Acciona, S.A. and subsidiaries

Condensed Consolidated Interim Financial Statements

30 June 2017

Consolidated Interim Directors' Report

2017

(With Limited Review Report Thereon)

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

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

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

Limited Review Report on Condensed Consolidated Interim Financial Statements

To the Shareholders of
Acciona, S.A. commissioned by the Board of Directors

Report on the Condensed Consolidated Interim Financial Statements

Introduction

We have conducted a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of Acciona, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the balance sheet at 30 June 2017, the income statement, the statement of recognized income and expenses, the statement of changes in equity, the statement of cash flows and the explanatory notes for the six-month period then ended (all condensed and consolidated). The directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our limited review, which under no circumstances can be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2017 have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007.

Emphasis of matter

We draw your attention to the accompanying note 2 (a), which states that these accompanying interim financial statements do not include all the information required in complete consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2016. This matter does not modify our conclusion.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated interim directors' report for the six-month period ended 30 June 2017 contains such explanations as the directors of the Company consider relevant to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors' report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2017. Our work is limited to the verification of the consolidated interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Acciona, S.A. and subsidiaries.

Paragraph on Other Matters

This report has been prepared at the request of the Board of Director of Acciona, S.A in relation to the publication of the six-monthly financial report required by article 119 of Securities Market Law, enacted by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

(*Signed on original in Spanish*)

Borja Guinea López

27 July 2017

ACCIONA, S.A.

AND

SUBSIDIARIES
(Consolidated Group)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INTERIM DIRECTORS' REPORT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

CLARA LOIS LOZANO

TRADUCTORA-INTÉRPRETE JURADA DE INGLÉS

Nº. 10009

ACCIONA, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2017 AND AT 31 DECEMBER 2016 (Thousand euros)

ASSETS	Note	30.06.2017 (Unaudited)	31.12.2016 (*)
Property, plant and equipment	4	7,867,319	7,965,873
Investment property	5	147,600	511,594
Goodwill	6	189,191	79,284
Other intangible assets	7	1,454,142	1,496,958
Non-current financial assets	8	145,000	179,080
Investments accounted for using the equity method	8	1,192.641	1,160,821
Deferred tax assets		958,770	997,393
Non-current receivables and other non-current assets	9	348,580	293,401
NON-CURRENT ASSETS		**12,303,243**	**12,684,404**
Biological assets		--	--
Inventories	10	841,174	782,725
Trade and other accounts receivable		1,868,543	1,723,658
Current financial assets	8	216,426	211,223
Current income tax assets		142,775	95,872
Other current assets		202,964	154,402
Cash and cash equivalents		1,203,884	1,428,319
Non-current assets classified as held for sale and discontinued operations	18	648,563	327,161
CURRENT ASSETS		**5,124,329**	**4,723,360**
TOTAL ASSETS		**17,427,572**	**17,407,764**

EQUITY AND LIABILITIES	Note	30.06.2017 Unaudited	31.12.2016 (*)
Share capital		57,260	57,260
Retained earnings and issue premium	11	3,744,504	3,849,495
Treasury shares		(4,406)	(14,403)
Translation differences		(123,054)	(60,876)
Interim dividend		--	--
Equity attributable to equity holders of the Parent	**11**	**3,674,304**	**3,831,476**
Non-controlling interests		248,192	265,870
EQUITY		**3,922,496**	**4,097,346**
Debt instruments and other marketable securities	13	799,945	621,201
Interest bearing borrowings	13	4,616,050	4,981,051
Deferred tax liabilities		708,765	804,282
Provisions	12	482,498	497,472
Other non-current liabilities	14	1,951,670	1,935,335
NON-CURRENT LIABILITIES		**8,558,928**	**8,839,341**
Debt instruments and other marketable securities	13	595,825	493,408
Interest bearing borrowings	13	979,321	675,098
Trade and other accounts payable		2,205,555	2,297,429
Provisions		151,264	164,967
Current income tax liabilities		89,860	57,927
Other current liabilities	14	644,765	596,098
Liabilities held for sale and discontinued activities	18	279,558	186,150
CURRENT LIABILITIES		**4,946,148**	**4,471,077**
TOTAL LIABILITIES AND EQUITY		**17,427,572**	**17,407,764**

Notes 1 to 23 are an integral part of the six-month condensed consolidated financial statements at 30 June 2017

(*) The condensed consolidated balance sheet at 31 December 2016 is presented for comparative purposes only.

ACCIONA, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 AND 2016
(Thousand euros)

	Note	30.06.2017 Unaudited	30.06.2016 Unaudited (*)
Revenue	17	3,387,982	2,763,870
Other income		238,650	333,358
Changes in inventories of finished goods and work in progress		(413)	(14,127)
Procurement		(847,419)	(810,874)
Staff costs		(724,747)	(634,506)
Other operating expenses		(1,475,014)	(1,113,141)
Depreciation and amortisation charge and change in provisions	4, 5 & 7	(310,423)	(340,150)
Impairment and gains or losses on disposal of assets	19	1,808	641,430
Other gains or losses		(91)	41,904
PROFIT FROM OPERATIONS		**270,333**	**867,764**
Financial income		23,609	24,333
Finance costs	13	(188,691)	(351,912)
Foreign exchange translation differences		(7,243)	14,673
Profit/(loss) from changes in value of financial instruments at fair value		(4)	129
Profit/(loss) from changes in value of non-financial assets at fair value		8,342	4,752
Profit/(loss) of companies accounted for using the equity method	8	41,333	27,045
PROFIT BEFORE TAX, FROM CONTINUING OPERATIONS		**147,679**	**586,784**
Income tax expense		(39,958)	18,161
PROFIT IN THE PERIOD FROM CONTINUING OPERATIONS		**107,721**	**604,945**
Profit/(loss) after tax, from discontinued operations		–	–
PROFIT IN THE PERIOD		**107,721**	**604,945**
Non-controlling interests		(27,736)	(8,784)
PROFIT ATTRIBUTABLE TO THE PARENT		**79,985**	**596,161**
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (euros)	16	**1.40**	**10.52**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPS, (euros)	16	**1.38**	**9.69**
BASIC EARNINGS PER SHARE (euros)	16	**1.40**	**10.52**
DILUTED EARNINGS PER SHARE (euros)	16	**1.38**	**9.69**

Notes 1 to 23 are an integral part of the six-month condensed consolidated financial statements at 30 June 2017.
(*) The condensed consolidated income statement at 30 June 2016 is presented for comparative purposes only.

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ACCIONA, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2017 and 2016
(Thousand euros)

(unaudited)	**2017**	**2016 (*)**
A) CONSOLIDATED PROFIT FOR THE YEAR	**107,721**	**604,945**
1. Profit attributable to the Parent	79,985	596,161
2. Non-controlling interests	27,736	8,784
B) ITEMS THAT WILL NOT BE RECOGNISED IN THE INCOME STATEMENT	--	--
1. Revaluation / (reversal of the revaluation) of PPE and intangible assets	--	--
2. Actuarial gains and losses and other adjustments	--	--
3. Tax effect	--	--
C) ITEMS THAT CAN BE RECOGNISED IN THE INCOME STATEMENT	**(71,630)**	**8,452**
Income and expenses recognised directly in equity:	**(91,375)**	**(80,043)**
1. Revaluation of financial instruments:	(87)	191
a) Available-for-sale financial assets	(87)	191
b) Other income / (expenses)	--	
2. Cash flow hedges	(5,005)	(107,216)
3. Foreign exchange translation differences	(116,742)	390
4. Other income and expenses recognised directly in equity	--	--
5. Tax effect	30,459	26,592
Transfers to the income statement:	**19,745**	**88,495**
1. Revaluation of financial instruments:	--	
a) Available-for-sale financial assets	--	
b) Other income / (expenses)	--	
2. Cash flow hedges	26,327	125,444
3. Translation differences	--	(7,539)
4. Other income and expenses recognised directly in equity	--	--
5. Tax effect	(6,582)	(29,410)
TOTAL RECOGNISED INCOME/(EXPENSES) (A+B+C)	**36,091**	**613,397**
a) Attributed to the Parent	32,893	**614,604**
b) Attributed to non-controlling interests	3,198	**(1,207)**

Notes 1 to 23 are an integral part of the six-month condensed consolidated financial statements at 30 June 2017

(*) The condensed consolidated statement of recognised income and expenses at 30 June 2016 is presented for comparative purposes only.

