FCC Ámbito, S.A.

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

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

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Sole Shareholder of FCC Ámbito, S.A. (Sole-Shareholder Company)

Opinion

We have audited the financial statements of FCC Ámbito, S.A. (Sole-Shareholder Company), which comprise the balance sheet as at 31 December 2017, and the profit and loss account, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2017, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.a to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

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

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

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

Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those risks.

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Recoverability of goodwill	
Description	**Procedures applied in the audit**
The accompanying balance sheet includes goodwill of EUR 18,649 thousand arising from the merger of the Company, in prior years, with certain companies in the FCC Group to which it belongs. The Company has incurred significant losses in recent years and, in this context, the assessment of the recoverable amount of the goodwill is a complex process which requires a high level of estimates to be made, including significant judgements and assumptions by management in preparing its impairment test, relating mainly to the methodology used, the discount rate, the envisaged backlog, the estimation of margins and the perpetuity growth rate. The matters indicated above, and the materiality of this asset, led us to determine the situation described to be an area of significant auditor attention in our audit.	Our audit procedures included, among others, the performance of tests on the design and implementation of the relevant controls that mitigate the risks associated with the determination of the recoverable amount of the Company's goodwill, as well as verification that the aforementioned controls operate effectively. In addition, we performed substantive tests including, among others, the obtainment of the impairment test performed by management and the supporting documentation used as the basis for its preparation. For the review of the test, we involved our internal valuation experts to help us evaluate the methodology and financial assumptions used by management to determine the recoverable amount of the Company's goodwill. Also, we analysed the reasonableness of the projected operating assumptions and the consistency of the assumptions included in the previous year's test with the actual figures of the current year. Furthermore, we focused our work on reviewing the disclosures made by management in relation to this asset, especially those relating to the sensitivity analyses of the key assumptions. Note 5 to the accompanying financial statements contains the disclosures relating to the impairment test prepared by management and, in particular, the detail of the main assumptions used, as well as a sensitivity analysis of changes in the key assumptions in the test performed.

Other Information: Directors' Report

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

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the directors' report, in accordance with the applicable audit regulations, consists of evaluating and reporting on whether the directors' report is consistent with the financial statements, based on our knowledge of the entity obtained in the audit of those financial statements and excluding any information other than that obtained as evidence during the audit. Also, our responsibility consists of evaluating and reporting on whether the content and presentation of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described in the preceding paragraph, the information in the directors' report is consistent with that contained in the financial statements for 2017 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

A further description of our responsibilities for the audit of the financial statements is included in Appendix I to this auditor's report. This description, which is on page 5 below, forms part of our auditor's report.

DELOITTE, S.L.
Registered in R.O.A.C. under no. S0692

Raquel Martínez Armendáriz
Registered in R.O.A.C. under no. 20755

6 March 2018

Appendix I to our auditor’s report

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the 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 entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the use by the directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's directors 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.

From the significant risks communicated with the entity's directors, we determine those risks that were of most significance in the audit of the financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

FCC AMBITO, S.A.U.

Financial Statements and Management Report

December 31, 2017

Contents of Financial Statements and Management Report of FCC Ambito, S.A.U.

FCC AMBITO, S.A.U.
Balance Sheet as of December 31, 2017
Expressed in Euros

		ASSETS	NOTES of the FINANCIAL STATEMENTS	2017	2017
A)		**NON-CURRENT ASSETS**		**47,836,498.63**	**50,728,180.15**
	I.	**Intangible fixed assets.**	**5**	**18,651,774.77**	**21,983,165.43**
		4. Goodwill.		18,648,938.67	20,980,056.01
		5. Computer applications.		2,836.10	2,176.18
		6. Other intangible fixed assets.		-	980,933.24
	II.	**Property, plant and equipment.**	**6**	**21,053,213.28**	**20,495,362.11**
		1. Land and buildings.		12,449,272.80	13,206,121.39
		2. Technical installations, machinery, tools, furniture and other tangible fixed assets.		6,447,311.45	7,229,736.66
		3. In-progress tangible assets and advances.		2,156,629.03	59,503.86
	III.	**Real Estate Investments.**		**-**	**-**
	IV.	**Long-term investments in group and associated companies.**		**4,455,400.12**	**4,232,454.94**
		1. Equity instruments.	**8.a.1**	3,052,317.58	2,900,230.61
		2. Loans to (wholly owned) companies.	**8.a.2**	1,403,082.54	1,332,224.13
	V.	**Long-term financial investments.**	**8**	**248.107,71**	**276,644.13**
		1. Equity instruments.		37,781.75	38,262.56
		3. Representative debt securities.		6,864.62	6,864.82
		5. Other financial assets.		203,461.14	231,516.75
	VI.	**Deferred tax assets.**	**15**	**3,428,002.75**	**3,758,853.54**
B)		**CURRENT ASSETS**		**25.748,632.41**	**29,226,838.80**
	I.	**Non-Working Capital Assets Held/Kept for the Sale and Discontinued Transactions.**		**-**	**-**
	II.	**Inventory.**	**9**	**1,696,865.09**	**1,495,984.38**
		2. Raw materials and other supplies.		1,256,110.63	1,029,400.92
		4. Finished goods.		238,959.31	280,111.72
		5. By-products, waste and recovered materials.		190,649.19	170,453.40
		6. Down payments for suppliers.		11,145.96	16,018.34
	III.	**Trade and other receivables.**		**18,672,580.74**	**20,503,003.12**
		1. Trade receivables for sales and services.	**10**	16,467,077.21	17,506,129.78
		2. Customers, group companies and associates.	**18.b**	1,512,790.68	2,612,748.23
		3. Sundry accounts receivable.	**6**	438,647.53	21,288.41
		5. Current tax assets.	**15**	11,310.85	7,358.70
		6. Other government/public administration credits/loans.	**15**	242,754.49	355,478.00
	IV.	**Short-term investments in group and associated companies.**		**4,904,783.14**	**6,613,642.22**
		2. Loans to (wholly owned) companies.	**8.a.3**	4,754,783.14	6,595,180.03
		5. Other financial assets.	**8.a.4**	150,000.00	18,462.19
	V.	**Short-term financial investments.**	**8**	**133,692.45**	**255,671.15**
		2. Loans to (wholly owned) companies.		99.12	99.11
		3. Representative debt securities.		1,304.28	1,292.73
		5. Other financial assets.		132,289.05	254,279.31
	VI.	**Short-term *accruals/* deferrals.**		**96,439.99**	**128,287.75**
	VII.	**Cash and equivalents/equivalent liquid assets.**	**11**	**244,271.00**	**230,250.18**
		1. Cash.		244,271.00	230,250.18
		TOTAL ASSETS (A+B)		**73,585,131.04**	**79,953 018.95**

The attached notes 1 to 22 of the financial statements and Appendix 1 are a Constitutive part of the Balance Sheet as at 31 December 2017.

FCC AMBITO, S.A.U.
Balance Sheet as of December 31, 2017
Expressed in Euros

NET EQUITY AND LIABILITIES	NOTES of the FINANCIAL STATEMENTS	2017	2016
A) NET EQUITY	**12**	**3,303,214.32**	**6,657,480.54**
A-1) Shareholders' Equity.		**3,303,214.32**	**5,657,480.54**
I. Share capital.		**1,089,162.00**	**1,089,162.00**
1. Registered capital.		1,089,162.00	1,089,162.00
III. Reserves.		**49,169,627.45**	**49,169,627.45**
1. Legal and statutory.		240,404.64	240,404.84
2. Other reserves.		48,929,222.61	48,929,222.61
IV. (Treasury stock or shares).		-	-
V. Retained earnings.		**(44,601,308.90)**	**(39,149,310.25)**
2. (Accumulated losses).		(44,601,308.90)	(39,149,310.25)
VII. Result of the financial year.		**(2,354,266.23)**	**(5,451,998.66**
A-3) Subsidies, donations or legacies.		**-**	**-**
B) NON-CURRENT LIABILITIES		**47,048,012.25**	**47,473,033.15**
I. Long-term and provisions.	**13**	**1,394,530.90**	**1,365,888.78**
4. Other provisions.		1,394,530.90	1,365,888.78
II. Long-term debt.	**14**	**157,907.59**	**203,959.56**
5. Other financial liabilities.		157,907.59	203,959.56
III. Long-term payables to group and associated companies.	**14**	**44,646,110.16**	**44,646,110.16**
IV. Deferred tax liabilities.	**15**	**849,463.60**	**1,257,074.65**
V. Long-term accruals/deferrals.		**-**	**-**
C) CURRENT LIABILITIES		**23,233,904.47**	**28,822,665.26**
I. Liabilities related to non-working assets kept for the sale and transactions.		**-**	**-**
II. Short-term and provisions.	**13**	**508,291.74**	**2,132,114.71**
III. Short-term debt.	**14**	**132,764.12**	**85,942.66**
5. Other financial liabilities.		132,764.12	85,942.66
IV. Short-term payables to group and associated companies.	**14**	**6,748,884.39**	**6,577,195.55**
V. Trade and other payables.		**15,843,964.22**	**18,027,252.34**
1. Suppliers.		7,768,758.39	9,563,113.75
2. Suppliers, group companies and associates.	18.b	1,793,231.38	2,791,021.89
3. Sundry accounts payable..		4,741,957.49	4,395,396.68
4. Personnel (compensation pending payment).		497,956.48	469,644.94
6. Other government/public administration credits/loans.	15	970,538.96	686,366.59
7. Trade advances.	10	71,521.52	121,708.49
VI. Short-term accruals/deferrals.		**-**	**-**
TOTAL NET EQUITY AND LIABILITIES (A+B+C)		**73 585 131.04**	**79,963,018.96**

The attached notes 1 to 22 of the financial statements and Appendix I are a Constitutive part of the Balance Sheet as at 31 December 2017.

FCC AMBITO, S.A.U.
Profit and Loss Statement for the year ended December 31, 2017
Expressed in Euros

				NOTES of the FINANCIAL STATEMENTS	2017	2016
A)	**ONGOING ECONOMIC ACTIVITIES**					
	1.	**Net business turnover**			**51,893,861.27**	**53,733,805.96**
		a)	Permits/licences.	17	50,890,445.83	52,993,584.38
		c)	Shareholdings in equity instruments -group and associated companies	17 and 18	750,709.23	501,630.78
		d)	Tradable securities and other financial instruments -group and associated companies	17 and 18	252,506.21	238,590.80
	2.	**Changes in inventory of inished goods / products and work in process**			**(20,956.62)**	**(403,636.08)**
	3.	**Work carried out by the company for its assets.**			**515.00**	**3,022.21**
	4.	**Supplies.**			**(19,272,879.24)**	**(22,429,038.59)**
		a)	Consumption of goods.	17	(5,781,121.92)	(6,702,824.04)
		b)	Consumption of raw materials and other consumables.	17	(2,962,810.49)	(2,961,198.13)
		c)	Work carried out by other companies.		(10,528,946.83)	(12,765,016.42)
	5.	**Other pperating income.**			**1,658,105.77**	**1,575,702.87**
		a)	Non-operating income and other current management costs.		1,558,105.77	1,575,702.87
	6.	**Personnel expenses.**			**(12,944,976.63)**	**(11,633,616.76)**
		a)	Wages, salaries and related items.		(9,720,990.66)	(8,783,709.19)
		b)	Social security contributions.	17	(3,223,985.97)	(2,849,907.56)
	7.	**Other operating expenses.**			**(16,043,636.46)**	**(16,563,476.06)**
		a)	External services.		(15,145,335.94)	(15,490,968.38)
		b)	Tax.		(785,945.61)	(641,608.86)
		c)	Losses, impairment and changes in provisions for business/trade operations	17	(111,711.06)	(610,476.68)
		d)	Other current operating expenses.		(543.83)	179,577.87
	8.	**Depreciation of fixed assets.**		5 and 6	**(6,258,106.12)**	**(5,768,371.22)**
	9.	**Allocation of subsidies for non-trade and other fixed-asset investments**			**-**	**-**
	10.	**Excess provisions.**			**56,136.85**	**20,047.71**
	11.	**Impairment and profits/losses on disposal of fixed assets**			**(397,381.17)**	**(268,157.05)**
		a)	Impairment and losses.	5 and 6	89,390.02	-
		b)	Gains or losses on disposals and other.		(486,771.19)	(268,157.06)
	11.	**Other results**			**1,439,993.36**	**(797,146.10**
	13.	**Impairment and profits/losses on disposal of group financial Instruments**			**-**	**-**
A.1)	**OPERATING PROFIT**				**1,010,676.00**	**(2,630,863.10)**
	13.	**Financial income.**			**2,835.86**	**6,544.22**
		b)	Tradable securities and other financial instruments.		2,835.86	5,544.22
			b2) Third parties.		2,835.86	5,544.22
	14.	**Financial expenses.**			**(2,131,331.09)**	**(2,435,974.23)**
		a)	Short-term payables to group and associated companies.	18.a	(2,098,527.49)	(2,377,040.34)
		b)	Third party debts.		(3,160.48)	(29,666.29)
		c)	Restatement of provisions.		(29,843.12)	(29,067.60)
	15.	**Change in fair value of financial instruments.**			**-**	**-**
	16.	**Foreign exchange differences.**			**-**	**-**
	17.	**Impairment and profits/losses on disposal of financial Instruments.**			**(1,063,201.10)**	**(582,929.47)**
		a)	Impairment and losses.	8	(1,063,201.10)	(582,929.47)
		b)	Gains or losses on disposals and other.		-	-
A.2)	**FINANCIAL PROFIT OR LOSS**				**(3,191,696.33)**	**(3,013,359.48)**
A.3)	**PRE-TAX PROFIT OR LOSS**				**(2,181,120.33)**	**(5,544,222.58)**
	18.	**Corporate income tax.**		15	**(173,145.90)**	**92,223.92**
A.4)	**PROFIT OR LOSS FOR THE FINANCIAL YEAR FROM ONGOING ECONOMIC ACTIVITIES**				**(2,354,266.23)**	**(5,451,998.66)**
B.	**INTERRUPTED ECONOMIC ACTIVITIES**					
	19.	**Profit or loss for the financial year from interrupted economic activities after Tax**			**-**	**-**
A.5)	**PROFIT OR LOSS OF THE FINANCIAL YEAR.**				**(2,354,266.23)**	**(6,461,998.66)**

The attached notes 1 to 22 of the financial statements and Appendix I are a Constitutive part of the Profit and Loss Statement for financial year 2017.

