of their agreement herewith, this note is signed by all the members of the Board of Directors.

Mr. José Manuel Entrecanales Domecq
Chairman

Mr. Juan Ignacio Entrecanales Franco
Vice-Chairman

Mr. Javier Entrecanales Franco
Member

Mr. Juan Carlos Garay Ibargaray
Member

Mr. Daniel Entrecanales Domecq
Member

Ms. Karen Christiana Figueres Olsen
Member

Mr. Jaime Castellanos Borrego
Member

Ms. Belén Villalonga Morenés
Member

Mr. Fernando Rodes Vila
Member

Ms. Ana Sainz de Vicuña Bemberg
Member

Mr. Jerónimo Marcos Gerard Rivero
Member