ACCIONA, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED COMPREHENSIVE STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2017

(unaudited)	Equity attributable to the parent — Shareholders' Equity: Share capital	Share Premium, reserves & interim dividend	Treasury shares	Year's profit attributable to the Parent	Other equity instruments	Value & foreign exchange transl. differences adjustments	Non-controlling interests	Total equity
Opening balance at 01/01/2017	57,260	3,712,946	(14,403)	351,981	--	(276,308)	265,870	4,097,346
Adjustments due to changes in accounting criteria	--	--	--	--	--	--	--	--
Adjustments due to errors	--	--	--	--	--	--	--	--
Adjusted opening balance	57,260	3,712,946	(14,403)	351,981	--	(276,308)	265,870	4,097,346
Total recognised income/(expenses)	--	--	--	79,985	--	(47,092)	3,198	36,091
Transactions with shareholders or owners	--	(202,164)	3,722	--	--	--	(19,146)	(217,588)
Capital increases/(reductions)	--	--	--	--	--	--	--	--
Conversion of financial liabilities to equity	--	--	--	--	--	--	--	--
Dividends paid	--	(164,621)	--	--	--	--	(9,565)	(174,186)
Treasury share transactions (net)	--	(35,831)	3,722	--	--	--	--	(32,109)
Increases/(Decreases) due to business combinations	--	--	--	--	--	--	3,513	3,513
Other transactions with shareholders or owners	--	(1,712)	--	--	--	--	(13,094)	(14,806)
Other changes in equity	--	354,083	6,275	(351,981)	--	--	(1,730)	6,647
Share-based payments	--	1,259	6,275	--	--	--	--	7,534
Transfers between equity items	--	351,981	--	(351,981)	--	--	--	--
Other changes	--	843	--	--	--	--	(1,730)	(887)
End balance at 30/06/2017	57,260	3,864,865	(4,406)	79,985	--	(323,400)	248,192	3,922,496

Notes 1 to 23 are an integral part of the six-month condensed consolidated financial statements at 30 June 2017

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ACCIONA, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED COMPREHENSIVE STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2016 (*)

(unaudited)	Equity attributable to the parent – Shareholders' Equity – Share capital	Share Premium, reserves & interim dividend	Treasury shares	Year's profit attributable to the Parent	Other equity instruments	Value & foreign exchange transl. differences adjust-ments	Non-controlling interests	Total equity
Opening balance at 01/01/2016	**57,260**	**3,702,890**	**(20,238)**	**207,324**	**--**	**(453,951)**	**260,860**	**3,754,145**
Adjustments due to changes in accounting criteria	--	--	--	--	--	--	--	--
Adjustments due to errors	--	--	--	--	--	--	--	--
Adjusted opening balance	**57,260**	**3,702,890**	**(20,238)**	**207,324**	**--**	**(453,951)**	**260,860**	**3,754,145**
Total recognised income/(expenses)	--	--	--	596.161	--	18,443	(1,207)	613.397
Transactions with shareholders or owners	--	(150,323)	273	--	--	--	24,462	(125,588)
Capital increases/(reductions)	--	--	--	--	--	--	--	--
Conversion of financial liabilities to equity	--	--	--	--	--	--	--	--
Dividends paid	--	(143,104)	--	--	--	--	(13,560)	(156,664)
Treasury share transactions (net)	--	(731)	273	--	--	--	--	(458)
Increases/(Decreases) due to business combinations	--	--	--	--	--	--	32,009	32,009
Other transactions with shareholders or owners	--	(6,488)		--	--	--	6,013	(475)
Other changes in equity	--	205,493	5,818	(207,324)	--	--	(2,342)	1,645
Share-based payments	--	368	5,818	--	--	--	--	6,186
Transfers between equity items	--	207,324	--	(207,324)	--	--	--	--
Other changes	--	(2,199)	--	--	--	--	(2,342)	(4,541)
End balance at 30/06/2016	**57,260**	**3,758,060**	**(14,147)**	**596,161**	**--**	**(435,508)**	**281,773**	**4,243,600**

Notes 1 to 23 are an integral part of the six-month condensed consolidated financial statements at 30 June 2017

(*) The comprehensive statement of changes in equity at 30 June 2016 is presented for comparative purposes only.

ACCIONA, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 AND 2016 (Thousand euros)

(Unaudited)	30.06.2017	30.06.2016 (*)
CASH FLOWS FROM OPERATING ACTIVITIES	**(24,969)**	**198,099**
Consolidated profit before tax for the period	147,679	**586,784**
Adjustments for:	393,362	**(106,963)**
Depreciation and amortisation charge and provisions	303,823	336,502
Other adjustments to profit (net)	89,539	(443,465)
Changes in working capital	**(387,150)**	**(44,932)**
Other cash flows from operating activities:	**(178,860)**	**(236,790)**
Interest paid	(151,599)	(205,916)
Interest received	15,620	26,781
Dividends received	2,156	9,082
Income tax recovered / (paid)	(56,944)	(14,625)
Other amounts received / (paid) relating to operating activities	11,907	(52,112)
CASH FLOWS FROM INVESTMENT ACTIVITIES	**(491,628)**	**(356,546)**
Payments due to investment:	**(505,312)**	**(436,771)**
Group companies, associates and business units	(128,724)	1,906
Property, plant and equipment, intangible assets and investment property	(376,588)	(438,677)
Proceeds from disposal:	**43,458**	**3,437**
Group companies, associates and business units	--	841
Property, plant and equipment, intangible assets and investment property	43,458	2,596
Other cash flows from investment activities:	**(29,774)**	**76,788**
Other amounts received/(paid) relating to investment activities	(29,774)	76,788
CASH FLOWS FROM FINANCING ACTIVITIES	**307,333**	**78,888**
Proceeds and (payments) relating to equity instruments:	591	(458)
Purchases	--	(458)
Disposals	591	--
Proceeds and (payments) relating to financial liability instruments:	**324,662**	**211,291**
Proceeds from issues	1,074,970	1,955,541
Repayments and redemptions	(750,308)	(1,744,250)
Dividends and returns on other equity instruments paid	(9,565)	(13,560)
Other cash flows from financing activities	**(8,355)**	**(118,385)**
Other amounts received/(paid) relating to financing activities	(8,355)	(118,385)
EFFECT OF EXCHANGE RATE FLUCTUATIONS	**(15,170)**	**(5,989)**
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	**(224,434)**	**(85,548)**
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,428,319	1,460,173
CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD	1,203,885	1,374,625
BREAKDOWN OF CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD		
Cash and banks	903,884	1,218,441
Other financial assets	300,001	156,184
TOTAL CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,203,885**	**1,374,625**

Notes 1 to 23 are an integral part of the six-month condensed consolidated financial statements at 30 June 2017
(*) The condensed consolidated statement of cash flows at 30 June 2016 is presented for comparative purposes only.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017 OF ACCIONA, S.A. AND SUBSIDIARIES (Consolidated Group)

1. - Group activities

Acciona, S.A. (hereinafter, the "Parent" or the "Company") and its subsidiaries make up Acciona Group (hereinafter, "Acciona" or the "Group"). Acciona, S.A. has its registered office and headquarters in Alcobendas (Madrid), at Av. Europa, 18.

Acciona Group companies operate in several sectors of economic activity, amongst which the following are noted:

- Acciona Energy, which includes the electric business, with activities ranging from the construction of generating facilities to the distribution and retailing of different energy sources.

- Acciona Infrastructure Construction, which includes mainly construction and engineering activities and transport and hospital concessions.

- Acciona Water, which includes construction of desalination, water treatment and water purification plants, as well as management of the integral water cycle, which ranges from water collection, water purification including desalination, to waste water treatment and return of treated water to the environment. In addition, Acciona operates integral water cycle service concessions.

- Acciona Services, including, inter alia, facility services, airport handling, waste collection and treatment and logistics.

- Other activities, including businesses relating to fund management and stock market brokerage, wine production and Acciona Trasmediterránea subgroup's activity, the real estate business and other investments.

Note 17 to the accompanying consolidated financial statements, "Segment Reporting", includes detailed information on the assets, liabilities and operations carried out in each of the business activities developed by Acciona Group.

2. - Bases of presentation of the six-month consolidated financial statements and other disclosures

a) Bases of presentation

In conformity with Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002, all the companies governed by the Law of a European Union member state and whose stock is quoted on a regulated market of any European Union member state, must disclose their consolidated financial statements for the financial years commencing 1 January 2005 in accordance with the International Financial Reporting Standards (hereinafter, IFRS) as adopted by the European Union.

Acciona Group consolidated financial statements for financial year 2016 were prepared by the Directors of the Company at the Board of Directors meeting held on 28 February 2017, in accordance with the applicable financial information regulatory framework and, in particular, in accordance with the principles and criteria contained in the IFRS adopted by the European Union, by applying the consolidation principles, accounting policies and measurement criteria described in notes 2 and 3 to said consolidated financial statements, so that the financial statements give a true and fair view of the consolidated equity and of the consolidated financial situation of the Group at 31 December 2016, and of the consolidated results of its operations, of the changes in the recognised consolidated income statement and of the consolidated cash flows for the financial year then ended. Said consolidated financial statements were approved by the General Shareholders' Meeting held on 18 May 2017.

Acciona Group consolidated financial statements for financial year 2016 were prepared on the basis of the accounting records kept by the Parent and by the other Group companies.