FCC AMBITO, S.A.U.
Statement of changes in Net Equity for financial year ended December 31, 2017
A) Recognised income statement for financial year ended December 31, 2017
Expressed in Euros

	NOTES of the FINANCIAL STATEMENTS	2017	2018
A) Profit and loss statement result		**(2,354,266.23)**	**(5,451,998.66)**
Profit and loss charged directly to net equity.			
I. Measurement of financial instruments.		-	-
II. Cash flow hedge.		-	-
III. Subsidies, donations or legacies.		-	-
IV. Actuarial profits and losses and other adjustments.		-	-
V. Tax effect.		-	-
B) Total Income and expenses charged directly to net equity		-	-
Write-offs to profit and loss statement			
VI. Measurement of financial instruments.		-	-
VII. Cash flow hedge.		-	-
VIII. Subsidies, donations or legacies		-	-
IX. Tax effect and others.		-	-
C) Total write-offs to profit and loss statement		-	-
TOTAL RECOGNISED INCOME AND EXPENDITURE		**(2,354,266.23)**	**(5,451,998.66)**

The attached notes 1 to 22 of the financial statements and Appendix I are a constitutive part of the statement of recognised income and expenditure for financial year 2017.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

FCC AMBITO, S.A.U.
Statement of changes in Shareholders' Equity for financial year ended December 31, 2017
B) Statement of changes in net equity for financial year ended December 31, 2017
Expressed in Euros

		Share capital	Reserved	[illegible] of [illegible]	[illegible] of [illegible]	TOTAL
		Registered				
A.	**YEAR-END BALANCE 2015.**	**1,089,162.00**	**49,169,627.45**	**(34,601,343.38)**	**(4,547,966.88)**	**11,109,479.19**
	I. Adjustments for changes in criteria 2015.					
	II. Adjustments for errors 2015.					
B.	**ADJUSTED BALANCE, BEGINNING OF 2016.**	**1,089,162.00**	**49,169,627.45**	**(34,601,343.37)**	**(4,547,966.88)**	**11,109,479.20**
	I. Total recognised income and expenditure.				(5,451,998.66)	(5,451,998.66)
	II. Businesses activities with partners or owners.					
	III. Other changes in net equity			(4,547,966.88)	4,547,966.88	
C.	**YEAR-END BALANCE 2016.**	**1,089,162.00**	**49,169,627.45**	**(39,149,310.25)**	**(5,451,998.66)**	**5,657,480.54**
	I. Adjustments for changes in criteria 2016.					
	II. Adjustments for errors 2016.					
D.	**ADJUSTED BALANCE, BEGINNING OF 2017.**	**1,089,162.00**	**49,169,627.45**	**(39,149,310.24)**	**(5,451,998.66)**	**6,657,480.56**
	I. Total recognised income and expenditure.				(2,354,266.23)	(2,354,266.23)
	II. Businesses activities with partners or owners.					
	III. Other changes in net equity			(5,451,998.66)	5,451,996.66	
E.	**YEAR-END BALANCE 2017.**	**1,089,162.00**	**49,169,627.45**	**(44,601,308.90)**	**(2,354,266.23)**	**3,303,214.32**

The attached notes 1 to 22 of the financial statements and Appendix I are a constitutive part of the statement of changes in Net Equity for financial year 2017.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

FCC AMBITO, S.A.U.
Cash Flow Statement for financial year 2017
Expressed in Euros

			NOTES of the FINANCIAL STATEMENTS	2017	2016
A)	**BUSINESS ACTIVITIES' CASH FLOW**				
	1.	**Pre-tax profit or loss**		**(2,181,120.33)**	**(5,544,222.58)**
	2.	**Adjustments of profit or loss.**		**7.051,017.71**	**9,841,454.46**
	a)	Depreciation of fixed assets	5 and 6	5,258,106.12	5,768,371.22
	b)	Valuation adjustments for impairment.		1,087,759.15	771,272.88
	c)	Changes in provisions.		(6.896.54)	1,343,444.87
	e)	Profits/losses due to write-offs and impairment of fixed assets		486,771.19	268,157.06
	g)	Financial income.		(1.006.051.30)	(745,765.80)
	h)	Financial expenses.		2,131,331.09	2.435,974.23
	3.	**Changes in working capital.**		**(616,932.87)**	**(3,048,202.40)**
	a)	Inventory.		(200,860.71)	456,919.68
	b)	Trade and other receivables.		1,708,884.87	(1,108,523.64)
	c)	Other current assets.		31,847,76	(228,155.30)
	d)	Trade and other payables.		(2,174,239.99)	(2,217,916.76)
	e)	Other current liabilities.		17,455.20	47,473.62
	4.	**Other cash flow from business activities.**		**(1,885,802.09)**	**(299,231.88)**
	a)	Interest-Related Payments.		(2,100,892.53)	(1,937,024.09)
	b)	Dividend collections.		619,171.42	1,032,033.96
	c)	Interest-Related Collections.		71,777.68	58,475.12
	d)	Corporate income tax Collections (Payments)		1,142,066,76	547,283.13
	e)	Other		(1,617,925.42)	-
	5.	**Other cash flow from business activities**		3,267,162.42	949,797.60
B)	**INVESTEMENT ACTIVITIES' CASH FLOW**				
	6.	**Investment payments**		**(3,046,803.78)**	**(458,513.03)**
	a)	Group and associated companies	**8**	(50,017.91)	(78.533,47)
	b)	Intangible fixed assets.		(1,451.05)	(97.99)
	c)	Property, plant and equipment.	**6**	(2,909,060.97)	(379,881.57)
	e)	Other financial assets.		(86,273.B5)	-
	7.	**Divestiture collections.**		**324,177.10**	**517,201.62**
	a)	Group and associated companies		49,473.66	-
	c)	Property, plant and equipment.	**6**	37,914.47	240,133.33
	e)	Other financial assets.		236,788.97	277,068.29
	g)	Other assets.		(6.67)	-
	8.	**Other cash flow from investment activities.**		**(2,722,628.68)**	**58,688.59**
C)	**FINANCIAL RESOURCES ACTIVITIES' CASH FLOW**				
	9.	**Collections and payments for equity instruments**		**-**	**-**
	10.	**Collections and payments for Financial liability instruments.**		**(530,514.92)**	**(2,125,356.05)**
	a)	Issuance		(21.99)	**-**
		4. Other payables.		(21.99)	**-**
	b)	Repayment and amortization of		(530,492.93)	(2,125,356.05)
		3. Payables to group and associated companies.		(484,897.21)	(2,079,760.04)
		4. Other payables.		(45,595.72)	(45,596.01)
	11.	**Dividend payments and compensation of other equity instruments**		**-**	**-**
	12.	**Financial resources activities' cash flow**		**(530,514.92)**	**(2,125,356.05)**
D)	**Effect of changes in exchange rates**			**-**	**-**
E)	**Net increase/decrease in cash or cash equivalents**			**14,020.82**	**(1,116,869.86)**
	Cash or cash equivalents at beginning of the financial year			230,250.18	1,347,120.04
	Cash or cash equivalents at end of the financial year			244,271.00	230,250.18

The attached notes 1 to 22 of the financial statements and Appendix I are a Constitutive part of the cash flow statement for financial year 2017.

Financial statements for year 2017

1. ACTIVITY OF THE COMPANY

The Company FCC Ambito, S.A.U. (hereinafter the Company or Ambito) is a company incorporated in Spain, in accordance with the Capital Company Act, for an undetermined period of time dated January 27, 1984, with its registered office at Calle Federico Salmón, 13, Madrid.

The corporate purpose of the company, according to its Articles of Association and subsequent extension dated September 30, 1996, is as follows:

- The direct or indirect service delivery for the collection, transport and disposal of chemical waste or pollutants, both solid and liquid, whatever their nature.
- Disposal of industrial waste, whatever its nature.
- The management, hiring, construction, maintenance or use of industrial waste regeneration facilities, neutralization, transformation or elimination of industrial waste of any nature, or recovery of chemical waste or pollutants.
- The management, hiring, construction, maintenance or use of industrial waste landfills.
- The execution of all types of projects, studies and technical reports related to the regeneration, neutralization, transformation or elimination of industrial waste as a whole and the recovery of chemical waste or pollutants of an industrial nature.
- To buy, sell or exchange, either in return for payment or free of charge, any raw material or industrial, intermediate or final product, as well as to provide services of any nature related to social activities.
- The use of any type of patents and licenses, both national and foreign, and the development of any kind of engineering processes or licenses that are related to the regeneration, neutralization, transformation or disposal of industrial waste in general and the recovery of chemical waste or pollutants.
- The construction and execution of all types of public or private works.
- The design, research, development, construction, use, maintenance and marketing of water treatment and purification plants for all types of water.
- Electrical, electronic and telecommunications installation and assembly services, as well as the design, research, development and marketing of products related to these services.
- Conducting environmental audits and studies of contaminated soils, including risk analysis. Engineering and sanitation of contaminated soils and areas.

Ambito currently has 15 main operations centres all over Spain, where it engages in its main activities: waste management, soil decontamination and management of recovery materials (mainly glass, paper and cardboard). The company also has a large fleet of vehicles and auxiliary elements to carry out these activities.

During 2007 the company absorbed the following companies; Aecosol, S.L.U., Azuser, S.L.U., Gestiones Medioambientales del Sur, S.L.U, Hidorcen, S.L.U., Innovación y Gestión Medioambiental, S.A.U., Recitermia, S.A.U., Ipodec/Riscop, S.A.U. and Técnicas de Descontaminación, S.A.U., During 2008 the company absorbed; Papeles Vela, S.A.U., En el ejercicio 2012 a las sociedades Gonzalo Mateo, S.A.U and Cristales Molidos, S.L.

Also in 2012 the company absorbed Ekonor S.A.U. as a result of a merger.

The information relating to these mergers was included in the financial statements for 2007, 2008 and 2012.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATMENT

a) Regulatory framework for financial information applicable to the company and true and fair view-

Regulatory framework for financial information applicable to the Company

These financial statements were prepared by the Board of Directors responsible therefor, in accordance with the financial reporting framework applicable to the Company, as set forth in:

- Commercial Code and other mercantile legislation.
- Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and its current industry-specific Adaptations.
- The mandatory rules approved by the Institute of Accounting and Auditing as part of the Spanish National Chart of Accounts development and its complementary rules.
- All other applicable Spanish accounting regulations.

True and fair view

These financial statements have been prepared on the basis of the Company's accounting records in order to provide a true and fair view of the Company's net worth, financial position and profit or loss, as well as the accuracy of its cash flows included in the cash flow statement. These financial statements, which have been prepared by the Company's Board of Directors, will be submitted for approval by Annual Shareholders' Meeting, and it is deemed that they will be approved without any modification. On the other hand, 2016's financial statements were approved by the General Shareholders' Meeting held on April 11, 2017.

The Balance sheets, income statements and cash flow statements of the joint ventures participated therein by the Company have been incorporated through proportional integration based on the percentage of participation in each of them.

The temporary joint ventures were integrated by conducting the necessary time and value standardisation, reconciliations and reclassifications and the appropriate eliminations of both the asset and liability balances as well as the mutual income and expenses. The Notes to these financial statements contain a breakdown of the amounts relating to these financial statements when significant.

The temporary joint ventures, in 2017 and 2016, which FCC Ambito S.A.U. participates in, and the percentage of ownership in the profit or loss, are as follows:

	2017	2016
Name of the company	**% of Ownership**	**% of Ownership**
Waste Plan Joint Venture	47.50%	47.50%
Airport VI Joint Venture	50.00%	50.00%
Vilomara Joint Venture	33.33%	33.33%
Marpol Services Joint Venture	100.00%	100.00%
Ebre Flix Joint Venture	47.00%	47.00%
Ekoferro Joint Venture	Dissolved in 2017	85.00%
Bailin 2 Joint Venture	60.00%	60.00%
Vilomara II Joint Venture	33.33%	33.33%
Naftil Joint Venture	100.00%	100.00%
BZ-2 Duty Free Zone Joint Venture	50.00%	50.00%
Lagunas de Arganda Joint Venture	50.00%	50.00%
Suelos Muelle APB Joint Venture	50.00%	50.00%

Key aggregates reported by the Temporary Joint Ventures (UTEs) are detailed in Note 4.n

The financial statements of FCC Ambito S.A.U. were prepared by the Board of Directors taking into account all the mandatory accounting principles and standards that have a significant effect on these financial statements, where no accounting principle has been applied which, although compulsory, has ceased to apply, nor has any non-compulsory accounting principle had to be applied.

Pursuant to Article 43 of the Spanish Commercial Code, the Company is not required to prepare its annual financial statements as it is ultimately dependent on Fomento de Construcciones y Contratas, S.A., a company that prepares its own consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) established by Regulation (EC) No. 1606/2002 of the European

Parliament and of the Council dated July 19, 2002, The consolidated financial statements of FCC Group for 2017 will be prepared by the Board of Directors of FCC and will be submitted for approval by the shareholders at the Annual Shareholders' Meeting and subsequently submitted to the Mercantile Registry of Barcelona. A copy of Grupo FCC's Consolidated financial statements for 2016, as well as those for previous years, is available on the Group's corporate website.

Although the Company does not prepare consolidated financial statements, it should be noted that their compilation would not have a significant impact compared to these Financial Statements,

b) Critical aspects of the measurement and estimation of uncertainty-

During the preparation of the attached financial statements, the Company's Board of Directors used estimates to measure the related assets, liabilities, income, expenses and commitments. These estimates basically refer to:

- The appraisal of possible impairment losses on certain assets (see Note 4 c).
- The useful life of the property, plant and equipment as well as intangible assets (see Notes 4 a and 4 b).
- Goodwill measurement (see Note 5).
- Fair value of certain financial assets including group companies (see Note 4 e).
- Calculation of provisions (see Note 4 j, 13 and 16).
- Reinstatement of deferred tax assets (see Note 15).
- Tax results of the Company that will be declared to the Tax Authorities in the future that have served as the basis for recording the different balances related to IS in these financial statements (see Note 15).
- An estimate of cash flow, credit and market risk. (Note 8 c)
- Resolution of ongoing lawsuits and claims (Notes 13 and 16).

Although these estimates were drawn up on the basis of the best information available as at December 31, 2017, future events may require adjustments in coming years, where appropriate to be made in advance.

c) Grouping of line items

Certain line items in the balance sheet, profit and loss account, statement of changes in equity as well as the cash flow statement have been presented in a a grouped form to for better understanding, although, to the extent that it is significant, the detailed information has been included in the corresponding Notes of the ed financial statements.

d) Comparison of information-

The information contained in these notes of the financial statements for 2016 is presented for comparison purposes against the information relating to 2017..

e) Changes in accounting criteria and error adjustment-

There were no significant changes in accounting policies and criteria during 2017 compared to the criteria applied in 2016.

No material error was detected in the preparation of these financial statements which led to the restatement of the amounts included in the financial statements for financial year 2016.

3. PROFIT DISTRIBUTION

The proposed distribution of net profit that the Board of Directors submits to the General Shareholders' Meeting for approval, as well as the distribution agreed in the previous year, are as follows:

	2017	2016
Distribution Basis		
Balance of the profit and loss statement	(2,354,266.23)	(5,451,998.66)
Total	(2,354,266.23)	(5,451,998.66)
Distribution		
Negative profit or loss from previous years	(2,354,266.23)	(5,451,998.66)
Total	(2,354,266.23)	(5,451,998.66)

4. ACCOUNTING AND MEASUREMENT RULES

The main accounting and measurement bases used by the Company for the preparation of its 2017 financial statements, in accordance with the Spanish National Chart of Accounts, were as follows:

a) Intangible fixed assets

Intangible fixed assets are recorded at acquisition or production cost. It is subsequently measured at cost before deducting the related accumulated depreciation and any impairment losses. At year-end there were no indications of impairment of any of the Company's intangible fixed assets and the Company's Board of Directors considered that the recoverable value of the assets was greater than their book value and, accordingly, no impairment loss was recognised.