These condensed six-month consolidated financial statements are presented in accordance with IAS 34 – Interim Financial Reporting and circular 1/2008 and 5/2015 of the Spanish National Markets and Competition Commission (CNMC), and were prepared by the Directors of the Parent Company on 27 July 2017, in conformity with article 12 of Royal Decree 1362/2007.

Following IAS 34, interim financial information is prepared only with the purpose of bringing up to date the contents of the most recent annual consolidated financial statements prepared by the Group, highlighting the new activities, events and circumstances that have taken place in the six-month period and not duplicating the information as previously disclosed in the consolidated financial statements for financial year 2016. Therefore, for a proper understanding of the information included in these six-month condensed consolidated financial statements, these statements should be read jointly with the consolidated financial statements of the Group for financial year 2016.

In the first half of 2017 the following accounting standards, amendments and interpretations became effective:

Standards, amendments and interpretations:		Of mandatory application in annual periods beginning on or after:
Not approved for application in the EU		
Amendments to IAS 7: Disclosure initiative (published in January 2016).	Proposes the disclosure of opening and closing balances of the financial statements for those items where the cash flow is classified as a financing activity.	01 January 2017
Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses (published in January 2016).	Clarification of the principles regarding recognising deferred tax assets for unrealised losses.	01 January 2017
Improvements to IFRS cycle 2014-2016: clarification relating to IFRS 12.	Clarification relating to the scope of IFRS 12 and its interaction with IFRS 5 comes into force in this period.	01 January 2017

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The aforementioned standards are pending approval for use in the European Union, and no significant impacts are expected, as either they do not suppose significant changes, or they refer to economic events that do not affect Acciona Group.

The accounting policies and criteria used in the preparation of these condensed consolidated financial statements for the first half of the year are consistent with those applied to the consolidated financial statements for financial year 2016.

All accounting principles or measurement criteria with a significant impact on the condensed consolidated financial statement for the first half of the year were applied to their preparation.

Unless otherwise indicated, these six-month condensed consolidated financial statements are presented in thousands of euros, as the euro is the functional currency in the main economic area where Acciona Group operates.

With regard to the most significant standards and interpretations issued by the IASB and by the European Union, but that have not yet come into force, the following are noted:

- IFRS 9 - Financial Instruments.

IFRS 9 will in future replace IAS 39. There are significant differences with the current standard with regards to financial assets, including: approval of a new classification model based on three categories of amortised cost, fair value with changes in the income statement, and fair value with changes in net equity; the removal of the "held-to-maturity investments" and "financial assets held for sale"; a new deterioration model based on expected losses rather than incurred losses, as well as hedge accounting that seeks to align the accounting with the Company's economic risk management.

To date the Group is analysing all future impacts from adopting this standard and a reasonable estimation of its effects cannot be provided until this analysis has been completed.

The mandatory date of application is 2018 and the Group will not apply it before that date.

- IFRS 15 - Revenue Recognition

IFRS 15 - Revenue from contracts with customers is the new standard of revenue recognition from customers, which will replace the following existing standards and interpretations for reporting periods from 1 January 2018: IAS 11 - Construction Contracts, IAS 18 - Income from ordinary activities, IFRIC 13 - Customer loyalty programmes, IFRIC 15 - Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers and SIC 31 - Revenue-barter transactions involving advertising services.

The Group is currently in the phase of analysis and prediction of the potential effects of this standard on the different businesses, mainly on its construction, water and service activities, as well as evaluating the need to modify internal policies, information systems and controls if required in order to establish objective criteria in relation to the future application of the standard; notwithstanding, the quantitative analysis of the impacts and the impact of the first application of the new standard to the Group's financial statements is not available yet at this time. The main aspects that will potentially be the subject of further analysis are related to the evaluation of the revenue recognition method and the level of customer acceptance in relation to the work carried out, and the identification of different obligations in long term contracts, among others.

The mandatory date of application is 2018 and the Group will not apply it before that date.

With regard to the most significant Standards approved by the IASB that are pending adoption by the European Union, the following should be noted:

- IFRS 16 - Leases.

IFRS 16 - Leases replaces IAS 17 - Leases for reporting periods from 1 January 2019. This new standard proposes a single lease model in which all leases (insignificant leases and those with a lease period of less than 12 months may be excluded) are recorded on the balance sheet in a similar way to current financial leases (allocating financial expenditure for the amortised cost of the liabilities and depreciation for the usage right). The dual model based on the current IAS 17 is maintained for the lessor and the leases will be financial or operational.

To date the Group is yet to complete the analysis on the effects of this standard. The expected theoretical impact potentially lies in the analyses published by various accounting experts in relation to increases in financial assets and liabilities for the future payment obligations associated with operating leases. The mandatory date of application is yet to be determined as this standard has not been adopted by the European Union.

b) Accounting estimates and judgements

For these six-month condensed consolidated financial statements, estimates made by the Group's Directors were used to measure some of the assets, liabilities, income, expenses and obligations reported therein. Basically, these estimates refer to:

- The measurement of assets and goodwill so as to determine any impairment losses thereon.
- Accounting for business combinations
- Revenue recognition in the construction activity.
- The assumptions used in the actuarial estimate of pension liabilities and obligations and redundancy plans.
- The assumptions used to measure the fair value of financial instruments.
- The probability of occurrence and the amount of liabilities of an undetermined amount or contingent liabilities.
- Future costs for shutting down facilities and the restoration of land.
- The expense for corporate tax that, under IAS 34, is recognised in interim periods on the basis of the best estimate of the weighted average tax rate that Acciona Group anticipates for the annual period.
- The valuation of the identifiable assets acquired and the assumed liabilities in the different business combinations detailed in Note 3, concerning changes in the scope of consolidation, has been made based on the most reliable information available on the date these condensed interim consolidated financial statements are prepared. Since the twelve-month period after the date of acquisition has

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not elapsed, under NIIF 3, obtaining additional information currently not available or more detailed information related to the assets and liabilities, could result in new valuations that would change (upwards or downwards) the valuations stated on these condensed six-month consolidated financial statements.

These estimates were based on the best information available to date about the events were analysed, but it so might happen that future events could make it necessary to change these estimates (upwards or downwards) at the close of financial year 2017 or in subsequent financial years. If this were the case, it would be done, under IAS 8, prospectively, and the effects of change in estimates on the consolidated income statement of the years affected would be recognised.

Except for the change described above, during the six-month period ended 30 June 2017 no significant changes occurred in the estimates made at the close of financial year 2016; nor were there changes in accounting criteria or correction of errors.

- Regarding the useful life of property, plant and equipment, investment property and intangible assets with a finite useful life: Based on an analysis made with internal information sources, Acciona Group has carried out a new estimate of the useful life of cargo, passenger and high-speed vessels of the Trasmediterránea Subgroup, increasing it from 20 to 25 years. As a result, the "depreciation and amortisation charge" section in the consolidated income statement includes the impact of this change in estimations from 1 January 2017, which has resulted in a lower depreciation of 2 million euros.

c) Contingent assets and liabilities

Note 17 to Acciona Group consolidated financial statements for the financial year ended 31 December 2016 provides information on contingent assets and liabilities at said date. No significant changes in the contingent assets and liabilities of Acciona Group took place during the first half of 2017, except as indicated in note 12.

d) Comparison of information

The information contained in these condensed consolidated financial statements for the first half of financial year 2016 and for the year ended 31 December 2016 is presented only and exclusively for purposes of comparison with the information on the six-month period ended 30 June 2017.

e) Seasonal nature of the Group's operations

Most activities carried out by Acciona Group companies are not particularly cyclical or seasonal. Sea passenger transportation operated mainly by Acciona Trasmediterránea and the Group's airport handling activity, are activities having a seasonal component in terms of their income, which is obtained mainly in the summer months. In the same way, some energy division businesses show a certain seasonal component in terms of their income, as is the case with the wind, thermal-solar or hydraulic business. This seasonal component, however, does not affect significantly the comparability of information, so no specific itemisation is required in these explanatory notes to the condensed consolidated financial statements for the six-month period ended 30 June 2017.

f) Relative importance

In determining what information to disclose in the notes about the various items on the financial statements, or about other matters, the Group, under IAS 34, took into account the relative importance in relation to the six-month condensed consolidated financial statements for the six-month period.

g) Consolidated statement of cash flows

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

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

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

- Investment activities: acquisition, disposal or use by other means of non-current assets and other investments not included in cash and cash equivalents.