In the case of computer applications, the Company records the costs of the acquisition and development of computer programs. Maintenance costs are recorded in the profit and loss statement for the year they are accrued.

Goodwill represents the difference at the date of the merger between the cost of the business combination and the fair value of the identified net assets that were acquired. As a result, goodwill is only recorded when it has been acquired in return for payment and corresponds to future economic benefits from assets that cannot be individually identified and accounted for separately.

Pursuant to Royal Decree 602/2016, goodwill is depreciated as from 2016, the maximum useful life being the ten-year period established in the Royal Decree.

Other intangible fixed assets are depreciated on a straight-line basis over their estimated useful life at the following depreciation rates:

	Estimated years of useful life
Concessions	5 - 10
Patents, licenses, trademarks and the like.	5 - 10
Goodwill.	10
Computer applications.	3
Other intangible fixed assets.	7

b) *Property, plant and equipment*

Property, plant and equipment are stated at acquisition or production cost when the Company has carried out work on its own property, plant and equipment and are subsequently reduced by the related accumulated depreciation and any impairment losses. At year-end, no indication of impairment of the Company's property, plant and equipment was identified and the Company's Board of Directors considered that the recoverable value of the assets was greater than their book value.

Maintenance and repair costs for the various items of property, plant and equipment are allocated to the profit and loss account in the year they arise. On the other hand, amounts invested in improvements that contribute to increasing the capacity or efficiency or extending the useful life of these assets are recorded as an increase in their cost.

In the case of property, plant and equipment that require a period of more than one year to be in service, capitalised costs include finance costs accrued before the asset is brought into service and that have been transferred by the supplier or relate to loans or other external financing, specific or generic, directly due to acquisition or manufacture of the asset.

The work carried out by the Company on its property, plant and equipment is recorded at accumulated cost plus internal costs, determined on the basis of in-house consumption of materials, direct labour and general manufacturing expenses calculated on the basis of absorption rates similar to those applied for inventory valuation purposes.

The Company depreciates its property, plant and equipment on a straight-line basis at annual rates based on the years of estimated useful life of the related assets, as follows:

	Estimated years of useful life
Buildings.	33
Technical installations, machinery, tools, furniture and other tangible fixed assets.	4 - 16

In the case of waste landfills, the investment made therein is depreciated on the basis of the effective usage ratio compared to the maximum capacity thereof. This same criterion is followed for sealing expenses and post-closure tasks which, in accordance with the provisions of current legislation, are considered to be greater value of property, plant and equipment.

c) *Impairment of intangible fixed assets and property, plant and equipment*

Assets subject to depreciation are subject to impairment tests whenever events or changes in circumstances indicate that the book value may not be recoverable. Whenever there are indications of impairment of intangible assets with a defined useful life, and all the Company's intangible assets and property, plant and equipment correspond to such a classification, the Company estimates, by means of an impairment test, the possible existence of impairment losses that reduce the recoverable value of these assets to an amount lower than their book value.

Recoverable amount is determined as the greater of fair value minus selling costs and in use value. For the purpose of assessing impairment losses, assets are grouped at the lowest level separately identifiable cash flows (cash-generating units).

The procedure implemented by the Company's Management to perform such test is as follows:

- Recoverable amounts are calculated for each cash-generating unit.

- Management prepares an annual business plan per activity for each cash-generating unit and updates it over a period of five years, taking into account key components:

    - Projections of profit or loss

    - Investment and working capital projections

Some of the other variables that influence the calculation of recoverable value are:

- The discount rate to be applied, understood as the weighted average of the capital cost, the main variables affecting its calculation also being that of liabilities and the specific risks of the assets.

- Zero growth rate of cash flows used to translate cash flow projections beyond the period covered by budgets or forecasts.

Projections are prepared on the basis of past experience and on the basis of the best available estimates, which are consistent with information from external sources.

Business plans prepared in such a manner are reviewed and finally approved by the corresponding governing bodies.

When an impairment loss on intangible assets and property, plant and equipment is subsequently reversed (an option not allowed for goodwill), the book value of the asset or cash-generating unit is increased by the revised estimate of its recoverable amount, but in such a manner that the increased book value amount does not exceed the book value that would have been determined in the absence of an impairment loss in prior periods. Such reversal of an impairment loss is recorded as income.

d) Leasing

Leasing contracts are classified as finance leases provided that the terms of the leasing contract indicate that the substantial risks and benefits of ownership of the asset covered by the contract are transferred to the lessee. Other leasing contracts are classified as operating leases.

As of December 31, 2017, there were no finance leasing transactions whereby the Company acted as lessor or lessee.

In relation to operating leases, if the Company acts as the lessee, the expenses arising from the operating lease agreements are debited to profit and loss in the year they are accrued.

If the Company acts as the lessor, income and expenses arising from operating lease agreements are debited to the income statement during the year they are accrued. In addition, the cost of acquisition of the leased asset is recorded in the balance sheet in accordance with its nature, increased by the amount of the directly allocable contract costs, all of which are recorded as an expense over the term of the contract, using the same method as for the recording of leasing income.

Any collection or payment that may arise when an operating lease is concluded is treated as a collection or prepayment that is allocated to profit or loss over the leasing term as the benefits of the leased asset are transferred or received.

e) Financial Instruments

e.1) Financial assets

<u>Classification</u>

Financial assets held by the Company are classified into the following categories:

- Loans and accounts receivable: financial assets arising from the sale of goods or service rendering as a result of the company's trading operations, or those which, not having a commercial origin, are neither equity instruments neither derivatives, and the collections are fixed or determined amounts and are not traded in an active market.

- Financial assets held for trading: are those that have been acquired with the intent to sell them in the short term or those that are part of a portfolio evidenced by recent actions with this purpose. This category also includes financial instruments that are not financial guarantee contracts and have not been designated as hedging instruments.

- Equity investments in Group companies, associates and jointly controlled companies: Group companies are considered to be those companies linked to the Company by virtue of a control relationship, and associated companies are those that are significantly influenced by the Company. In addition, jointly controlled companies are those over which, pursuant to an agreement, joint control is exerted with one or more partners.

Initial valuation

Financial assets, except for investments in Group, associated and jointly controlled companies (which are recorded at cost), are initially recorded at the fair value plus directly allocable transaction costs.

Subsequent valuation

- Loans and accounts receivable are measured at their amortised cost. However, trade receivables with a maturity date of no more than one year are measured, both at the time of initial recording as well as subsequently, at their par value provided that the effect of not updating cash flows is not significant.

- Financial assets held for trading are measured at fair value and the result of variations in fair value is recorded in the profit and loss account.

- Investments in Group companies, associates and jointly controlled companies are measured at cost, deducting any accumulated impairment losses. These adjustments are calculated as the difference between their book value and the recoverable amount, understood as the greater of their fair value minus selling costs and the present value of the future cash flows resulting from the investment. Unless there is better evidence of a recoverable amount, the equity of the investee is taken into consideration, after adjusting for the implicit capital increases prevailing at the valuation date, including goodwill, if any.

The Company carries out an impairment test at least at year-end to determine whether the financial assets are not at fair value. It is considered that impairment is evidenced by the fact that the recoverable amount of the financial asset is less than its book value. When an impairment arises, it is recorded in the profit and loss account.

Specifically, in relation to valuation adjustments relating to trade and other receivables, the Company calculates the corresponding valuation adjustments, if any, based on specific analyses of the solvency risk for each account receivable.

As a result, the Company withdraws financial assets when the rights to the corresponding financial asset's cash flows expire or have been transferred and the risks and benefits of ownership have been substantially transferred, such as firm sales of assets, assignments of trade receivables as part of "factoring" transactions where the company does not retain any credit or interest risk and does not grant any type of guarantee or assume any other type of risk, as well as sales of financial assets under a repurchase agreement at their fair value.

On the other hand, the Company does not write off financial assets and records a financial liability for an amount equal to the amount received in the case of transfers of financial assets where the risks and benefits of ownership are substantially retained, such as discounted bills, "recourse factoring" and sales of financial assets with repurchase agreements at a fixed price or at the sale price plus interest.

e.2) Financial liabilities

Financial liabilities are those payables and accounts payable that the Company has and that have resulted from the purchase of goods and services as a result of the Company's trade transactions, or those that, without having a commercial origin, cannot be considered as financial instruments.

Payables and accounts payable are initially measured at the fair value equivalent to the service received, adjusted for directly assignable transaction costs. Subsequently, these liabilities are measured at their amortised cost.

The Company writes-off financial liabilities when the obligations that have caused them are extinguished.

e.3) Equity instruments

Capital is represented by ordinary shares.

An equity instrument represents a residual interest in the Company's equity, after deducting all of its liabilities.

Equity instruments issued by the Company are recorded in equity for the amount received, net of issuance costs.

f) Inventory

Inventory is measured using the lowest of the purchase price, production cost or net realisable value and is calculated using the F.I.F.O. method. (first in / first out). Trade discounts, rebates and other similar items and interest included in the nominal amount of the payables are deducted when calculating the acquisition price.

Cost of production includes direct material costs and, where applicable, direct labour costs as well as manufacturing overheads.

Net realisable value represents the estimated selling price minus all the estimated costs to complete its manufacture plus the costs that will be involved in the marketing, selling and distribution processes.

The Company performs the appropriate valuation adjustments, recording them as an expense in the profit and loss account when the net realisable value of the inventories is lower than their acquisition price or production cost.

g) Foreign currency transactions

The functional currency used by the Company is the Euro. As a result, transactions in currencies other than the Euro are deemed to be foreign currency transactions and are recorded at the exchange rates prevailing at the transaction dates.

At year-end, monetary assets and liabilities held in foreign currencies are converted at the exchange rate at the balance sheet date. Obvious profits or losses are directly recorded in the profit and loss account the year they occur.

h) Corporate income tax

Income tax expense or income is made up of the portion relating to current tax expense or income and the portion corresponding to deferred tax expense or income.

Current tax is the amount paid by the Company as a result of the income tax settlements relating to a given year. Tax deductions and other tax benefits, excluding withholdings and prepayments, as well as tax loss-offsetting from prior years and effectively applied in prior years, result in a lower amount of current tax.

Deferred tax expense or income corresponds to the recording and settlement of deferred tax assets and liabilities. These include temporary differences identified as those amounts expected to be payable or receivable as a result of differences between book value of assets and liabilities and their tax value, as well as tax loss-offsetting and tax credits not applied for tax purposes. These amounts are recorded by applying to the temporary difference or credit the tax rate at which are expected to be recovered or settled.

Deferred tax liabilities are recorded for all temporary taxable differences, except those resulting from the initial recorded goodwill or other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit and is not a business combination.

Deferred tax assets are recorded only to the extent that it is considered probable that the Company will have future taxable profits against which they can be utilised.

Deferred tax assets and liabilities resulting from transactions with direct debits or credits to equity accounts are also recorded with a balancing entry in Net equity.

At each year-end the deferred tax assets recorded are reviewed and the appropriate adjustments are made to these assets whenever there are doubts as to their future recovery.

In addition, at each year-end deferred tax assets that are not recorded in the balance sheet are valued and recorded whenever it becomes probable that they will be recovered with future tax benefits.

The Company is part of the 18/89 consolidated tax group led by FCC and files income tax returns in accordance with the Special Consolidation Tax Regime provided for in Article 55 et seq. of Corporate Income Tax Law 27/2014, dated November 27.

i) Income and expenditure

Income and expenses are allocated on an accrual basis, i.e. when the actual flow of goods and services they represent takes place, regardless of when the resulting monetary or financial flow occurs. Such income is measured at the fair value obtained, net of discounts and taxes.

Sales income is recorded when the significant risks and benefits of ownership of the asset sold have been transferred to the buyer and the current management of the asset has not been maintained and effective control over the asset has not been retained.,

Each year, the Company records as a result the difference between the production for the year (value at selling price of the services rendered and the sales carried out) and the costs accrued.

Income from services rendered is recorded based on the level of completion at the balance sheet date, provided that the result of the transaction can be reliably estimated.

Interest received on financial assets is recorded using the effective interest method and dividends when the shareholder's right to receive them is declared. In any case, interest and dividends on financial assets accrued subsequent to acquisition are recorded as income in the profit and loss account.

Dividends and interest on loans granted to group companies and associates that are part of the Company's ordinary activity are presented as part of net revenue in sub-sections created for this purpose in the Profit and Loss Account.

In the case of construction or similar work, which to date has been carried out basically in prior years by the Ebre Flix joint venture, profit or loss is recorded by reference to the level of completion of the project, recording the income relating to the sale price of the completed project, which is covered by a main contract entered into with the owner or by amendments thereto approved by the owner. In accordance with the foregoing policy, although at year-end there are significant accrued amounts claimed by the Ebre Flix Joint Venture, mainly resulting from work carried out that was not foreseen in the approved project for the work, as well as significant deviations in the performance of the waste treatment due to substantial differences in the physical-chemical features of the waste compared to their description in the specifications, the recognition will not take place until the right to its collection is recorded either by the customer itself by means of a contract, or the approval thereof is obtained by a third party with legal capacity to compel the parties to comply with its resolution. As a result, no income has been recorded in relation to the claims described above.

j) Provisions and contingencies

The Company's Board of Directors, in formulating the financial statements, distinguish between:

a) Provisions: credit balances covering current obligations resulting from past events, the settlement of which is likely to cause an outflow of resources, but which are unspecified as to their amount and/or timing.

b) Contingent liabilities: possible obligations stemming from past events, the future occurrence whereof is conditional on the existence or otherwise of one or more future events beyond the control of the Company.

Financial statements include all the provisions in relation to those for which it is estimated that the probability that the obligation will have to be met is greater than otherwise. Contingent liabilities are not recorded in the financial statements, but are reported in the Notes to the financial statements to the extent that they are not considered remotely existent (Note 17),

Provisions are measured at the present value of the best estimate of the amount necessary to settle or transfer the obligation, taking into account the information available on the event and its consequences, as well as recording the adjustments resulting from updating these provisions as a financial expense as it accrues.

The compensation to be received from a third party when the obligation is settled, provided that there is no doubt that such compensation will be received, is recorded as an asset, except in the case of a legal relationship whereby part of the risk has been externalised and the Company is not required to respond; in this situation, the compensation will be taken into account to estimate the amount for which, if any, the corresponding provision will be recorded.

k) Severance payments

Under current legislation, the Company is liable to pay severance payments to employees with whom, under certain conditions, it terminates their employment relationships. Therefore, severance payments that are reasonably quantifiable are recorded as an expense in the year the dismissal decision is made.

No provision has been recorded in the financial statements for this line item as no such situations are foreseen.

l) Assets of an environmental nature

As indicated in Note 1, the Company engages mainly in the Services business which, due to its nature and development, pays special attention to controlling environmental impact. In addition, the Company has non-current assets aimed at protecting and defending the environment and covers such expenses as may be necessary for this purpose within the scope of its activities.

The purchase of these environmental assets is recorded under "Property, Plant and Equipment" and "Intangible Assets", depending on the nature of the investment, and depreciation is recorded over their useful lives. In addition, the Company records the expenses and provisions related to its environmental commitments in accordance with current accounting regulations.