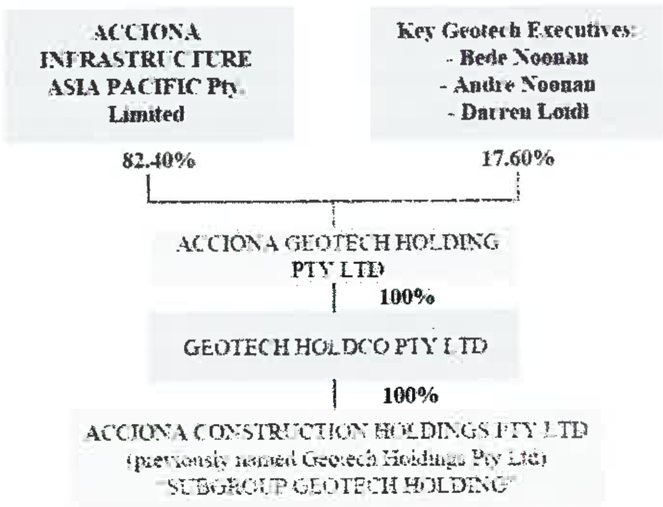
- Financing activities: activities that result in changes in the size and composition of equity and liabilities and are not operating activities.

In the preparation of the condensed consolidated statement of cash flows, the following were considered "cash and cash equivalents": cash and demand bank deposits, and current investments with high liquidity, which can be easily translated to determined amounts of cash and are under very little risk of change in value.

3. - Changes in the Group's composition

Appendices I, II and III to the consolidated financial statements for the financial year ended 31 December 2016 provide relevant information on subsidiaries, jointly-controlled entities and associates and joint arrangements of Acciona Group. Following the acquisition method, Acciona Group recognises all the additions to the Group that involve taking control.

During the six months' period ended 30 June 2017, the main change in scope corresponds with the acquisition of Geotech Holdings Pty Ltd., the parent company of the Australian construction group "Geotech Holding". The acquisition of the subgroup was done using the following structure:



On 8 March 2017, the company controlled 100% by the Group Acciona Infrastructure Asia Pacific Pty. Limited acquired 82.40% of the Subgroup Geotech Holding indirectly for an adjusted price which amounted to 147 million euros (205 million AUD), with the aim of increasing the Group's presence in the Australian and New Zealand market for construction sector. The acquisition cost includes: (i) the delivery of an amount in cash, (ii) a payment commitment in favour of key company executives subject to the achievement of certain long-term objectives in relation to the forecast EBITDA of the Subgroup, which would enable them to increase their participation up to a maximum of 20% which has been deemed likely, (iii) the corresponding price adjustment to changes in working capital, net debt and investment according to the contract, and (iv) associated transaction costs.

After the transaction Acciona Group acquires control of the Subgroup Geotech Holding and starts to be consolidated by global consolidated method. Detail of the business combinations is as follows (in thousand euros):

Subgroup	Acquisition cost	Acquired percentage	Carrying amount of 100% of the company	GW prior to PPA	Purchase Price Allocation (PPA)	Goodwill/DNC
Subgroup Geotech Holding	147,483	82.40%	19,963	131,033	13,826	117,207

The table below details the assets and liabilities of the Subgroup Geotech Holding at the time control was taken over:

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

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

At the time is was acquired, as indicated by IFRS 3, the Group carried out a valuation analysis that allowed the goodwill and fair value of the assets and liabilities of the acquired Subgroup to be determined ("Purchase Price Allocation" or PPA).

The main asset identified in the PPA was attributed to the backlog contracts in portfolio from the Australian subgroup presented at purchase moment, and to which a total value of 13,826 thousand euros was assigned. This amount has been recorded in the "Other Intangible Assets" section and is amortised according to the cash flow generation from the associated backlog contracts. On 30 June 2017, the amortisation impact from the intangible asset assigned amounts to 1,133 thousand euros and has been recorded in the "amortisation and depreciation charge" section of the consolidated income statement attached.

As a result of this transaction, a goodwill amounting to 117,207 thousand euros is recorded. According to applicable regulations, once a period of 12 months has passed from the date of acquisition, the allocation of assets and liabilities identified shall be deemed final.

Each note to these condensed consolidated financial statements details the main assets and liabilities contributed by the Subgroup Geotech Holding. It should also be noted that the net revenue and the after-tax result provided by the Subgroup Geotech Holding from the effective date of acquisition until 30 June 2017 amounted to 39,279 million euros and 1,154 million euros, respectively. On the other hand, it should be noted that the net revenue and profit after tax from 1 January 2017 would be approximately 62,020 thousand euros and 1,823 thousand euros, respectively.

Also note that the functional currency of the Subgroup Geotech Holding is the Australian dollar.

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4.- Property, plant and equipment

The changes during the first half of 2017 and 2016, in cost and accumulated depreciation, are broken down as follows (in thousand euros):

PPE	Land & buildings	Energy generation facilities	Other plant & machinery	Advances & PPE under construction	Other PPE	Depreciation & provisions	Impairment	Total
				Six-month period ended 30 June 2016				
Balance at 31.12.2015	**402,463**	**11,169,263**	**1,215,005**	**125,851**	**206,214**	**(4,581,540)**	**(873,069)**	**7,664,187**
Variations due to changes in scope of consolidation	(80)	(88,878)	(1,376)	(373)	(1,777)	40,571	188	(51,725)
Additions / Allocation	1,691	2,353	69,589	310,308	29,147	(219,072)	(724)	193,292
Reductions	(98)	(133)	(11,904)	(684)	(2,651)	13,757	881	(832)
Transfers	–	(3,697)	12,049	(9,599)	3,851	(2,042)	–	562
Other changes	(676)	(37,317)	2,126	(1,190)	1,994	6,661	2,223	(26,179)
Balance at 30.06.2016	**403,300**	**11,041,591**	**1,285,489**	**424,313**	**236,778**	**(4,741,665)**	**(870,501)**	**7,779,305**
	Six-month period ended 30 June 2017							
Balance at 31.12.2016	**408,616**	**11,421,752**	**1,465,229**	**414,012**	**225,690**	**(5,013,181)**	**(956,245)**	**7,965,873**
Variations due to changes in scope of consolidation	(11)	–	23,042	–	5,775	(14,335)	–	14,471
Additions / Allocation	4,024	17,049	101,712	165,424	37,721	(258,602)	(269)	67,059
Reductions	(542)	(9,767)	(17,564)	(1,728)	(2,784)	22,896	–	(9,489)
Transfers	(8,950)	353,630	5,666	(347,104)	4,264	1,246	3,320	12,072
Other changes	(86)	(208,733)	(12,777)	(25,597)	(3,052)	58,039	9,537	(182,669)
Balance at 30.06.2017	**403,051**	**11,573,931**	**1,565,308**	**205,008**	**267,614**	**(5,203,937)**	**(943,656)**	**7,867,319**

The most significant movement in PPE corresponds with the commissioning of El Romero photovoltaic plant (Chile) as well as the partial commissioning of a wind farm in India for a joint amount of approximately 352 million euros. These plants have recorded activity from March and April 2017, respectively.

The main "Additions" for the six-month period ended 30 June 2017 correspond to the Trasmediterránea Group's acquisition of the "Dimonios" vessel for an amount of 54 million euros, investments currently in progress in the energy division related to power generation facilities in Mexico, India and Australia, and in addition, investment in machinery and other PPE elements for the construction of a dam in Canada, a tunnel in Norway, and underground train lines in Quito and Dubai.

In addition, the reclassification of land located in Poland and PPE under construction associated to it from real estate business to the "Inventories" section to the amount of 17 million euros, in line with the changed strategy for said asset.

In "Variations due to changes in scope of consolidation", the entries of plant and machinery and other PPE within the construction division scope due to the acquired control over the Australian construction subgroup "Geotech Holding" (see note 3).

"Other changes" includes the effect of foreign exchange translation differences in the six-month period ended 30 June 2017, for a negative amount of 183 million euros, mainly from energy projects whose functional currency is the US dollar (negative amount of 26 million euros in the six-month period ended 30 June 2016).

The Group, following the related established internal procedures, analyses throughout the financial year the trend of the yield of the main assets, assessing compliance with or, if appropriate, the appearance of deviations from the main assumptions and estimates underlying the impairment tests at 31 December 2016, as well as the presence of relevant changes on the markets where the assets operate, for adequate adjustment of impairment provisions during the financial year. At this date, there are no relevant aspects to be noted.

At 30 June 2017, the Group companies had commitments to buy property, plant and equipment for 310 million euros mainly in the energy division for the wind power facilities currently under construction in Mexico and Australia (62 million euros at 31 December 2016).

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5. - Investment property

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

The changes in the first half of financial years 2017 and 2016 in the Group's investment property were as follows:

	Thousand euros			
Investment property	**Cost**	**Depreciation**	**Impairment**	**Total**
Six-month period ended 30 June 2016				
Balance at 31.12.2015	**1,019,432**	**(127,203)**	**(217,014)**	**675,215**
Additions	3,488	(5,517)	--	(2,029)
Removals	(110)	21	--	(89)
Transfers	269	--	(269)	--
Other changes	--	--	--	--
Balance at 30.06.2016	**1,023,079**	**(132,699)**	**(217,283)**	**673,097**
Six-month period ended 30 June 2017				
Balance at 31.12.2016	**745,382**	**(112,513)**	**(121,275)**	**511,594**
Additions	220	(4,554)	--	(4,334)
Removals	(10,153)	162	6,257	(3,734)
Transfers	(479,363)	70,834	52,603	(355,926)
Other changes	--	--	--	--
Balance at 30.06.2017	**256,086**	**(46,071)**	**(62,415)**	**147,600**

The most significant changes in this first six-month period of 2017 correspond to:

- The transfer of part of the rental assets that the group has in its real estate business to the "Non-current assets held for sale" section (see note 18).