The Company develops an environmental policy based not only on strict compliance with current legislation on the improvement and protection of the environment, but also through the establishment of preventive planning and analysis and minimisation of the environmental impact of the activities it carries out.

Company Management considers that the contingencies relating to the protection and improvement of the environment at December 31, 2017, would not have a significant impact on the attached financial statements, which include provisions to cover the probable environmental risks that may arise.

Note 19 to these notes to the financial statements, which is devoted to information on the environment, complements the foregoing in relation to environmental provisions.

m) Subsidies

The Company records subsidies received according to the following criteria

m.1) Non-refundable subsidies:

They are measured at the fair value of the amount or good awarded, depending on whether or not they are of a monetary nature, and are allocated to profit or loss in proportion to the depreciation allowance recorded in the period for the subsidised items or, where appropriate, when they are written off or adjusted for impairment, except for those received from shareholders or owners, which are directly recorded in shareholders' or owners' equity and do not represent any income..

m.2) Operating subsidies:

They are allocated to profit or loss when awarded, unless they are used to finance operating shortfalls in future years, in which case they will be allocated in those years. If they are awarded to finance specific expenditure, the allocation should be applied as expenditure is accrued.

n) Joint Operations

The Company records the contracts it jointly exploits through Temporary Joint Ventures (UTEs) and includes the proportionate share in its balance sheet, on the basis of their percentage interest, jointly controlled assets and jointly incurred liabilities. In addition, the corresponding portion of the income and expenses accrued by the jointly exploited contract is recorded in the profit and loss account; likewise, the Statement of Changes in Equity and Cash Flow Statement include the proportional fraction of the amounts of the corresponding line items of the joint contract.

Main equity in the balance sheet and profit and loss account included in the percentage of ownership of the temporary joint ventures (UTEs) for each of the two years is shown below: (in Euros):

	2017	2016
Net business turnover	1,144,543.12	2,713,033.06
Operating profit or loss	(660,226.46)	(1,485,852.52)
Non-current assets	85,562.14	92,780.84
Current assets	601,462.97	990,457.22
Non-current liabilities	-	-
Current liabilities	1,341,589.76	2,518,858.17

The detail of the jointly-operated contracts that the Company participates in is shown in Note 2.a.

o) Transactions with related parties

The Company carries out all of its transactions with associated companies on the basis of market values. In addition, transfer prices are adequately supported and, therefore, the Company's Board of Directors considers that there are no significant risks in this regard that could lead to significant liabilities in the future.

p) Cash flow statement

The following expressions are used in the cash flow statement:

- Cash flows: cash entries and withdrawals and their equivalents.

- Other cash flow from business activities: payments and collections for the company's usual activities and other non-investment and non-financial activities.

- Other cash flow from investment activities: payments and collections resulting from purchases and divestments of non-current assets.

- Financial resources activities' cash flow: payments and collections resulting from the placement and settlement of financial liabilities, equity instruments or dividends.

5. Intangible fixed assets

The balances and transactions in this heading in the attached balance sheet for 2017 and 2016 were as follows (in euros):

	Concessions	Goodwill	Computer Applications	Other Intangible Fixed Assets	Impairments	Depreciation
Balance as at 12/31/2015	**5,182.77**	**46,999,173.36**	**307,673.33**	**9,125,325.02**	**(23,688,000.00)**	**(6,983,250.17)**
Additions or provisions			97.99			(3,803,036.86)
Disposals, withdrawals or reductions			(253,203.23)			253,203.23
Other						
Balance as at 12/31/2016	**5,182.77**	**46,999,173.35**	**54,568.09**	**9,125,325.02**	**(23,688,000.00)**	**(10,533,083.80)**
Additions or provisions			1,451.06			(3,312,841.72)
Disposals, withdrawals or reductions			(16,116.38)			16,116.38
Other						
Balance as at 12/31/2017	**5,182.77**	**46,999,173.35**	**39,902.77**	**9,125,325.02**	**(23,688,000.00)**	**(13,829,809.14)**

The detail of intangible fixed assets and of the related accumulated depreciation as at December 31, 2017 and 2016 is as follows (in Euros):

	2017			2018		
	Costs	Accumulated depreciation and impairment	Net	Costs	Accumulated depreciation and impairment	Net
Concessions	5,182.77	(5,182.77)	-	5,182.77	(5,182.77)	-
Goodwill.	46,999,173.35	(28,350,234.68)	18,648,938.67	46,999,173.35	(26,019,117.34)	20,980,056.01
Computer applications.	39,902.77	(37,066.67)	2,836.10	54,568.09	(52,391.91)	2,176.18
Other intangible fixed assets.	9,125,325.02	(9,125,325.02)	-	9,125,325.02	(8,144,391.78)	980,933.24
	56,169,583.91	***(37,517,809.14)***	***18,651,774.77***	***56,184,249.23***	***(34,221,083.80)***	***21,983,165.43***

In 2012 Ambito carried out a series of corporate transactions with other companies belonging to Grupo FCC, proceeding to the simplified merger via the takeover of its wholly-owned subsidiaries Gonzalo Mateo, S.L.U. and Cristales Molidos, S.L.; the simplified merger via the takeover of Ekonor, S.A.U. by Ámbito (companies wholly owned by FCC Medio Ambiente, S.A.); and also the partial spin-off of the paper recovery business, with its block transfer to Manipulación y Recuperación Marepa, S.A.U., which is also wholly owned by FCC Medio Ambiente, S.A.U.

As of December 31, 2017 and 2016, Goodwill line item reflects the value of the Merger Goodwill resulting from the aforementioned merger transactions.

Since 2016, in compliance with RD 602/2016, Goodwill **is** depreciated on a straight-line basis over a useful life of 10 years. Among the total entries for depreciation in 2017 and 2016, a total of 2,331,117.34 correspond to the allocation of goodwill for the financial year.

On the other hand, goodwill recorded by the Company during the year was tested for impairment in order to verify its recoverability based on cash flow expected for the Company.

Este test se realiza en base a proyecciones de flujos de efectivo basadas en presupuestos financieros aprobados por la dirección que cubren un período de cinco años con un valor residual calculado como una renta perpetua con tasa de crecimiento 0. Se ha utilizado una tasa de descuento del 6,85% antes de impuestos. Current cash flow projections would support increases of around 408 basis points in the discount rate or a decrease of around 60% in the discount rate without causing impairment.

At the year-end of 2017 and 2016, the detail of fully depreciated intangible fixed assets is as follows (in Euros):

	2017	2016
Concessions	5,182.77	5,182.77
Computer applications.	35,755.98	51,872.36
Other intangible fixed assets.	9,125,325.02	787,391.86
Total	***9,166,263.77***	***844,446.99***

As at December 31, 2017 and 2016, the Company did not have any intangible fixed assets located outside Spain and there were no assets subject to guarantees or commitments to purchase intangible fixed assets.

6. PROPERTY, PLANT AND EQUIPMENT

The balances and transactions in this heading in the attached balance sheet for 2017 and 2016 were as follows (in euros):

	Land and buildings	Technical installations and other Property, plant and equipment	In-progress tangible assets and advances	Impairments	Depreciation
Balance as at 12/31/2015	**20,239,377.74**	**53,215,508.71**	**11,601.31**	**(1,218,085.02)**	**(49,491,318.20)**
Additions or allocations	7,548.97	143,475.60	60,877.75		(1,965,334.36)
Disposals, withdrawals or reductions	(2,701.00)	(1,446,447.92)			940,858.53
Transfers		12,975.20	(12,975.20)		
Balance as at 12/31/2016	**20,244,225.71**	**81,925,511.59**	**59,503.86**	**(1,218,085.02)**	**(50,515,794.03)**
Additions or allocations	8,000.00	773,267.18	2,157,144.03		(1,945,264.40)
Disposals, withdrawals or reductions	(916,480.14)	(2,302,485.33)		89,390.02	2,694,279.81
Transfers		60,018.86	(60,018.86)		
Balance as at 12/31/17	**19,335,745.57**	**50,456,312.30**	**2,156,629.03**	**(1,128,695.00)**	**(49,766,778.62)**

The additions in 2017 are mainly due to the investment for updating the refrigerator treatment plant at the Pont de Vilomara Refrigerator Plant (Barcelona). As at December 31, 2017, the facility was already in the testing phase, and final acceptance expected in the first quarter of 2018. The former facilities that are being replaced, with an investment value of 925,494.23 euros, were fully depreciated.

2017's write-offs mainly correspond to the write-offs recorded as a result of damage caused by a fire at the non-hazardous waste treatment plant in Sant Feliu in November 2017. As a result, a loss of EUR 435,762.35 was recorded under "Impairment losses and other" under "Impairment and profit or loss on the disposal of non-current assets" as well as the related recording of insurance compensation income of the same amount under "Other Operating Income" in the attached Profit and Loss Account, given that the plant was adequately insured. The amount to be received from the insurance company is included under "Sundry accounts receivable" in the Assets of the attached Balance Sheet.

In 2016 write-offs mainly correspond to the disposals of technical facilities and other property, plant and equipment from facilities leased in Galicia, upon transfer of the property, plant and equipment to other facilities, as well as the sale of trucks that were not being used. The loss caused by facilities that could not be recovered in Galicia was primarily covered by provisions.

The Company owns buildings, the value of which, separately from the construction and the land, at 2017 and 2016 year-end is as follows (in Euros):

	2017	2016
Land	8,493,254.82	8,493,254.82
Buildings	10,842,490.75	11,750,970.89
	19,335,745.57	20,244,225.71

The detail of property, plant and equipment and of the related accumulated depreciation as at December 31, 2017 and 2016 is as follows (in Euros):

	2017			2016		
	Costs	Accumulated depreciation and impairment	Net	Costs	Accumulated depreciation and impairment	Net
Land and buildings.	19,335,745.57	(6,886,472.77)	12,449,272.80	20,244,225.71	(7,038,104.32)	13,206,121.39
Technical installations and other Property, plant and equipment	50,456,312.30	(44,009,000.85)	6,447,311.45	51,925,511.59	(44,695,774.73)	7,229,736.86
In-progress tangible assets and advances.	2,156,629.03	-	2,156,629.03	59,503.86	-	59,503.86
	71,948,686.90	***(50,895,473.62)***	***21,053,213.28***	***72,229,241.16***	***(51,733,879.05)***	***20,495,362.11***

In 2017 and 2016 the Company has not capitalized financial expenses in property, plant and equipment.

At year-end, all the property, plant and equipment were used in the several production processes; however, part of this property, plant and equipment is fully depreciated, as detailed below (in Euros):

	2017	2016
Buildings.	1,465,553.52	1,465,553.52
Technical installations, machinery, tools, furniture and other tangible fixed assets.	36,534,637.68	32,329,438.42
Total	***38,000,191.20***	***33,794,991.94***

The Company does not hold any investments in property, plant and equipment located abroad or assets transferred under guarantee, except as indicated later in this note.

The investment commitments maintained as at December 31, 2017 mainly correspond to pending items, such as the investment in progress in the new refrigerator treatment plant at the Neveras plant in Pont de Vilomara, valued at approximately 585,303.40 euros. Regarding the Sant Feliu plant, there is still no final budget, but it should be noted that in any case the investment will be covered by funds from the insurance company.

The Company engages into insurance policies to cover the possible risks attached to its property, plant and equipment. At year-end, in the opinion of the Board of Directors, there was no shortfall in coverage related to these risks.

The Company has established a maximum mortgage in favour of the General Social Security Treasury for an amount of 1,707,499.44 euros of principal plus 512,249.84 euros in interest and expenses to cover the deferral of payments to the Social Security of four companies of Grupo FCC. The net book value of the mortgaged property, including its installations, amounts to 1,345,030.72 euros. The deferred amounts have already been paid as of December 31, 2017, pending settlement.

7. LEASING

7.1) Financial leasing

As at December 31, 2017 and 2016, the Company does not have any financial leasing contracts in force.

7.2) Operational leasing

At year-end, the Company has no significant payment obligations related to minimum operating leasing instalments.

8. FINANCIAL ASSETS

The detail of financial assets as at December 31, 2017 and 2016, expressed in euros, in accordance with the classification established in the Spanish National Chart of Accounts, distinguishing those held with Group companies and Associates from those held with third parties outside the Group, is shown on the following page.

The detail of the balances with Group and Associated companies is as follows.

At 31 December 2017 and 2016, the "Loans and accounts receivable" category, held with third parties, mainly includes the amount of guarantees and deposits held both long term, 203,461.14 euros (2016: 231,516.75) as short-term, 132,289.05 euros (254,279.31 euros).

At year-end of 2017 and 2016, the fair value of loans to third parties is similar to that recorded in the books, and during 2017 and 2016 the Company has not recorded any impairment adjustments.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

Categories	Types											
	Long-term financial instruments						Short-term financial instrumentso				Total	
	Treasury stock or shares		Representative debt securities		Loans, derivatives and other		Representative debt securities		Loans, derivatives, other			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Assets at fair value through profit or loss												
- Other	37,781.75	38,262.56	-	-	-	-	-	-	-	-	37,781.75	38,202.56
Investments in Group and Associated companies	3,052,317.56	2,900,230.81	-	-	-	-	-	-	-	-	3,052,317.58	2,900,230.81
Loans and accounts receivable	-	-	1,409,947.36	1,339,088.95	203,461.14	231,518.75	4,754,783.14	6,596,472.76	283,892.45	272,840.61	6,651,884.09	[Ilegible]
- Held with Group and Associated companies			*1,403,082.54*	*1,332,224.13*	-	-	*4,754,783.14*	*6,595,180.03*	*150,000.00*	*18,462.19*	*6,307,865.68*	*7,945,666.35*
- Held with third parties			*6,864.82*	*6,864.82*	*203,461.14*	*231,516.75*	-	*1,292.73*	*133,692.45*	*254,378.42*	*344,018.41*	*494,052.12*
	3,090,099.33	**2,938,493.37**	**1,409,947.36**	**1,339,088.95**	**203,481.14**	**231,516.75**	**4,754,783.14**	**6,596,472.76**	**283,692.45**	**272,840.61**	**9,741,983.42**	**11,378,412.44**

a) Financial assets held with Group and Associated companies.

a.1) Treasury stock or shares.

The transactions relating thereto in 2017 and 2016, expressed in euros, are as follows:

	Equity Instruments Other Group Companies	Equity Instruments Other Associated Companies	Impairments	TOTAL
Balance as at 12/31/2015	***3,656,501.40***	***3,548,801.82***	***(4,000,430.42)***	***3,204,872.80***
Additions or allocations			(304,641.99)	(304,641.99)
Disposals or reversals				-
Transfers				-
Balance as at 12/31/2016	***3,656,501.40***	***3,548,801.82***	***(4,305,072.41)***	***2,900,230.81***
Additions or allocations	50,017.91			50,017.91
Disposals or reversals			102,068.86	102,068.86
Transfers				-
Balance as at 12/31/2017	***3,706,519.31***	***3,548,801.82***	***(4,203,003.55)***	***3,052,317.58***

The additions for 2017 relate to the purchase of 36% of the shares of Compañía Control de Residuos, S.L., which is now wholly owned by FCC Ambito, S.A.U.

The detail of the long-term investments in group companies and associates as of December 31, 2017 and 2016 is as follows (in Euros):

	2017			**2018**		
	Costs	**Accumulated impairment**	**Impairment of the financial year**	**Costs**	**Accumulated impairment**	**Impairment of the financial year**
Equity Instruments of Group companies	3,706,519.31	(2,952,913.43)	97,438.64	3,656,501.40	(3,050,352.27)	(110,381.50)
Equity Instruments of associated companies	3,548,801.82	(1,250,090.12)	4,630.02	3,548,801.82	(1,254,720.14)	(194,260.49)
	7,255,321.13	**(4,203,003.55)**	**102,068.86**	**7,205,303.22**	**(4,305,072.41)**	**(304,641.99)**
	3,052,317.58			***2,900,230.81***		

The impairment losses and reversals of impairment recorded, calculated as indicated in Note 4-e, are presented under "Impairment and Profits/Losses on disposal of financial Instruments – Impairment and Losses" in the attached Profit and Loss Account, as part of the Financial Result.

Appendix I details the significant information of the different group and associated companies, in accordance with the unaudited balance sheets as at December 31, 2017 and 2016. None of these companies are listed on the stock exchange

The investments in the group company Gamasur Campo de Gibraltar, S.L. have been pledged as an additional guarantee to lending banks in accordance with the provisions contained in the refinancing contract of Grupo FCC Group (see Note 16).

a.2) Representative debt securities (long-term).

The transactions relating thereto in 2017 and 2016, expressed in euros, are as follows:

	Loans to (wholly owned) companies	Non-current interest	Impairments	TOTAL
Balance as at 12/31/2015	***1,432,000.00***	***-***	***-***	***1,432,000.00***
Additions or allocations			(99,775.87)	(99,775.87)
Disposals or reversals				-
Transfers				-
Balance as at 12/31/2016	***1,432,000.00***	***-***	***(99,775.87)***	***1,332,224.13***
Additions or allocations		10,945.25	(136,283.39)	(125,338.14)
Disposals or reversals				-
Transfers		196.196,55		196,196.55
Balance as at 12/31/2017	***1,432,000.00***	***207,141.80***	***(236,059.26)***	***1,403,082.54***

The amount of EUR 1,432,000.00 recorded under "Loans to (wholly owned) companies" initially related to a subordinated loan arranged with the associate Betearte, S.L. as part of the obligations assumed by the shareholders in the context of a "Project Finance" transaction entered into by the latter with Caja de Ahorros del Mediterráneo in 2008 and maturing on August 9, 2019.

On March 16, 2016, the previous subordinate was transformed into two separate operations:

- A participatory loan for a total of 700,000.00 euros. This loan bears interest set at 1% of the borrower's after-tax profit and loss. No interest has accrued in 2017. Maturity is determined on the day following the expiration of the "Project Finance" contract signed by Betearte, SL.

- A subordinated loan for a total of 732,000.00 euros. This loan accrues market interest on the basis of Euribor plus a spread. Average interest rate for the year was 1.378% (2016: 1.857%). The established maturity is the same as for the participatory loan.

In 2017 impairment losses on loans granted to Betearte, S.L. amounting to EUR 136,283.39 were recorded under "Impairment and profits/losses on disposal of financial Instruments" contained in the attached income statement for an amount equivalent to the negative equity of the investee as a percentage of the Company's ownership interest.

In 2009 accrued interest was classified as non-current and the balance existing as at December 31, 2016 was reclassified.

a.3) Representative debt securities (short-term).

This heading mainly includes loans and other non-trade receivables granted to Group companies and associates, among others, to cater for certain specific cash situations, as well as other transitory financial investments, valued at the lower of cost or market value plus accrued interest at market rates.

The detail per item is as follows (in euros):

	2017	2016
Loans to (wholly owned) group companies	2,766,851.47	3,004,098.83
Tax effect loans	-	735,676.33
Loans to (wholly owned) associated companies	2,798,082.85	3,019,279.40
Interest on current loans	944,646.63	561,936.71
Impairment provisions	(1,754,797.81)	(725,811.24)
	4,754,783.14	6,595,180.03

During the financial year, impairment losses amounting to EUR 1,028,986.57 (2016: 178,511.61) that have been recorded under the heading "Impairment and profits/losses on disposal of financial Instruments" in the attached profit and loss account for 2017.

The amount of EUR 735,676.33 recorded under "Tax effect loans" in 2016 related to the receivable amount from Fomento de Construcciones y Contratas, S.A. under the consolidated tax return scheme, net of withholdings and instalments (see Note 16.b), and was collected in the year.

The most significant balances under "Loans to Group Companies" are as follows (in euros):

	2017	2016
Ekostone Aridos Siderúrgicos, S.L. (Note 14)	2,719,565.13	2,899,436.52
Other companies	47,286.34	104,662.31
	2,766,851.47	**3,004,098.83**

Oustanding balance with Ekostone Aridos Siderúrgicos, SL as of December 31, 2017 is made up of a participatory loan of 510,000.00 euros (concluded on May 13, 2016) and 2,209,565.13 euros of a credit line. Both transactions have an annual maturity and are implicitly revolving for periods of one year, being the maturity of the participatory loan on December 31 and the credit line on June 30. The participatory loan accrues a participative interest based on certain economic parameters linked to the profit or loss, whereas the credit line accrues interest based on Euribor plus a spread. The average interest rate on the credit line in 2017 was 2.173% (2016: 2,951), while the participatory loan has not accrued any interest. The impairment losses on the loans granted to Ekostone are set out below in this note. See note 16 for the shareholding in Ekostone.

The most significant balances relating to associated companies are as follows (in euros):

	2017	2016
Gestión y Valorización del Centro, S.L.	2,302,035.00	2,327,035.00
Aragonesa de Trata. Medioamb. XXI, S.A.	495,522.82	495,522.82
Other companies	525.03	196,721.58
	2,798,082.85	**3,019,279.40**

These Loans bear market interest rates, established on the basis of the three-month Euribor plus a spread, which are reviewed quarterly. Loans to associated companies relate mainly to loans granted to companies for the purchase of their facilities. In the case of Gestión y Valorización del Centro, S.L., this loan, which matures on April 1, 2017 and can be extended for periods of one year, has accrued an average interest rate of 6.90% (2016: 6.38%) and in the case of Aragonesa de Tratamientos Medioambientales XXI, S.A. of 0.1% (2016: 0.1%).

The interest on loans as of December 31, 2017 includes amounts pending collection with Ekostone Aridos Siderúrgica, S.L for an amount of 230,036.13 euros, amounts pending collection with Gestión y Valorización del Centro, S.L. for an amount of 714,279.61 euros and amounts pending collection with Aragonesa de Tratamiento Medioambiental XXI, S.A. for an amount of 330.89 euros.

The detail, broken down by company and by year, of the impairment provision is as follows:

	Aragonesa Tratamientos Ambientales XXI, SA	Ekostone Aridos Siderúrgicos, SL	Total
Balance as at 12/31/2015	***528,262.00***	**19,037.63**	**547,299.63**
Allocations		178,511.61	178,511.61
Distribution			-
Other and Reclassifications			-
Balance as at 12/31/2016	***528,262.00***	**197,549.24**	***725,811.24***
Allocations		1,028,986.57	1,028,986.57
Distribution			-
Other and Reclassifications			-
Balance as at 12/31/2017	***528,262.00***	**1,226,535.81**	***1,754,797.81***

Aragonesa de Tratamientos Ambientales XXI, S.A. is an associated company which is currently inactive with a 33% shareholding held by FCC Ambito, S.A.U., having built certain facilities which will not finally come into operation and are currently on sale. The implementation thereof will entail a loss compared to the book value, which must ultimately be absorbed by its shareholders, as a result of this, a provision has been recorded for the loans that the Company had granted to the investee, as can be seen from the foregoing charts.

a.4) Loans, derivatives and other.

The balance corresponds to dividends whose distribution had been agreed but were pending collection at the end of the related years. The detail per company is as follows (in euros)::

	2017	2016
Pilagest, SL	150,000.00	18,462.19
	150,000.00	**18,462.19**

These balances do not accrue interest.

b) Information on the nature and level of risk of financial instruments

The Company's financial risk management is channelled through Grupo FCC's Finance Department, which has the necessary mechanisms in place to control exposure to changes in interest rates and exchange rates, as well as to credit and cash flow risks. The main financial risks affecting the Company are as follows:

a) Exposure to credit risk:

The Group does not have significant credit risk and both cash deposits and derivatives are arranged with highly solvent financial firms.

Bank balances are deposited in banks and financial institutions of recognized prestige.

The Company does not hold credit insurance contracts that guarantee the credit risk of accounts receivable. However, there is no significant concentration in relation to any of the customers that the Company works with.

b) Cash flow risk:

This risk is caused by temporary differences between the resources created by the activity and the need for funds to meet the payment of debts, working capital, etc.

As of December 31, 2017, the Company had a positive working capital of 2,514,727.94 euros (2016: 2,404,333.54), whereas a total of 6,748,884.39 euros (2016: 6,577,195.55) of the current liabilities correspond, in their practical totality, to financial debts with its Sole Shareholder, FCC Medio Ambiente, S.A. (See Note 14).

The Company, like others in the FCC Group, has entered into a cash pooling agreement with its sole shareholder which affects its main operating current accounts, such that the resulting daily balances in the current accounts, both positive and negative, are automatically transferred to or from a current account of the Company, such that the final day balance of FCC Ambito is zero. Current account balances are only held at financial institutions where there are payments to be made to current accounts held there and for the amounts required to cater for them.

The system guarantees, on the one hand, the optimisation of the cash resources of both the Company and the Group and, on the other hand, dilutes the cash risk.

The foregoing factors, together with the Company's capacity to raise funds, mean that there is no significant cash flow risk.

c) Market risk:

c.1) Foreign exchange risk

The Company is predominantly active in Spain and there are no significant transactions or balances in foreign currencies and, therefore, it is not significantly exposed to exchange rate risk from foreign currency transactions.

c.2) Interest rate risk on cash flow and fair value

As the Company does not have significant interest-bearing assets, income and cash flows from its operating activities are independent of changes in market interest rates.

The Company's interest rate risk is the result of long-term borrowings from the Group's parent company (see Note 9 c) and from its sole shareholder (see Note 9 d).

c) Estimation of fair value

Fair value is the amount that a financial instrument is exchanged between knowledgeable, willing parties in a transaction under normal market conditions.

All financial instruments held by the Company are not listed on active markets.

The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques. The Company mainly uses valuation techniques that use information from recent transactions carried out under existing market conditions for similar instruments and the discounting of estimated cash flow.

It is assumed that the book value of trade receivables and payables is close to their fair value. The fair value of financial liabilities for financial reporting purposes is estimated by discounting future contract cash flows at the current market interest rate available to the Company for similar financial instruments..

9. INVENTORY

The balance of "Raw Materials and Other Procurements" relates mainly to other recovery materials (paper, cardboard, plastic, metals, etc.) processed available for sale or yet to be processed.

The Company's policy is to take out insurance policies to cover the possible risks attached to the various items of its inventories. At year-end, in the opinion of the Board of Directors, there was no shortfall in coverage related to these risks.

10. CUSTOMERS FOR SALES AND SERVICES

The breakdown of this heading in these balance sheets relates basically to the amounts receivable from the Company's Services business (in euros).

	2017	2016
Outstanding Invoiced Production	14,857,492.23	15,488,378.03
Completed production pending invoicing	1,625,371.51	2,025,346.78
(Allowance for) doubtful accounts, bad debts	308,660.09	752,412.24
Less: Any provision for bad/doubtful debts	(324,446.62)	(760,007.27)
Trade receivables for sales and services	*16,467,077.21*	*17,506,129.78*
Trade advances	(10,511.60)	(10,573.40)
Production invoiced in advance	(61,009.92)	(111,135.09)
Trade advances	*(71,521.52)*	*(121,708.49)*
Total Net Trade Receivables Balance	***16,395,555.69***	***17,384,421.29***

The above amount corresponds to the net balance of trade receivables, net of the "Trade Advances" line item under liabilities in attached balance sheet, which includes, in accordance with accounting regulations, the amounts invoiced in advance for a variety of concepts, whether or not they have been collected, and the prepayments received, normally in cash.

Of the total net trade receivables balance, 300,999.62 euros (2016: 648,912.72 euros) correspond to balances resulting from contracts jointly exploited via Temporary Joint Ventures (UTEs).

The "Outstanding Invoiced Production" line item includes the amount of invoices issued to customers for services rendered and pending collection at the balance sheet date.

The "Completed Production Pending Invoicing" line includes the balance at year-end between the production recorded for each of the projects as of December 31, 2017 and 2016 and the amount of the invoices issued for each of these projects. At the same time, if the difference is negative, it is recorded under the heading "Production invoiced in advance" under liabilities in the balance sheet.

The variation in the provision for bad debts is as follows (in euros):

Balance as at 12/31/2015	***552,866.75***
Distribution	335,830.67
Allocation	(128,690.15)
Balance as at 12/31/16	***760,007.27***
Distribution	160,486.62
Allocation	(596,047.49)
Balance as at 12/31/17	***324,446.40***

11. CASH AND EQUIVALENTS/EQUIVALENT LIQUID ASSETS

There are no restrictions on the availability of cash balances as at December 31, 2017.

12. NET EQUITY

a) Share Capital

The share capital is represented by 1,089,162 registered shares of EUR 1 par value each, 100% of the capital belonging to Grupo FCC, the sole shareholder being FCC Medio Ambiente, S.A.

All shares have the same rights and are fully subscribed and paid by the shareholder.

b) Reserves

The detail of reserves as of December 31, 2017 and 2016 is as follows (in euros):

	2017	2016
Legal Reserve	240,404.84	240,404.84
Goodwill Reserve	13,292,430.12	13,292,430.12
Other Reserves	35,636,792.49	35,636,792.49
	49,169,627.45	**49,169,627.45**

b.1) Legal Reserve

Pursuant to Article 274 of the Spanish Companies Act, an amount equal to 10% of the profit for the year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve may not be allocated to shareholders, except upon dissolution.

The legal reserve may be used to increase capital provided that the remaining reserve balance is greater than 10% of the increased capital.

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

As of December 31, 2017 and 2016, the legal reserve is fully allocated.

b.2) Goodwill Reserve

Section 4 of Article 273 of the Spanish Companies Act required the provision of a restricted reserve equivalent to the goodwill included on assets of the balance sheet, for which purpose a profit amount representing at least five per cent of the amount of the aforementioned goodwill was allocated. If there were no profit, or insufficient profit, reservations from another provision would be used. Such a reserve would be unavailable until the goodwill that caused it to be established appeared on assets of the balance sheet. The fourth final provision of Law 22/2015 of 20 July on the Auditing of Accounts repealed this section, so that 2015 was the last year subject to this obligation.

In addition, the thirteenth final provision of this Law established that in years commencing on or after January 1, 2016, the amount of this reserve would be reclassified to the Company's voluntary reserves and available in the amount that exceeded the goodwill recorded on assets of the balance sheet.

b.3) Other reserves

These are voluntary unrestricted reserves.