- The reclassification of land from real estate investments to inventory, due to the changed Group's rental asset management strategy that started in 2016 through which the its eventual rotation is considered on one hand, and the promotion of assets with higher expectations to generate added value for the Group is considered on the other.

Based on the analyses made by the Group's Management on the trend of the different markets where the real estate business operates (mainly Spain, Poland and Mexico), no impairment was appraised in the first half of 2017; nor were there additional significant losses not covered by the existing provisions at 30 June 2017.

At 30 June 2017, the Group had a portion of its investment property mortgaged, including those classified under "non-current assets held for sale", for 360,057 thousand euros to secure loans granted by banks.

6. - Goodwill

Breakdown at 30 June 2017 and 2016 of this caption on the accompanying consolidated balance sheet was as follows:

	Balance at 30/06/2017	Balance at 31/12/2016
Subgroup Geotech Holding	109,892	--
Acciona Facility Services subgroup	50,962	50,962
Acciona Water subgroup	27,976	27,976
Other	361	346
Total	**189,191**	**79,284**

The recognition of 117 million euros of goodwill in the construction division is noted following the acquisition of the Australian construction subgroup "Geotech Holding" in March 2017 (see note 3).

At 30 June 2017, negative foreign exchange translation differences in the caption have been recorded for approximately 7 million euros, mainly due to changes in the Australian dollar exchange rate.

During the first half of 2017 no circumstances have been identified indicating that an impairment test to 30 June 2017 needs to be done; nor did significant impairment losses occur in relation to goodwill balances.

No signs of impairment were identified during the first half of 2016; nor did significant impairment losses occur in relation to goodwill balances.

Acciona Group policies concerning analysis of impairment of its intangible assets, PPE and particularly its goodwill are described in note 3.2 e) to the consolidated financial statements for financial year ended 31 December 2016.

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7.- Other intangible assets

At 30 June 2017 and 2016, the breakdown of "Other Intangible Assets" on the accompanying consolidated balance sheet was as follows:

Other intangible assets	Develop-ment	Concessions	Other	Computer software	Advances	Deprecia-tion	Impairment	Total
Six-month period ended 30 June 2016								
Balance at 31.12.2015	**58,040**	**789,846**	**1,341**	**57,823**	**4,982**	**(308,040)**	**(95,508)**	**508,484**
Variations due to changes in scope of consolidation	(8,065)	1.037,753	--	(234)	--	(55,422)	1,608	975,640
Additions / Allocation	180	29,425	119	2,042	798	(31,206)	--	1,358
Reductions	--	(96)	--	(150)	(33)	(249)	--	(528)
Transfers	1,444	(594)	--	19	394	(135)	--	1,128
Other changes	24	21,379	(28)	(38)	73	(3.953)	--	17,457
Balance at 30.06.2016	**51,623**	**1,877,713**	**1,432**	**59,462**	**6,214**	**(399,005)**	**(93,900)**	**1,503,539**
Six-month period ended 30 June 2017								
Balance at 31.12.2016	**54,464**	**1,929,606**	**1,451**	**63,467**	**6,019**	**(432,245)**	**(125,804)**	**1,496,958**
Variations due to changes in scope of consolidation	146	--	13,826	136	--	(133)	--	13,975
Additions / Allocation	774	7,945	15,252	2,393	530	(33,481)	--	(6,587)
Reductions	--	(224)	--	(1,062)	--	530	--	(756)
Transfers	(2,623)	(26,957)	--	1	--	(64)	--	(29,643)
Other changes	97	(24,388)	(836)	43	--	4,236	1.043	(19,805)
Balance at 30.06.2017	**52,858**	**1,885,982**	**29,693**	**64,978**	**6,549**	**(461,157)**	**(124,761)**	**1,454,142**

The line "Variations due to changes in scope" includes the intangible assets from the Subgroup Geotech Holding acquired in the year 2017. The entry of an amount of 13.8 million euros in the other intangible assets caption is note, corresponding to the allocation of the PPA to the Australian construction subgroup's backlog portfolio (see note 3).

After El Romero photovoltaic plant in Chile was commissioned at March 2017, a transfer of the operation rights acquired at the beginning of the project and which were included under "Concessions" was made for the amount of 27 million euros to the "Property, Plant and Equipment" caption.

The main concepts in "Other changes" corresponds to the effect of foreign exchange translation differences in the six-month period ended 30 June 2017, for a negative amount of 20 million euros (positive amount of 17 million euros in the six-month period ended 30 June 2016).

The Group, following related established internal procedures, analyses throughout the financial year the trend of the yield of the main projects, assessing compliance with or, if appropriate, the appearance of deviations from the main assumptions and estimates underlying the impairment tests at 31 December 2016, as well as the presence of relevant changes on the markets where the assets operate, for adequate recognition of impairment provisions during the financial year. At this date, there are no relevant aspects to be noted.

At 30 June 2017 and 31 December 2016, the Group companies had commitments to buy intangible assets for 153 and 172 million euros respectively, mainly derived from awarded concession projects in the infrastructure division.

Breakdown of the "Concessions" heading at 30 June 2017 and 2016 was the following:

Concessions	2017				2016			
	Cost	Depreciation & provisions	Impairment	Total	Cost	Depreciation & provisions	Impairment	Total
Administrative concessions	351,797	(134,912)	(33,106)	183,779	352,864	(121,294)	(32,210)	199,360
Intangible conc. (IFRIC 12)	1,534,185	(220,916)	(91,655)	1,221,614	1,524,849	(178,813)	(61,655)	1,284,381
Total	**1,885,982**	**(355,828)**	**(124,761)**	**1,405,393**	**1,877,713**	**(300,107)**	**(93,865)**	**1,483,741**

8.- Current and non-current financial assets and investments accounted for by applying the equity method

8.1 Current and non-current financial assets

"Current and non-current financial assets" on the Group's consolidated balance sheet at 30 June 2017 and 31 December 2016, disclosed by type and category for measurement purposes, were as follows:

Thousand euros 30.06.2017					
Financial Assets: Type / Category	**Available-for-Sale Financial Assets**	**Loans and Receivables**	**Held-to-Maturity Investments**	**Hedging Derivatives**	**Total**
Equity instruments	17,220				17,220
Debt securities					--
Derivatives				--	--
Other financial assets	0	127,780	--	--	127,780
Long-term / non-current	**17,220**	**127,780**	**--**	**--**	**145,000**
Equity instruments	1,660				1,660
Debt securities		154,591		--	154,591
Derivatives				4,522	4,522
Other financial assets		55,653		--	55,653
Short-term / current	**1,660**	**210,244**		**4,522**	**216,426**
Total	**18,880**	**338,024**		**4,522**	**361,426**

Financial Assets: Type / Category	Thousand euros 31.12.2016 Available-for-Sale Financial Assets	Loans and Receivables	Held-to-Maturity Investments	Hedging Derivatives	Total
Equity instruments	17,494	--	--	--	17,494
Debt securities	--	--	--	--	--
Derivatives	--	--	--	7,811	7,811
Other financial assets	--	153,775	--	--	153,775
Long-term / non-current	**17,494**	**153,775**	--	**7,811**	**179,080**
Equity instruments	20	--	--	--	20
Debt securities	--	165,531		--	165,531
Derivatives	--	--	--	6,668	6,668
Other financial assets	--	39,004		--	39,004
Short-term / current	**20**	**204535**	--	**6,668**	**211,223**
Total	**17,514**	**358,310**	--	**14,479**	**390,303**

The line "debt securities" records the investments in debt securities or occasional investments in short-term investments or deposits as well as funds allocated by the energy division to the debt service reserve accounts for projects, as required by "Project Financing" clauses in force, which is decreased in the period due to foreign currency exchange effects produced mainly in projects done in US dollars.

No significant impairment losses on the current and non-current financial asset balances occurred in the first six months of 2017 and 2016.

8.2 Investments accounted for by applying the equity method

The changes under this caption on the accompanying balance sheet during the first half of 2016 (in thousand euros) were as follows:

Direct investment of the parent	Balance at 31/12/2016	Share in profit/(loss) before tax	Dividend	Tax effect & other changes	Changes in scope	Balance at 30/06/2017
Consorcio Tranvia de Zaragoza	5,366	(978)	--	720	--	5,108
Gran Hospital Can Misses	1,522	(12)	--	840	--	2,350
Novo Hospital de Vigo	12,474	475	--	442	--	13,391
	772,857	8,406	--	(4,159)	--	777,104
Total direct investment	**792,219**	**7,891**	--	**(2,157)**	--	**797,953**

Indirect investment of the parent	Balance at 31/12/2016	Share in profit/(loss) before tax	Dividend	Tax effect & other changes	Changes in scope	Balance at 30/06/2017
Indirect Acciona Energy Subgroup	165,866	15,671	(315)	(3,905)	2,049	179,366
Indirect Ceatesalas Subgroup	83,044	5,472	(17)	(944)	--	87,555
Indirect Acciona Infrastructures Subgroup	29,532	3,198	--	96	(99)	32,727
Indirect Acciona Concessions Subgroup	16,781	871	(242)	(2,251)	--	15,159
Indirect Acciona Water Subgroup	68,880	8,400	(1,582)	(4,463)	4,240	75,475
Indirect Acciona Property Subgroup	3,432	(287)	--	39	334	3,518
Indirect Trasmediterránea Subgroup	182	(51)	--	1	--	132
Other	885	168	--	(297)	--	756
Total indirect investment	**368,602**	**33,442**	**(2,156)**	**(11,724)**	**6,524**	**394,688**
Total investments booked by equity method	**1,160,821**	**41,333**	**(2,156)**	**(13,881)**	**6,524**	**1,192,641**

The changes in scope mainly correspond to greater contributions in the companies in which the Group already had an investment, without the percentage share being changed.

With regards to Nordex, while the stock price valuation of Nordex shares is currently well below the acquisition price, Acciona Group does not consider this to be a sign of impairment as it deems to be a temporary situation that does not adequately reflect the future expectations of Nordex, S.E. in accordance with the business evolution and plans that Management is currently working on.

9. – Non-current receivables and other non-current assets

The caption "Non-current receivables and other non-current assets" at 30 June 2017 and 31 December 2016, in thousand euros, was broken down as follows:

	30.06.2017	31.12.2016
Non-current operating receivables	194,253	145,079
Non-current prepayments	27,309	27,345
Concessions under the non-current account receivable model	127,018	120,977
Total non-current receivables and other non-current assets	**348,580**	**293,401**

At 30 June 2017 and 31 December 2016, the line "Non-current operating receivables" included mainly customer balances and other trade receivables generated by operating activities with due date over one year and retentions in guarantee as are customary in the construction industry. It also includes an amount of 116 million euros (53 million euros at 31 December 2016) corresponding to the fair value of some long term non-financial derivatives present by a Chilean subsidiary from the Energy Division for energy supply to several customers from 2017 at an inflated fixed price during the life of the different contracts. The increase with respect to 31 December 2016 is due to the fact that two additional contracts to the existing one at the end of the previous year have entered into force.

At 30 June 2017 and 31 December 2016, the line "Concessions under the non-current financial model" included the balance receivable at over one year in the concessions that, under IFRIC 12, were considered financial assets, since there is an unconditional collection right on the investment made to date. The current portion of this unconditional right was recognised in "Trade and other

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receivables" on the basis of the collections expected to be made by the grantors of the concessions under the different economic and financial plans. The balance classified as "current" amounted to 8,440 and 16,232 thousand euros at 30 June 2017 and 31 December 2016, respectively.

Detail of "Concessions under the non-current financial model", by division, was as follows:

	30.06.2017	31.12.2016
Infrastructures Division	125,557	118,441
Water Division	1,461	2,536
Total	127,018	120,977

The main concession projects included in the Infrastructures Division relate to two hospitals and motorways and, in the Water Division, those related to the integral water cycle. Breakdown of the balance of the main concessions under the financial model at 30 June 2017 and 31 December 2016 was as follows:

	30.06.2017	31.12.2016
S.C. Hospital del Norte, S.A.	85,276	82,285
Hospital de León Bajío, S.A. de C.V.	40,281	36.156

There are no significant variations during the first half of 2017. Also note that the Group companies at 30 June 2017 and 31 December 2016 did not have commitments to acquire concession assets under the financial asset model for a significant amount.

At 30 June 2017, the Acciona Group maintains the balance of the Chilean company S.C. Acciona Concesiones Ruta160 under the captions "Non-Current Assets and Liabilities held for sale" after the classification carried out in 2016 as the Acciona Group expects to recover the value of this concession as part the concession asset rotation plan through a sale transaction that is expected to be carried out in the short term (see note 18).

10.- Inventories

At 30 June 2017, the recognised amount in "Inventories" related mainly to inventories from the real estate business, for 442,397 thousand euros (373,843 thousand euros at 31 December 2016), which is disclosed net of a provision amounting to 481,765 thousand euros (454,515 thousand euros at 31 December 2016), as well as to procurement from the Construction and Energy Divisions.

At 30 June 2017 and 31 December 2016, the carrying amount of mortgaged inventories stood at 10,315 and 14,558 thousand euros, respectively, mostly related to real state property promotions.

Property promotions sales commitments to customers at 30 June 2017 and 31 December 2016 amounted to 30,524 and 12,152 thousand euros, respectively.

Based on the appraisals performed by the Group's Management of the trends on the different markets where the Real Estate Division operates (basically Spain, Poland and Mexico), in the first half of 2017 no relevant changes therein or signs of additional impairment were estimated, so the Group did not update the measurements of real estate inventories made in December 2016.

11.- Equity

a) Subscribed and registered share capital

The Parent's company share capital is represented by 57,259,550 ordinary shares, which are represented by book entries, with a par value of EUR 1 each and fully paid up. All the shares carry the same rights and there are no statutory restrictions as to their transferability, and they are all quoted.

On the basis of the information reported to the Company, the table below shows the holders of significant direct and indirect ownership interests in the share capital at 30 June 2017 and 31 December 2016.

	30.06.2017	31.12.2016
Tussen de Grachten, BV	27.80%	27.80%
Wit Europesse Investering, BV	28.23%	28.23%
Capital Research and Management Company (*)	--	4.07%

(*) Indirect holder of the ownership interest. The decrease in indirect ownership of this shareholder brought about the communication received on 21 March 2017 informing that its share in Acciona S.A. fell below 3%, and which previously amounted to 4.07% of the share capital.

Wit Europesse Investering, BV and Tussen de Grachten, B.V. hold a securities loan to HSBC of up to 3 million shares as a whole, equally divided between them, so that securities loans can be furnished to investors within the framework of the convertible bond issue made by Acciona, S.A. in financial year 2014, which was reported to CNMV (Spanish National Securities Market Commission) through Material Event registered under no. 198,666.

b) Share premium, reserves and foreign exchange translation differences

Breakdown of retained earnings at 30 June 2017 and 31 December 2016 was as follows:

	30.06.2017	31.12.2016
Issue premium	**170,110**	**170,110**
Revaluation reserves	--	--
Legal reserve	11,452	11,452
Reserve for retired capital	10,454	10,454
Voluntary reserve	3,222,649	3,035,238
Consolidated reserve	249,855	270,260

Subtotal reserves	**3,494,410**	**3,327,404**
Foreign exchange translation differences	**(123,054)**	**(60,876)**
Total reserves & share premium	**3,541,466**	**3,436,638**

The legal reserve, to which transfers must be made until it reaches 20% of the share capital, may be used to increase capital provided that the reserve balance does not fall below 10% of the increased share capital. Otherwise and as long as the legal reserve does not exceed 20% of the share capital, it can only be used to offset losses, provided that there are no other reserves available in a sufficient amount for that purpose.

c) Treasury shares

The changes in treasury shares in the six-month periods ended 30 June 2017 and 2016 were the following:

	30.06.2017		**30.06.2016**	
(Thousand euros)	**Number of shares**	**Cost**	**Number of shares**	**Cost**
Opening balance	**233,898**	**14,403**	**320,460**	**20,238**
Additions	2,183,647	167,065	2,845,590	195,977
Reductions	(2,190,451)	(167,152)	(2,841,058)	(196,250)
Liquidity contract movement	**(6,804)**	**(87)**	**4,532**	**(273)**
Additions	221,357	16,569	--	--
Reductions	(383,494)	(26,479)	(91,596)	(5,818)
Other movements	**(162,137)**	**(9,910)**	**(91,596)**	**(5,818)**
End balance	**64,957**	**4,406**	**233,396**	**14,147**

On 3 July 2015 Acciona, S.A. subscribed a liquidity contract with the Group's company Bestinver Sociedad de Valores, S.A. for the management of its treasury stock. The company's stock operations carried out by Bestinver within the framework of this contract take place on the Spanish stock exchanges and its purpose is to promote the liquidity of transactions as well as a regular quotation. At 30 June 2017, the number of shares earmarked for the securities account associated with this contract amounts to 48,000 shares and the amount earmarked for the cash account is 3,300,000 euros. At 30 June 2017, the shares operating under the liquidity contract resulted in a loss amounting to 504 thousand euros, recognised in reserves.