13. LONG-TERM AND SHORT-TERM PROVISIONS

a) Long-term

The detail, based on entries, of the transactions in long-term provisions in 2017 and 2016 is as follows (in euros):

	Provisions for Landfills	Other provisions	Total
Balance as at 12/31/2015	***1,468,060.40***	**21,048.71**	**1,489,109.11**
Allocations / Financial update	29,067.60	-	29,067.60
Distributions / Disposals	(132,240.22)	(20,047.71)	(152,287.93)
Balance as at 12/31/2016	***1,364,887.78***	***1,001.00***	***1,365,888.78***
Allocations / Financial update	29,643.12		29,643.12
Distributions / Disposals		(1,001.00)	(1,001.00)
Balance as at 12/31/2017	***1,394,530.90***	**-**	***1,394,530.90***

The balance shown under the concept of "Provisions for Landfills" corresponds to the provision for the costs of sealing and post-closure of the landfill that the company exploits in Lemona (Vizcaya).

b) Short-term

The main line items that make up the short-term provision balances as of December 31, 2017 and 2016, as well as an explanation thereof, are detailed below.

	2017	2016
Provision for arbitration Ekostone	-	1,510,000.00
Provsion for the completion of work Ebre Flix Joint Venture	450,000.00	450,000.00
Provision for staff compensation	56,528.99	168,114.96
Other concepts	1,762.75	3,999.75
	508,291.74	**2,132,114.71**

Provision for arbitration Ekostone:

Ekostone Aridos Siderúrgicos, S.L., in accordance with a contract signed with Arcelormittal Guipúzcoa, S.L.U., proceeded to build a treatment plant for waste coming from the company's iron and steel furnaces located in Zumárraga, Olaberría and Bergara (Guipúzcoa). This plant is located inside the Arcelormittal iron and steel plant in Zumárraga, and in addition to the construction of the Ekostone plant, it was intended to seal the landfill where the plant was to be built. The contract provided for the service to be provided for a period of 10 years, establishing the value of the service provided by Ekostone as a fixed component (depending on the investment made, the financing of the investment and certain operating costs) and a variable component depending on the volume of waste actually processed. The contract contained a "rebus sic stantibus" clause, stating that if there was a substantial alteration in the economic stability of the contract, the parties would renegotiate it.

Despite the negotiating efforts, it was impossible to reach an agreement with Arcelor-Mittal to adjust the conditions foreseen in the initial contract to the new market conditions. This lack of agreement led Arcelor-Mittal to request the participation of the Arbitral Tribunal provided for in the initial contract for the settlement of disputes.

On November 16, 2017, prior to the issuance of the arbitration award, the parties reached a settlement agreement whereby the contract was deemed terminated, Arcelor Mittal acquired certain assets from Ekostone Aridos Siderúrgicos, S.L., and Arcelor Mittal had a certain period of time to remove the rest of its assets from the land owned by Arcelor Mittal, in addition to making a compensatory payment from Arcelor Mittal to Ekostone.

Once the uncertainties caused by the arbitration process had been overcome, and since Company management considered that the result of the arbitration will allow the recovery of the net credits granted to Ekostone (see Note 8) without significant losses, the provision recorded to cover the risks of the arbitration process was reversed with a credit to "Other Results" in the accompanying income statement.

Provsion for the completion of work Ebre Flix Joint Venture:

In October 2015, following sampling by an independent company, the Ebre Flix Joint Venture informed the contracting state-owned company (Aguas de las Cuencas Mediterráneas, S.A., Acuamed) of the effective cleaning and its intention to proceed with the dismantling and removal of the drainage and waste treatment facilities deposited at the bottom of the pond, on the understanding that the extraction works had already achieved the planned goals, a proposal that was accepted.

Subsequently, in 2016 and 2017, due to extraordinary events affecting the contractor, the Ebre Flix Joint Venture had to continue with its partially open facilities once its work had been fully completed, incurring unforeseen additional costs. Ebre-Flix Joint Venture has not recorded any income associated with these additional expenses until the criteria established for recording them have been met (see Note 4.i).

In addition, Acuamed requested another independent body to carry out a new sampling, and despite the results being substantially the same as the initial ones, it modified its initial opinion and has proceeded to order the resumption of work, including in said instructions even actions that were not the purpose of the initial contract.

For its part, the Ebre Flix Joint Venture in this situation, in accordance with the provisions of the contract with Acuamed, has opted to request arbitration before the Civil and Commercial Court of Arbitration (as determined by the contract when a conflict arises that could not be resolved between the parties) to determine whether the work should be considered completed, the right to the Ebre-Flix Joint Venture to be economically compensated for having to keep the facilities open once completed, as well as its right to receive income for possible work to be done in the future. The arbitral decision is expected to be issued by the end of 2018.

In turn, FCC Ámbito recorded a provision for the completion of work for an estimated amount based on the negative result attributed to it in 2017, in a year in which the Ebre-Flix Joint Venture remained open and inactive. As the circumstances that led to its creation had not changed at year-end, the Company has maintained its forecasts of the losses to be incurred in 2018 and up to the issuance of the aforementioned award, being the best estimate of the Company's directors in relation to the losses that could impact it due to its participation in the project described by the work carried out up to its issuance and those that could arise from its results.

This provision was recorded under the line "Other Operating Expenses" in 2016 in the attached profit and loss account.

Provision for staff compensation:

This provision, which is recorded against "Personnel Expenses" in line item of the attached profit and loss account, is intended to cover the accrual of employee compensation based on specific goals.

14. FINANCIAL LIABILITIES

The detail of the financial liabilities as of December 31, 2017 and 2016, expressed in euros, in accordance with the classification established in the Spanish National Chart of Accounts, distinguishing those held with Group companies and Associates from those held with third parties outside the Group, is as follows.

Categories	Types					
	Long-term financial instruments		Short-term financial instrumentso		Total	
	Representative debt securities		Representative debt securities			
	2017	2018	2017	2018	2017	2018
Amounts owed and accounts payable	44,804,017.75	44,850,069.72	6,881,646.51	6,663,138.21	51,685,666.28	51,513,207.93
- Held with third parties	*157,907.59*	*203,959.56*	*132,764.12*	*85,942.66*	*290,671,71*	*269,902.22*
- Held with Group and Associated companies	*44.646,110.16*	*44,646,110.16*	*6 746,854.39*	*6,577,195.55*	*51,394,994.55*	*51,223,305.71*
	44,804,017.75	44,850,069.72	6,881,648.51	6,663,138.21	51,685,666.26	51,513,207.93

The breakdown as of December 31, 2017 and 2016 of those held with third parties is as follows, in euros:

	Long-term		Short-term	
	2017	**2016**	**2017**	**2016**
Payable bills of exchange	-	-	38,198.63	55,653.83
Others	157,907.59	203,959.56	94,565.49	30,288.83
	157,907.59	**203,959.56**	**132,764.12**	**85,942.66**

The detail of the balances with Group and Associated companies is as follows.

Long-term

On June 26, 2014, the contract to refinance the financial debt of the Group's parent company, Fomento de Construcciones y Contratas, S.A., entered into force. Pursuant to this contract, the parent company expressly, irrevocably and unconditionally assumed the indebtedness of its subsidiaries to the banks, and the parent company took the position of borrower to such subsidiaries (see Notes 16).

On the same date Fomento de Construcciones y Contratas, S.A. (as lender) and FCC Ambito, S.A.U. (as Borrower) signed a loan agreement for an amount of 44,646,110.16 euros, equivalent to the debt presented by FCC Ambito, S.A.U. to refinancing financial institutions for all concepts (principal of loans or credits, interest, commissions, expenses or any other concept).

In accordance with the provisions of the last novation thereof, carried out at the beginning of 2015, the loan agreement will remain in force for the same term as that stipulated in the Group's Parent Financing Contract. On February 28, 2017, a refinancing contract for the financial debt entered into with Fomento de Construcciones y Contratas, S.A. was novated for an additional period of five years and, therefore, the current maturity of this debt is 2022.

However, the lender may require the borrower to repay all or part of the loan at any time, at one or more times, by sending the borrower a request for repayment at least one month before the date the loan is to be repaid. The loan is presented in full in the long term as it is not expected that full or partial repayment will be requested in the next twelve months.

The average interest rate applied in 2017 was 4.13% (2016: 4.63%)

Short-term

The breakdown of this line item as of December 31, 2017 and 2016 is as follows (in euros):

	2017	2016
Financial debts with group companies		
- FCC Medio Ambiente, SA	5,460,760.06	5,681,942.39
- Other companies	631,538.28	895,253.16
Debts due to the tax effect of group companies	656,586.05	-
	6,748,884.39	**6,577,195.55**

Financial debts with group companies include short-term loans bearing interest at market prices, established on the basis of the three-month Euribor plus a spread, which are reviewed quarterly. Average interest rate for 2017 was 4.13% (4.63% in 2016).

The amount of EUR 656,586.28 recorded under "Debts due to tax effect" in 2017 corresponds to the amount to be paid to Fomento de Construcciones y Contratas, S.A. under the consolidated tax return scheme, net of withholdings and instalments (see Note 16.b), and was collected in the year.

15. DEFERRED TAXES AND TAX SITUATIONS

a) Other government/public administration credits/loans

The detail of the balances that are receivable and payable from and to public authorities is as follows:

Receivables	2017		2016	
	Current	**Non-Current**	**Current**	**Non-Current**
Deferred tax assets Current tax		3,428,002.75		3,758,553.54
assets Other accounts receivable	11,310.85		7,358.70	
- *V.A.T. to be recovered*				
- *Other concepts*	192,848.70		309,638.55	
	49,905.79		45,839.45	
	254,065.34	**3,428,002.75**	**362,836.70**	**3,758,553.54**

Deferred tax assets are made up of the following concepts:

Concepts	2017		2016	
	Taxable amount	**Tax liability**	**Taxable amount**	**Tax fee**
Negative results Temporary Joint Ventures	997,252.80	249,313.20	2,114,162.67	528,540.67
(UTEs)	461,357.37	115,339.34	666,650.65	166,662.66
Limitation 30% Depreciation	1,291,220.12	322,805.03	1,291,220.12	322,805.03
Limitation Financial Expenses	9,723,092.77	2,430,773.19	9,723,092.77	2,430,773.19
Negative Taxable Amounts Previous Years	N/A	177,706.49	N/A	177,706.49
Deductions Pending Application	528,262.00	132,065.50	528,262.00	132,065.50
Other concepts				
		3,428,002.75		***3,758,553.54***

Credit balances are as follows (in euros):

Credit balances	2017 Current	2017 Non-Current	2016 Current	2016 Non-Current
Deferred tax liabilities Other accounts payable		849,463.60		1,257,074.65
- *Withholdings*	132,560.78		131,869.09	
- *V.A.T. to be received*	415,600.98		204,254.33	
- *Social Security Bodies*	327,818.85		252,765.67	
- *Other concepts*	94,558.35		97,477.50	
	970,538.96	**849,463.60**	**686,366.59**	**1,257,074.65**

Deferred tax liabilities are made up of the following concepts:

Concepts	2017 Taxable amount	2017 Tax fee	2016 Taxable amount	2016 Tax fee
Positive results Temporary Joint Ventures (UTEs)	339,686.14	84,922.03	677,356.99	169,339.25
Assets at fair value due to purchase difference	747,649.71	186,912.43	1,735,778.17	433,944.45
Freedom of Depreciation	1,594,174.29	398,543.57	1,725,053.56	431,263.39
Other concepts	716,342.29	179 085.57	890,110.21	222,527.56
		849,463.60		***1,257,074.65***

The concept "Assets at fair value due to purchase differences" refers to the temporary differences existing as of December 31, 2017 and 2016 resulting from the inclusion in property, plant and equipment and intangible assets of various elements at their values, included in various merger by absorption processes.

The variations in deferred tax assets and liabilities during the year were as follows (in euros):

	Deferred Tax Assets.	**Deferred Tax Liabilities**
Balance as at 12/31/2015	**4,301,651.84**	**1,655,410.40**
Transaction of the financial year	(526,333.75)	71,787.18
Balance adjustment due to new tax rates		
Allocation of Temporary differences		(472,939.48)
Corporate Income Tax Adjustments 2015 and others	(16,764.55)	2,816.55
Balance as at 12/31/2016	***3,758,553.54***	***1,257,074.65***
Transaction of the financial year	(316,665.92)	(144,819.62)
Allocation of Temporary differences		(247,032.12)
Corporate Income Tax Adjustments 2015 and others	(13,884.87)	(15,759.31)
Balance as at 12/31/2017	***3,428,002.75***	***849,463.60***

b) Reconciliation of accounting profit and taxable income

FCC Ambito, S.A.U. is liable to tax in Spain as part of the 18/89 consolidated tax group (Grupo FCC). Tax groups are subject to certain additional rules for the purposes of their tax settlement. The determination of the tax cost is based on the Group's membership as well as the estimated effect of this additional legislation.

The reconciliation of accounting profit with the taxable income for corporate income tax purposes is detailed below.

Reconciliation year 2017

	Additions	Reductions	
Accounting result for the year			**(2,354,266.23)**
Corporate income tax	173,145.90		173,145.90
Permanent differences	2,337,756.30	750,709.23	1,587,047.07
Temporary differences treated as permanent	2,223,269.03	1,612,068.86	611,200.17
Temporary differences			
- Originating in the fiscal year	997,252.80	339,688.14	657,564.66
- Originating from previous years	918,966.60	2,263,916.47	(1,344,949.87)
Compensation of negative taxable amounts previous years			
Taxable amount (Tax result)			(670,258.30)
Net tax liability			(167,564.58)
Tax liability Deductions			(5,795.16)
Tax liability			(173,359.74)
Withholding and Receivables on Earnings			829,945.79
Non-capitalizable tax credit			-
Other concepts			-
Corporate income tax payable (Note 14)			656,586.05

Reconciliation year 2016:

	Additions	**Reductions**	
Accounting result for the year			(5,451,998.66)
Corporate income tax	(92,223.92)		(92,223.92)
Permanent differences	3,812,114.79	526,847.16	3,285,267.63
Temporary differences treated as permanent	1,926,492.01		1,926,492.01
Temporary differences			
- Originating in the fiscal year	390,208.28	4,218,312.07	(3,828,103.79)
- Originating from previous years	2,112,977.07	677,356.99	1,435,620.08
Compensation of negative taxable amounts previous years			
Taxable amount (Tax result)			(2,724,946.65)
Net tax liability			(681,236.66)
Tax liability Deductions			(6,222.59)
Tax Liability			(687,459.25)
Withholding and Payables on Earnings			(52,096.28)
Non-capitalizable tax credit			-
Other concepts			3,879.20
Corporate Income Tax Receivable (Note 8a.3)			(735,676.33)

Additions due to permanent differences in 2017 correspond mainly to non-tax deductible amortisations of goodwill amounting to 2,331,117 euros. Decreases basically correspond to tax allowances for dividends and capital gains of resident companies..

Temporary differences treated as permanent correspond to items which until 2014 were treated as temporary differences and which from that year onwards were treated as permanent by the tax group, with a special impact on portfolio and financial provisions of EUR 1,165,269.96 and reversals of other provisions of EUR 1,510,000.00. It also includes the non-deductible amortisation of certain intangible fixed assets amounting to EUR 988,128

Temporary differences in 2017 and 2016 relate mainly to the results obtained by the Temporary Joint Ventures (UTEs), which, as previously indicated in accordance with Article 46 of Law 24/2014, are allocated in the tax period following the year-end closing.

c) Reconciliation of accounting profit to Corporate Income Tax expense

The reconciliation between accounting profit and Corporate Income Tax expense is as follows (in euros):

	2017	2016
Accounting Profit or Loss Before Taxes	(2,181,120.33)	(5,544,222.58)
Permanent Differences	2,198,247.24	5,211,759.64
Adjusted Accounting Result	17,126.91	(332,462.94)
Gross Corporate Income Tax Accrued	4,281.73	(83,115.74)
Tax liability deductions	(5,795.16)	(6,222.59)
Corporate Income Tax Accrued	(1,513.43)	(89,338.33)
Adjustment Corporate Income Tax Previous Year	421,691.45	470,053.89
Adjustment temporary differences	(247,032.12)	(472,939.48)
Corporate Income Tax expense for the Year	173,145.90	(92,223.92)

The concept of "Adjustment of temporary differences" corresponds to the adjustment to results of the tax effect for the amortization of assets at fair value for goodwill, since such amortization is part of the permanent differences in the reconciliation of accounting and tax results.

d) Other tax information

When these financial statements were prepared, the Company had a total of 1,730,798.51 euros of deductions, mainly for declared and unapplied R&D expenses and investments for environmental protection, which were not recorded as deferred tax assets.

At the same time, there are tax losses declared but not capitalized at said date for a total amount of EUR 5,819,796.10, that includes the estimated tax settlement at year-end.

e) Financial years pending verification and inspection actions

On June 8, 2015, the Tax and Customs Control Unit reporting to the Tax Agency issued to the group parent company of the Fomento de Construcciones y Contratas, S.A. a "Communication of Initiation of Verification and Investigation Actions" for Corporate Income Tax, periods from 01/2012 to 12/2013), verification action that extends to the entire Group 18/89, which includes FCC Ambito, S.A.U. and is close to completion at the current date. On the other hand, the company keeps all the fiscal years that are not legally time-barred open for inspection for the rest of the taxes applicable. From the criteria that the tax authorities may adopt in the Interpretation of tax rules, the results of current or future audits that they may carry out for the years open for inspection may give rise to contingent tax liabilities the amount of which cannot be quantified objectively at present. However, the Board of Directors considers that the resulting liabilities would not have a significant effect on the Company's equity.

16. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

As of December 31, 2017, the Company had provided guarantees to third parties amounting to 14,428,774.83 euros (2016: 16,066,677.17 euros), most of which correspond to guarantees given to Public Bodies and companies, to guarantee the successful execution of the contracts awarded. The Company's Board of Directors does not consider that significant losses could arise in relation to the guarantees provided that are not provided for in these financial statements.

Note 14 details various aspects of Grupo FCC's refinancing. It should also be noted that, pursuant to the contract between FCC Ámbito, S.A.U. and other companies wholly owned, directly or indirectly, by the Parent of the Group, Fomento de Construcciones y Contratas, S.A., are jointly and severally liable and guarantors of the debt outstanding at any given time with the refinancing banks.

In addition to the personal guarantee provided, the shareholdings in Gamasur Campo de Gibraltar, S.L. were pledged. (see Note 8 a.1). Lastly, a pledge has been made on the shares of the Company owned by FCC Medio Ambiente, S.A., representing the entire share capital; the entry into force of this pledge is subject to compliance with certain conditions precedent.

On January 15, 2015, the Chamber of Competition of the National Commission on Markets and Competition issued a decision relating to file S/0429/12, for an alleged infringement of Article 1 of Law 15/2007 on the Defence of Competition. This resolution affects various companies and associations in the waste sector, including Fomento de Construcciones y Contratas, S.A. and other companies also belonging to the FCC Group, including the Company. The Group filed a contentious-administrative appeal with the Audiencia Nacional. At the end of January 2018 we were notified of the judgements handed down by the Audiencia Nacional upholding the contentious-administrative appeals filed by Gestión y Valorización Integral del Centro S.L. and Betearte, S.A., both companies owned by FCC Ambito, S.A.U., against the CNMC resolution imposing a number of penalties for alleged collusive practices. In both judgments the argument put forward by those companies that there was no single and continuous infringement is upheld. Grupo FCC considers that there is unlikely to be any outflow of resources as a result of the aforementioned lawsuit, although following notification of the ruling, the CNMC has expressed to the media its willingness to appeal in cassation against the decisions of the Court of Appeals.

In 2009 FCC Ambito sold certain trucks to Fanosa, S.L. and the company signed a contract to provide transport services. A significant part of the amount receivable for the sale of the trucks had to be recovered through the withholding of a percentage by FCC Ámbito of the invoices payable to Fanosa, S.L. for the services rendered.

In June 2013, due to the unforeseeable impacts of the economic crisis, FCC Ambito informed Fanosa, S.L. of its intention to terminate the contract and demanded payment of the amount it understood to be due in accordance with what had been agreed. This claim was not satisfied by Fanosa.

After many months of unsuccessful negotiations, in April 2016 FCC Ámbito filed a lawsuit against Fanosa, SL for the uncollected amount, before which Fanosa, S.L. has filed a counterclaim for 4.4 million euros, mainly alleging that the unilateral resolution is not in accordance with law due to the existence of contractual misconduct. Dispute expected to be judged during fiscal year 2018.

Given that the accounts receivable from Fanosa, SL were fully impaired in previous years, as of December 31, 2017 and 2016 there were no assets at risk of non-payment in FCC Ambito, SAU and, on the other hand, no significant liabilities are expected to arise as a result of the resolution of the dispute and, therefore, no provisions have been recorded in this connection in the accompanying balance sheet at December 31, 2017.

17. INCOME AND EXPENDITURE

a) Net business turnover

The amount of the sales figure corresponds to the activity carried out in accordance with its corporate purpose, carried out entirely in Spain, A total of 1,144,543.12 euros (2016: 2,713,033.06 euros) correspond to balances resulting from contracts jointly exploited via Temporary Joint Ventures (UTEs).

Line items "c) Investments in equity instruments - group and associated companies" and "d) Marketable securities and other financial instruments - group and associated companies" include, respectively, the value of dividends and interest on loans to investees, which form part of the company's ordinary business.

A detail of the dividends received by paying company can be found in Appendix I of these financial statements.

b) Detail of line item “Social Security Contributions”

	2017	2016
Social Security/Company	3,111,927.01	2,752,613.24
Other Social Expenses	112,058.96	97,294.32
Total Line Item	**3,223,985.97**	**2,849,907.56**

c) Detail of line item "Consumption of goods"

	2017	2016
Net purchase of goods.	5,781,121.92	6,702,824.04
Variation in goods inventories.	-	-
Total Line Item	**5,781,121.92**	**6,702,824.04**

d) Detail of line item "Consumption of raw materials and other consumables"

	2017	2016
Raw Material Purchase and Other Supplies	2,736,100.78	2,975,187.98
Variation in Raw Material Inventories and Other Supplies	226,709.71	(13,989.85)
Total Line Item	**2,962,810.49**	**2,961,198.13**

e) Detail of line item “Losses, impairment and changes in provisions for business/trade operations”

	2017	2016
Uncollectible Trade Losses	674,688.34	30,096.81
Bad (trade) Debts Allocation		
- Customers	160,486.62	335,830.67
- Receivables	-	-
- Group and Associated Companies		43,058.46
Provision for bad/doubtful debts Applied		
- Customers	(596,047.49)	(128,690.15)
- Receivables	(6,719.26)	-
- Group and Associated Companies	(118,460.14)	(91,952.38)
Variation in Current Provisions	(2,236.99)	422,133.27
Total Line Item	**111,711.08**	**610,476.68**

18. TRANSACTIONS AND SETTLEMENTS WITH RELATED PARTIES

a) Transactions with related parties

The detail of transactions with related parties in 2017 and 2016 is as follows (in euros):

	2017					
Companies	**Sales and Service Delivery**	**Other Income**	**Financial expenses**	**Financial income**	**Purchases and Service Delivery**	**Dividend Collections**
FCC, SA	343,398.26	12,091.23	1,783,556.73	-	1,065,117.54	-
FCC Medio Ambiente, SA	53,468.13	10,127.87	314,970.76	-	408,447.08	-
Integraciones Amb. De Cantabria, S.A.	13,598.94	445.91	-	-	905,917.76	-
Ekostone Áridos Siderúrgicos, S.L.	-	74,396.00	-	53,074.80	-	-
Gestió i Recuperado de Terrenys, SAU	-	441.65	-	-	553,541.65	-
Manipulación y Recuperación Marapa SAU	68,402.19	160,975.97	-	-	52,633.77	-
Gamasur Campo de Gibraltar SL	150,204.85	7,672.70	-	-	309,199.64	-
Gestión y Valorización del Centro, SL	40,499.62	388,022.71	-	188,077.65	581,546.12	-
Res of Group and Associated Companies	1,343,815.21	192,573.78	-	11,353.76	1,235,572.08	750,709.23
TOTAL	2,013,387.20	846,747.82	2,098,527.49	252,506.21	5,584,975.64	750,709.23

	2016					
Companies	**Sales and Service Delivery**	**Other Income**	**Financial expenses**	**Financial income**	**Purchases and Service Delivery**	**Dividend Collections**
FCC, SA	300,748.96	29,703.58	1,964,627.28	-	933,862.22	
FCC Medio Ambiente, SA	42,665.84	21,636.26	412,413.06	-	338,167.39	-
Integraciones Amb. De Cantabria, S.A.	14,826.41	257.51	-	-	728,418.88	-
Ekostone Áridos Siderúrgicos, S.L.	-	83,864.55	-	44,061.03	-	-
Gestió i Recuperado de Terrenys, SAU	-	486.25	-	-	809,763.01	*
Manipulación y Recuperación Marapa SAU	68,402.19	260,775.12	-	-	263,680.16	
Gamasur Campo de Gibraltar SL	150,204.85	18,160.29	-	-	412,942.69	-
Gestión y Valorización del Centro, SL	40,499.62	409,650.84	-	180,115.68	660,046.55	-
Res of Group and Associated Companies	1,836,446.63	285,181.29	-	14,414.09	1,350,550.74	501,630.78
TOTAL	2,453,794.50	1,109,715.69	2,377,040.34	238,590.80	5,497,431.66	501,630.78

As indicated in Note 4.i, dividends and interest on loans to Group companies and associates are presented as part of net revenue in the Profit and Loss Account.

b) Balances with related parties

The detail of the balances with related parties on the balance sheet is as follows (in euros):

	2017			2016		
Concept	**(wholly owned) Group Cmpanies**	**Associated Companies**	**TOTAL**	**(wholly owned) Group Cmpanies**	**Associated Companies**	**TOTAL**
Short-term financial investments(Nota 8.a.3)	3,711,498.10	1,193,285.04	4,904,783.14	4,301,711.87	2,311,930.35	6,613,642.22
Long-term financial investments (Nota 8.a.1)	753,605.88	2,298,711.70	3,052,317.58	606,149.13	2,294,081.68	2,900,230.81
Long-term Loans to (wholly owned) associated companies (Note 8.a.2)	-	1,403,082.54	1,403,082.54	-	1,332.224,13	1,332,224.13
Long-term Financial debts with group companies (Note 14)	44,646,110.16	-	44,646,110.16	44,646,110.16	-	44,646,110.16
Short-term Financial debts with group companies (Note 14)	6,748,884.39	-	6,748,884.39	6,577,195.55	-	6,577,195.55
Trade receivables	933,943.91	578,846.75	1,512,790.66	1,909,916.20	702,832.03	2,612,748.23
Trade payable	1,621,657.75	171,573.63	1,793,231.38	2,526,958.06	264,063.83	2,791,021.89

The detail of trade balances receivable from and payable to Group companies and associates is as follows (in euros):

	2017		2016	
Company	**Receivables**	**Payable**	**Receivables**	**Payable**
FCC S.A.	246,693.09	372,247.31	175,585.95	29,934.14
FCC Medio Ambiente, S.A.	28,743.59	109,666.43	35,061.63	230,440.95
Integraciones Amb. De Cantabria, S.A.	4,421.19	445,767.55	8,575.21	412,309.81
Ekostone Aridos Siderúrgicos, S.L.		-	323,686.57	-
Gestió i Recuperacio de Terrenys, SAU		235,058.95	-	275,003.85
Manipulación y Recuperación Marapa, S.A.U.	156,333.86	156,101.52	257,349.71	88,860.94
Gamasur Campo de Gibraltar, S.A.	5,763.14	96,814.70	517,992.29	198,684.59
Gestión y Valorización del Centro, S.L.	426,593.84	145,111.92	494,806.32	48,806.62
Rest	644,241.95	232,463.00	799,690.55	1,506,980.99
	1,512,790.66	**1,793,231.38**	**2,612,748.23**	**2,791,021.89**

c) Compensation of the Board of Directors and Senior Management.

There are no remunerations, advances, loans or other guarantees granted to the Board of Directors, nor are there any pension or life insurance obligations to former or current members of the Board of Directors.

The senior management functions are performed by staff of the parent company FCC, S.A., who are compensated in and by this company. Also, Fomento de Construcciones y Contratas, S.A. has arranged a civil liability insurance policy covering the board of directors and executives of the companies forming part of the Group, including those of FCC Ambito, S.A.U.

The parent company deducts a cost for management, administration and other services that incorporates the foregoing concepts and is borne by each of its subsidiaries. The amounts corresponding to FCC Ámbito, S.A.U. are included under "Purchases and Services Provided" in the table detailed in point a) of this Note.

d) Detail of conflict of interest of members of the Board of Directors

At 2017 year-end neither the members of the Board of Directors of FCC Ámbito, S.A.U. nor the persons related to them as defined in the Spanish Corporations Law had informed the other members of the Board of Directors of any conflict situation.

19. ENVIROMENTAL INFORMATION

As indicated in Note 1, the nature of the activity carried on by the Company is geared towards the protection and conservation of the environment, not only through the production activity itself but also through the development thereof through the use of production techniques and systems designed to reduce environmental impact in accordance with the limits established by the applicable legislation in this area.

The development of the activity requires the use of material assets that are efficient in the protection and conservation of the environment. As of December 31, 2017, their book value amounted to 12,559,958.46 euros (2016: 12,002,107.29 euros), net of accumulated depreciation of 50,895,473.62 euros (2016: 50,515,794.03 euros).

The contingencies relating to the protection and improvement of the environment held by the Company at December 31, 2017 and 2016 do not amount to significant amounts, and management considers that they would not have a significant impact on the accompanying financial statements, which include provisions for contingencies and expenses to cover general and extraordinary contingencies that may arise.

As indicated in these notes to the financial statements, FCC Ambito, S.A.U. forms part of the FCC Group, which operates in various activities and, due to its characteristics, pays special attention to environmental impact control, whose aspects are developed extensively in the "Corporate Social Responsibility" document that the Group publishes annually, among other channels on the web site www.fcc.es, It is therefore appropriate to refer the reader to such information as the best complement to this Note.