With regards to other movements, 383,494 shares were retired in the six-month period ended 30 June 2017. The main movement in the period corresponds to the conversions associated with the early amortisation of the convertible bond, which has resulted in a reduction of 283,488 shares with a loss reflected in the reserves caption amounting to 4,825 thousand euros (see Note 13). In order to carry out such an operation, a temporary suspension of the liquidity contract was made on 3 May 2017 and 221,357 securities were acquired at 74.85 euros each in the market.

The rest of the reductions recorded during the six-month period ended 30 June 2017 mainly correspond to the delivery of shares to the Group Management. This delivery of shares took place under the Share Delivery Plan and the variable remuneration Substitution Plan (see note 23). The profit reflected in reserves for these transactions amounted to 1,275 thousand euros.

d) Foreign exchange translation differences

In the six-month period ended 30 June 2017, the foreign exchange translation differences led to an equity decrease by 62,178 thousand euros, in respect of December 2016, due to depreciation of some foreign currencies in which the Group operates, mainly the US Dollar, Chilean peso and the Brazilian real.

e) Value adjustments

- Financial assets held for sale

This item under "Retained earnings" on the consolidated balance sheet includes the amount, net of the tax effect, of changes in the fair value of assets classified as available for sale. At 30 June 2017, the reserves for this item were reduced by 65 thousand euros, the end balance amounting to 286 thousand euros.

- Cash flow hedges

This item under "retained earnings" on the consolidated balance sheet includes the amount, net of the tax effect, of changes in the value of financial derivatives designated as cash flow hedges.

Movements in balance of cash flow hedges in financial year 2016 and in the six-month period ended 30 June 2017 were the following:

	Movements. 1 January to 30 June 2017	**Movements.1 January to 31 December 2016**
Opening balance	**(213,372)**	**(364,868)**
• Changes in value in the financial year	(2,427)	(80,472)
Gross	(3,236)	(107,296)
Tax effect	809	26,824
• Transfer to financial year's profit/(loss)	17,578	231,968
Gross	23,437	309,291
Tax effect	(5,859)	(77,323)
End balance	**(198,221)**	**(213,372)**

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12. - Non-current provisions

These provisions cover, according to the best estimate by the Directors of the Parent Company, any liabilities that might arise from litigation, appeals, contentious procedures and obligations pending resolution at the close of the financial year.

Note 17 to the consolidated financial statements for financial year ended 31 December 2016 describes the main litigation of a tax and legal nature affecting the Group at said date. There have been no significant variations to the Group's non-current provisions during the six-month period ended 30 June 2017, with the exception of the decrease in the tax provision of 16 million euros as described at the end of this note.

As regards the procedural situation related to ATLL Concesionaria de la Generalitat de Catalunya, S.A., it should be noted that no significant changes have taken place. On 22 June 2015, the High Court of Justice of Catalonia issued judgement allowing in part the appeal for judicial review of administrative decision lodged by the company ATLL Concesionaria de la Generalitat de Catalunya, S.A. and Acciona Agua, S.A., overruling the resolution dated 2 January 2013 from the Contractual Resources Administrative Body of Catalonia in relation to exclusion of the bid made by the consortium headed by Acciona. The Court, however, considers that there are defects in the tender procedure that are not attributable to the bidders, which lead to render void the contracting procedure as a whole because the bidders did not have full knowledge of the exact scope of the requirements related to the works schedule.

The fact that the judgement issued by the High Court of Justice of Catalonia says that the defects in the tender procedure are not attributable to the bidders does not have an adverse effect on the compensation the concession company would be entitled to if the tender procedure were declared null and void under a firm judgement and, consequently, the award and the subscribed contract, which would go to a settlement phase and all of it without prejudice to a claim for damages as appropriate.

The judgement issued is not firm and has been appealed against for quashing at the Supreme Court by the concession company and Aguas de Barcelona, S.A.

In the event that the Supreme Court confirms the judgement referred to above and the award is rendered definitively void, the contract will be void and will go into the settlement phase, with the effects established in the Government Procurement Act. Contractual clause 9.12 to the contract refers to early termination of the concession contract. This clause establishes that in the event of termination of the concession contract before 50 years elapse, regardless of the grounds for termination, the Public Administration must pay the concession company compensation that will cover:

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

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

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

In any event, the principle of ongoing service guarantees that the concessionaire will remain in the concession operation until, as the case may be, the Catalan Government or another possible awardee from another award tender procedure can formally replace the concessionaire.

In short, ATLL must continue fulfilling the obligations derived from the water supply public service management contract in force according to the terms thereunder as long as there is no definitive judgement that renders the award void, and at such time, if the judgement is confirmed, the contract would be rendered void and go into the settlement phase, and the relevant compensation would have to be paid by the public administration. The compensation would include, inter alia, returning the portion of the unamortised fee, without affecting the claim for damages as might be appropriate.

Consequently, the Directors consider that the definitive decision concerning the procedures described above will not mean an equity loss in relation to the amounts registered on the balance sheet, which would be recoverable in full, or an outflow of resources, so no provision for risks and expenses arising from this lawsuit was recorded at 30 June 2017.

As for procedures of a fiscal nature, note 22 to the consolidated financial statements for the financial year ended 31 December 2016 describes the years subject to audit by the tax authorities and the inspections in progress that affected the Group at said date. The most significant variations during the six-month period ended 30 June 2017 correspond to:

- Corporate tax inspection activities relating to the years 2007-2009 that ended on 12 June 2014 with the signing of the 2007-2009 Corporate Tax conformity certificate without any fees to be paid, the VAT settlement certificates and without penalty, the procedure relating to the non-conformities regarding personal income tax retentions for severance pay (years 2008 to 2011) remains open for a total amount for the Group entities of 8,351 thousand euros, of which 2,448 thousand euros corresponds to penalties. An administrative appeal was filed on 3 December 2015 before the National Court and a notification pending invitation to vote and rule was received on 6 June 2017.

- With regards to the latest Corporate Tax inspection activities for the years 2010-2012 directed at both Acciona S.A., the Parent Company and other subsidiaries, including the Group of companies, VAT and other taxes, these were concluded on 16 May 2017 with the signing of the VAT settlement certificate and the Corporate Tax conformity certificate without penalty. No fees had to be paid for these activities, but rather the regularisation imposes a reduction in the tax credits related to deductions pending application. The Group proceeded to apply part of the tax provision credited to the corporate tax expenditure account for an amount of 16,560 thousand euros.

Other tax inspection activities are in progress but no significant event took place in this first half of the year. The Directors of Acciona, S.A. consider that the risk that additional liabilities to those registered should emerge is remote but, should they occur, they would not have a significant impact on these condensed consolidated six-month period financial statements taken as a whole.

13. Interest bearing borrowings, debt instruments and other marketable securities

a) Interest bearing borrowings

Detail of financial liabilities by type of financing at 30 June 2017 and 31 December 2016, in thousand euros, was as follows:

Financial Liabilities: Type / Category	Thousand euros 30.06.2017				
	Financial liabilities held for trading	Other financial liabilities at fair value with changes in Income St.	Debits and items payable	Hedging Derivatives	Total
Interest bearing borrowings	--	--	4,509,606	--	4,509,606
Debt instruments and other marketable securities	--	--	799,945	--	799,945
Derivatives	--	--	--	106,444	106,444
Other financial liabilities	--	--	--	--	--
Non-current debt / Non-current financial liabilities	--	--	**5,309,551**	**106,444**	**5,415,995**
Interest bearing borrowings	--	--	974,913	--	974,913
Debt instruments and other marketable securities	--	--	595,825	--	595,825
Derivatives	--	--	--	4,408	4,408
Other financial liabilities	--	--	--	--	--
Current debt / Current financial liabilities	--	--	**1,570,738**	**4,408**	**1,575,146**
Total	--	--	**6,880,289**	**110,852**	**6,991,141**

Financial Liabilities: Type / Category	Thousand euros 31.12.2016				
	Financial liabilities held for trading	Other financial liabilities at fair value with changes in Income St.	Debits and items payable	Hedging Derivatives	Total
Interest bearing borrowings	--	--	4,856,549	--	4,856,549
Debt instruments and other marketable securities	--	--	621,201	--	621,201
Derivatives	--	--	--	124,502	124,502
Other financial liabilities	--	--	--	--	--
Non-current debt / Non-current financial liabilities	--	--	**5,477,750**	**124,502**	**5,602,252**
Interest bearing borrowings	--	--	671,818	--	671,818
Debt instruments and other marketable securities	--	--	493,408	--	493,408
Derivatives	--	--	--	3,280	3,280
Other financial liabilities	--	--	--	--	--
Current debt / Current financial liabilities	--	--	**1,165,226**	**3,280**	**1,168,506**
Total	--	--	**6,642,976**	**127,782**	**6,770,758**

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At 30 June 2017 and 31 December 2016, breakdown of recourse and non-recourse financial liabilities, non-recourse meaning debt with no corporate guarantee whose recourse is limited to the debtor's cash flows and assets, by type and category, was as follows:

Item	30.06.2017		31.12.2016	
	Current	Non-current	Current	Non-current
Non-recourse interest bearing borrowings	**186,631**	**1,583,883**	**199,162**	**1,797,149**
Mortgage loans for PPE financing	17,538	16,117	26,300	128,965
Mortgage loans for property development	9,908	--	14,199	--
Project finance	149,583	1,545,499	151,319	1,649,926
Obligations under finance leases	8,119	21,919	5,861	17,268
Other limited recourse debt	1,483	348	1,483	990
Recourse interest bearing borrowings	**792,690**	**3,032,167**	**475,936**	**3,183,902**
Undue discounted notes and bills	339	--	--	--
Other bank loans and credit facilities	792,351	3,032,167	475,936	3,183,902
Total interest bearing borrowings	**979,321**	**4,616,050**	**675,098**	**4,981,051**

During the first half of 2017 and in financial year 2016 the Group's loans and credit facilities bore market interest rates.