As indicated in Note 4 a), FCC Ámbito, S.A.U. has assumed certain environmental commitments relating to the operation of its facilities. On the one hand, and in accordance with current legislation, the landfill must be sealed, maintained and monitored during the post-closure period.

These environmental obligations, in application of the provisions of PGC, have been considered an increase in the value of tangible fixed assets, and at the same time a non-current provision has been created in view of the expected period of exigibility, which is updated according to a financial criterion (see Notes 6 and 13).

20. INFORMATION CONCERNING DEFERRALS OF PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL PROVISION. "DUTY OF DISCLOSURE" OF THE LAW 15/2010. DATED JULY 05.

In relation to the Resolution of the Institute of Accounting and Auditing Accounts (ICAC for its acronym in Spanish) of 29 January 2016, issued in compliance with the Second Final Provision of Law 31/2014 of 3 December, and amending the Third Additional Provision of Law 15/2010 of July 5, establishing measures to combat late payment in commercial transactions, the following table provides information on the average payment period to suppliers for commercial transactions accrued since the date of entry into force of Law 31/2014, i.e. December 24, 2014:

	2017	2016
	Days	Days
Average payment period to suppliers	86.97	97.65
Ratio of paid operations/transactions	93.29	103.78
Ratio of operations/transactions pending payment	58.77	74.58
	Amount (in Euros)	Amount (in Euros)
Total payments made	40,886,531.53	39,676,206.17
Total payments pending	9,400,143.38	10,549,010.67

21. OTHER INFORMATION

a) Personnel/Staff

The detail of the average number of people employed during **the** year by the Company, distributed by categories, as well as the personnel at year-end, distinguishing between men and women, is as follows:

	2017			2016		
	Annual Average	Personnel at year-end		Average Annual	Personnel at year-end	
		Men	Women		Men	Women
Executives and university graduates	**22**	**16**	**5**	**22**	**17**	**5**
Technicians and graduates of intermediate level	**72**	**48**	**29**	**60**	**41**	**19**
Administrative and related	**52**	**12**	**40.33**	**53**	**13**	**38**
Other wage-earning personnel	**216**	**211.33**	**18.67**	**176**	**166**	**16**
Total	**362**	**287.33**	**93**	***312***	**237**	**78**

On the other hand, the detail, by category, of the annual average of personnel with functional impairments equal to or greater than 33% is as follows

	2017 Average Annual	2016 Average Annual
Executives and university graduates	-	-
Technicians and graduates of intermediate level	1	1
Administrative and related	1	-
Other wage-earning personnel	5	3
Total	**7**	**4**

b) Compensation to auditors

The fees corresponding to the auditors for the financial year 2017 (Deloitte, S.L.) amount to 91,400.00 euros (2016: 90,000.00 euros).

In addition, 10,800.00 euros were invoiced for the limited review of the company's financial statements at 30 June 2017 and 2016, for the purposes of the mid-term review of the parent company of the Group to which FCC Ambito, S.A.U. belongs. (2016: 10,500.00 euros)

c) Subsequent events

There have been no significant events since the end of the year.

22. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

APPENDIX I

Group and Associated Companies

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

(wholly owned) GROUP COMPANIES - 2017

Name	Address/Registered office	Activity	% of Ownership	Book value		Dividend Collections	Capital	Reserves	Other Net Equity line items	Profit or Loss	
				Assets	Impairments					Operating profit or loss	Ongoing Economic Activities
Europea de Tratamiento de Residuos Industriales, SA	Madrid	Not active	0.10%	60.10	-	-	60,101.21	15,879.59	-	(606.45)	1,856.99
Compañía Control de Residuos, SL	Llanera -Asturias	CRT	100.00%	302,981.21	-	-	351,432.96	87,340.36	(56,037.96)	86,207.71	64,634.64
Gamasur Gibratar, SL	Los Barrios -Cádiz	Waste Treatment Plant	86.00%	3,301,418.00	(2,850,913.43)	-	233,041.26	231,890.36	(102,726.32)	226,758.55	5194.35
Ekostone Aridos Siderúrgicos, SL	Algorta -Vizcaya	Treatment of slag and iron and steel waste	51.000%	102,000.00	(102,000.00)	-	200,000.00	2,008.30	(589,359.75)	(1,722,781.37)	(1.830.269,27)
Ecodeal, SA	Portugal	Waste Treatment Plant	0.001%	10.00	-	-	2,500,000.00	6,706,429.47	-	2,422,697.32	1.746.289,81
Goldrib Soluçoes Valoriçao Residuos Lda.	Portugal	Treatment of Non-Hazardous Waste	1.00%	50.00	-	-	5,000.00	1,246.20	-	355,489.65	280.621,94
				3,706,519.31	(2,952,913.43)	-					

(wholly owned) GROUP COMPANIES - 2016

Name	Address/Registered office	Activity	% of Ownership	Book value		Dividend Collections	Capital	Reserves	Other Net Equity line items	Profit or Loss	
				Assets	Impairments					Operating profit or loss	Ongoing Economic Activities
Europea de Tratamiento de Residuos Industriales, SA	Madrid	Not active	0.10%	60.10	-	-	60,101.21	13,207.77	-	129.81	2,871.82
Compañía Control de Residuos, SL	Llanera -Asturias	CRT	54.00%	252,963.30	(8,012.66)	-	351,432.96	84,202.86	(84,275.46)	41,859.50	31,375.00
Gamasur Gibratar, SL	Los Barrios - Cádiz	Waste Treatment Plant	65.00%	3,301,418.00	(2,940,339.61)	-	233,041.26	231,890.36	27,903.15	(64,967.57)	(118,570.31)
Ekostone Aridos Siderúrgicos, SL	Algorta -Vizcaya	Treatment of slag and iron and steel waste	51.000%	102,000.00	(102,000.00)	-	200,000.00	2,008.30	(239,336.98)	(1,722,781.37)	(350.022,77)
Ecodeal, SA	Portugal	Waste Treatment Plant	0.001%	10.00	-	-	2,500,000.00	5,582,908.75	(41,514.93)	1,762,367.86	1.143.520,72
Goldrib Soluçoes Valoriçao Residuos Lda.	Portugal	Treatment of Non-Hazardous Waste	1.00%	50.00	-	-	5,000.00	-	-	1,800.81	1.246,20
				3,656,501.40	(3,050,352.27)	-					

ASSOCIATED COMPANIES - 2017

Name	Address/Registered office	Activity	% of Ownership	Book value		Dividend Collections	Capital	Reserves	Other Net Equity line items	Profit or Loss	
				Assets	Impairments					Operating profit or loss	Ongoing Economic Activities
Pilagest, SL	Pont Vilomara - Barcelona	In dissolution	50.00%	400,000.00	-	217,629.19	800,000.00	425,908.97	(450,000.00)	(10,258.79)	339,503.17
Recilec, SA	Aznalcollar - Sevilla	Treatment Plant for Refrigerators, Lamps and Electronic Waste	37.50%	1,162,500.00	-	375,000.00	3,100,000.00	2,118,952.39	147,402.09	1,134,949.05	823,200.64
Gestión y valorización Integral del Centro S.L,	Madrid	CRT - In phase construction of facilities Treatment	50.00%	1,500.00	-	-	3,000.00	441,536.40	-	703,473.19	171,251.00
Sogecar, SA	Zamudio - Vizcaya	Waste Treatment Plant	30.00%	90,151.82	-	-	300,500.00	904,708.92	(272,363.12)	(44,452.95)	(54.046,00)
Batearte. SA	Mallabia -Vizcaya	Waste Landfill	33.33%	1.105,650.00	(1,105,650.00)	-	2,750,250.00	74,979.87	(3,096,129.17)	(314,508.20)	(437.357,64)
Aragonesa de Tratamientos Medioambientales XXI, SA	Zaragoza	Not active	33.00%	759,000.00	(144,440.12)	-	2,300,000.00	-	(451,727.69)	-	14.030,37
Mediaciones Comerciales Ambientales, S.L	Barcelona	Service Provider	50.00%	30,000.00	-	158,080.04	60,000.00	12,000.00	-	560,865.30	420,649.54
				3,548,801.82	(1,250,090.12)	750,709.23					

ASSOCIATED COMPANIES - 2016

Name	Address/Registered office	Activity	% of Ownership	Book value		Dividend Collections	Capital	Reserves	Other Net Equity line items	Profit or Loss	
				Assets	Impairments					Operating profit or loss	Ongoing Economic Activities
Pilagest, SL	Pont Vilomara - Barcelona	In dissolution	50.00%	400,000.00	-	(156,993.54)	800,000.00	425,908.97	(150,000.00)	(495,439.00)	135,258.38
Recilec, SA	Aznalcollar - Sevilla	Treatment Plant for Refrigerators, Lamps and Electronic	37.50%	1,162,500.00	-	300,000.00	3,100,000.00	2,395,548.84	154,102.17	8B6.129,59	723.403,55
Gestión y valorización Integral del Centro S.L,	Madrid	CRT - In phase construction of facilities Treatment	50.00%	1,500.00	-	-	3,000.00	435,694.22	(222,671.57)	805,690.43	228.513,75
Sogecar, SA	Zamudio -Vizcaya	Waste Treatment Plant	30.00%	90,151.82	-	-	300,500.00	904,708.92	(166.953,29)	(76,765.83)	(105.409,83)
Batearte. SA	Mallabia -Vizcaya	Waste Landfill	33.33%	1,105,650.00	(1,105,650.00)	-	2,750,250.00	74,979.87	(2,190,045.02)	(314,508.20)	(934.550,74)
Aragonesa de Tratamientos Medioambientales XXI, SA	Zaragoza	Not active	33.00%	759,000.00	(149,070.14)	-	2,300,000.00	-	(450,486.39)	-	(1,241.30)
Mediaciones Comerciales Ambientales, S.L	Barcelona	Service Provider	50.00%	30,000.00	-	358,624.32	60,000.00	9,368.98	-	424,176.91	318,791.10
				3,548,801.82	(1,250,090.14)	501,630.78					

FCC Ambito, S.A.U.

Management Report 2017

Evolution of the Company in the financial year 2017

As it is repeatedly shown year after year in the Management Report of FCC Ámbito, S.A.U., the Company is mainly an auxiliary company in the industrial sector, regardless of the various complementary lines of activity it has.

According to the National Statistics Institute, the industrial production index for 2017 presented an increase of 3.0% compared to 2016, while in 2016 it presented an increase of 1.9% compared to 2015. The general index on the Base 2010 presents a value as of December 2017 of 90.3 as opposed to a value of 87.8 a year before.

In this context, although FCC Ambito, S.A.U. has continued to maintain, with a few exceptions, a stable customer portfolio in a market where price is a determining factor (and price has fallen in recent years), sales have fallen by 2.1 million euro, from 53.0 million euro to 50.9 million euro (2016): 2.5 decrease).

This decrease is mainly due to a decrease of 1.6 million in the sales contributed by the UTEs in which the company participates with respect to 2016, mainly because, unlike the previous year, no UTE has contributed a significant turnover in 2017, as occurred in 2016 with the UTEUTE BZ-2 Zona Franca.

At the same time, the activity carried out directly by the Company has decreased by 0.5 million euros. It comes from the combined effect of several factors. Firstly, a notable growth in turnover thanks to the three-year contract signed with the Airbus consortium; secondly, a decrease caused by the renovation and improvement work on the installations of the Pont de Vilomara Refrigeration Plant; and lastly, a lower value of non-recurring work in 2017 compared to 2016.

As for 2017, disregarding the expected improvement in the turnover of the Pont de Vilomara plant, the expectations are that the evolution of turnover with recurring customers will remain correlated with the evolution of industrial activity. It is also to be expected that the improvement in general economic activity will translate into a greater number of timely works.

Operating profit for 2017 clearly improved by approximately 3.5 million compared to 2016, although it should be noted that 2.2 million came from the year-on-year variation in the non-recurrent "Other income" section.

Therefore, the resources generated by operations (understood as the arithmetic sum of the profit for the year before tax plus the adjustments to the profit for the year appearing in the cash flow statement), have also improved from 5.1 million in 2017 to 4.3 million in 2016.

Analyzing the rest of the items that make up the Profit and Loss Account, it is clear that the sum of the items of Supplies plus Other operating expenses, which amount to 35.6 and 39.0 million for 2017 and 2016, respectively, represent 69.40% and 73.58% of the sales figure for the year.

In turn, personnel expenses increased by 1.3 million euros, from 21.95% to 25.44% of sales. This increase in personnel costs is accompanied by a significant increase in the average workforce for the year from 312 to 362 employees.

The ultimate reason for the changes in the cost structure during the year, and in particular the increase in the workforce, is to be found in the new contract with the Airbus consortium. This new contract, which began in April 2017, has meant an increase in the direct provision of services, with the subrogation of the personnel who previously provided them, and a decrease in the relative weight of the subcontracting of works for the provision of the same.

In the section on financial results, they remain in line with those of the previous year, since a greater impact on financial impairment is almost offset by an improvement in the cost of financing the Group companies, thanks to the improvement in the rates applicable to refinancing.

The main risks to which the Company is exposed are the risk of contracting, execution and quality, in the scope of its activities, and investment, financial and human resource risks, such as general business risks. To the extent that the Company is part of Grupo FCC, there are risk policies aimed at limiting the impact of risks on the Company's financial statements and its normal course of business.

With regard to financial risks, the main risk faced by the Company is interest rate risk. Given the nature of our activities in which the management of working capital plays an essential role, it is the general practice of the FCC Group to determine as a reference for our financial debt the index that most accurately reflects the evolution of inflation. It is therefore the policy of our company to ensure that both current financial assets, which to a large extent provide a natural hedge for our current financial liabilities, and the Group's debt are tied to floating interest rates. In the case of transactions with a long-term horizon and whenever the financial structure so requires, the debt refers to a fixed interest rate and a term that coincides with the maturity period of the transaction in question, all within the possibilities offered by the market..

Purchase of Own Shares..

No purchases of own shares were made during the year.

Research and Development Activities.

During 2017, the opportunities for innovation and technological development have been closely followed, especially in the improvement of its processes, in the field of waste recovery and in soil decontamination through biotechnology.

The Company has applied for the CIEN call, participating in the BICISENDAS project led by FCC Construcción, S.A., the objective of which is to achieve modular and sustainable cycle lanes with solar energy as a source of lighting. In its manufacture, materials from waste recovery are introduced that incorporate the capacity to decontaminate hydrocarbons in urban runoff waters. This project will start in 2018 and will have a duration of four years.
In addition, a new proposal for the recovery of food waste in the manufacture of feedingstuffs is under consideration.

Use of Financial Instruments

There is no relevant information other than that included in the financial statements regarding financial instruments.

Significant events after balance sheet closing.

There have been no significant events subsequent to the year-end date that are not included, if any, in the corresponding Note to the Financial Statements.

Information required by Law 31/2014

During the year, the Company maintains part of its payment commitments over and above the provisions of Law 3/2004 and Law 15/2010 on measures to combat late payment in commercial transactions. The Company has planned measures aimed at reducing this period for the next financial year, including the modification of the commercial agreements it has with external suppliers, where such adaptation is possible