At 30 June 2017 and 31 December 2016, neither Acciona, S.A. nor any of its significant subsidiaries were in breach of their financial obligations or any other obligation in such a manner as might give rise to early maturity of their financial commitments.

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

During the first half of 2017 the most significant variations occur in the line "mortgage loans for PPE financing" for the reclassification of 78 million euros of bank debt from the company Compañía Urbanizadora El Coto to "Non-current liabilities held for sale" for the reasons cited in note 18. The decreases that occur under the line "project finance" correspond to the amortisations of this type of loan, as well as the foreign exchange translation differences of the period, mainly from those projects refer to US dollars and South African rand.

In addition, last April 2017 a "Green Loan" was arranged for 100 million euros with BBVA, classified in "other bank loans and credit facilities", with due date to 3 years and accruing a market interest rate. On 9 May 2017, another "Green Loan" was arranged with the credit institution Unicredit for an amount of 50 million euros with due date in 2019 and accruing a market interest rate.

On 13 February 2017, a "Green Schuldschein Loan" was arranged with Unicredit for an amount of 17 million euros with due date to 3 years and accruing a market interest rate.

The aforementioned "Green" loans are intended to finance investment transactions in renewable energy, currently associated with the construction of wind farms in Chile.

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

b) Information on issues or redemption of debt securities

The table below shows detail at 30 June 2017 and 2016 of the outstanding balance of debt securities which, at said date, had been issued by the Company or by any other Group company, and of the changes in said balance in the first half of 2017 and the first half of 2016:

	Thousand euros				
	30/06/2017				
	Balance 31.12.2016	Issues	Repurchases or redemption	Adjustments due to exchange rate, change in scope and other	Balance 30.06.2017
Debt securities issued in a EU member state, which required registration of an informative leaflet	857,716	547,755	(245,749)	1,312	1,161,034
Other debt securities issued outside a EU member state	256,893	–	–	(22,157)	234,736
Total current and non-current	**1,114,609**	**547,755**	**(245,749)**	**(20,845)**	**1,395,770**

	Thousand euros				
	30/06/2016				
	Balance 31.12.2015	Issues	Repurchases or redemption	Adjustments due to exchange rate, change in scope and other	Balance 30.06.2016
Debt securities issued in a EU member state, which required registration of an informative leaflet	922,863	273,133	(298,045)	7,259	905,210
Other debt securities issued outside a EU member state	253,016	–	(2,013)	(4,928)	246,075
Total current and non-current	**1,175,879**	**273,133**	**(300,058)**	**2,331**	**1,151,285**

Note 18 to the consolidated financial statements for the financial year ended 31 December 2016 describes the issues making up the balance for this caption.

During the first half of 2017 the Acciona Group through its subsidiary Acciona Financiación de Filiales, S.A. and with guarantee from Acciona, S.A., has continued to issue fixed-income securities for the total amount of 301 million euros and with different due dates between 2018 and 2020 under the Euro Medium Term Note (EMTN) fixed-income securities issuing programme for a maximum amount of up to 1,000 million euros arranged initially in 2015 and renewed in 2016. The current EMTN accrue interest rates ranging from 0.80% to 4.625%.

The other issues carried out in the period, in the amount of 246 million euros, relate to promissory notes issued under the Euro Commercial Paper (ECP) programme formally joined by Acciona, S.A. in 2013 and renewed in 2016 for a further twelve months and for the maximum amount of 750 million euros by Acciona Group subsidiary Acciona Financiación de Filiales, S.A. and with guarantee from Acciona, S.A. The period's redemptions shown in the table include 145 million euros related to redemption of promissory notes upon their maturity.

On 16 January 2017, the Company reported its intention to repurchase up to 108.4 million euros of the total nominal value of its obligations convertible into shares, representing the entire obligation in circulation that the Company does not have in its portfolio after the purchases made in the previous year. After this repurchase, the Acciona Group reached 95.26% of convertible bonds issues equating to 409 million euros.

In addition, during February and May 2017, 33,966 shares have been delivered to the bondholders who have exercised their right to convert them according to the terms and conditions of the issuance, assuming the cancellation of 0.68 % of the convertible bond.

On 20 June of 2017, the partial cancellation of 95.26% of the convertible bond is reached and the total amount of convertible financial debt obligations is proceeded to be cancelled by the Acciona Group according to IAS 32, recording an impact of 36 million on reserves and of 4.3 million euros on the income statement for the period. The effective conversion of the remaining 4.06% involves delivering 244,438 shares (see note 16).

The other debt securities issued outside a EU member state refer to bond issues made in 2012 by the Mexican subsidiaries CE Oaxaca Dos, S. de R.L. de C.V. and CE Oaxaca Cuatro, S. de R.L. de C.V. The main variation during the first half of 2017 related to the foreign exchange translation differences that took place, as the two issues are in US dollars.

In the first half of 2017 there were no new issues of bonds convertible to shares or that granted privileges or rights that might, should a contingency occur, lead to the issues being exchanged to shares of the Parent or of a Group Company.

14. – Other non-current and current liabilities

Breakdown of other non-current and current liabilities at 30 June 2017 and 31 December 2016 was as follows:

Other liabilities	Non-current		Current	
	2017	2016	2017	2016
Grants	119,709	132,426	--	--
Other revenue to apply in several years	160,653	111,404	--	--
Debts for financial leases	16,209	16,907	543	547
Unpaid remuneration	--	--	136,305	136,378
Debt with non-controlling interests	349,130	367,145	4,516	3,763
Other creditors	1,305,969	1,307,453	503,403	455,411
End balance	**1,951,670**	**1,935,335**	**644,766**	**596,099**

During the six-month period ended 30 June 2017 the main change in caption "other non-current liabilities" occurred in the "other revenue to apply in several years" account, corresponding to the initial value of a new non-financial derivative of 65 million euros, taken out by the Chilean subsidiary of the Energy division which is recognised in the income statement using the straight-line method over the life of the contract (see note 9).

In the "other non-current creditors" caption the main entry at 30 June 2017 relates to the unpaid balance of 797 million euros from the subsidiary ATLL Concessionaria de la Generalitat de Catalunya, S.A., for the fee under the conditions established in the tender document.

The main change in "other current liabilities" occurred in the "other creditors" account and is corresponds to:

- The reduction of the unpaid balances of PPE for an amount of 116 million euros in the energy division for the wind and photovoltaic installations in India and Chile respectively which were under construction when the previous year was closed.

- At 30 June 2017, there was an unpaid dividend for an amount of 165 million euros which has been paid on 3 July 2017 (see notes 15 and 21).

15.- Dividends paid by the Parent Company

The table below shows the dividends paid by the Parent Company in the first half of 2017 and the first half of 2016, which in both cases related to dividends approved in relation to the previous financial year's profit.

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- First half of 2017:

On 18 May 2017 the AGM of Shareholders of Acciona, S.A. approved the payment of a dividend worth 2.875 euros per share against 2016 profit. This dividend totalling 164,621 thousand euros was paid on 03 July 2017.

- First half of 2016:

On 10 May 2016 the AGM of Shareholders of Acciona, S.A. approved the payment of a dividend worth 2.5 euros per share against 2015 profit. This dividend totalling 143,149 thousand euros was paid on 1 July 2016.

16. - Earnings per share

- Basic:

Basic earnings per share are estimated by dividing the profit attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding in the financial year.

The amounts for the six-month periods ended 30 June 2017 and 2016 were as follows:

	First half of 2017	First half of 2016
Net profit attributable to the Parent Company(thousand euros)	79,985	596,161
Weighted average number of shares outstanding	57,041,647	56,647,639
Basic earnings per share (euros)	1.40	10.52

- Diluted:

To estimate diluted earnings per share, the company adjusts the year's profit attributable to the holders of ordinary equity instruments, and the weighted average number of shares outstanding by all the potential dilutive effects attached to ordinary shares.

In January 2014, Acciona S.A. carried out an issue of convertible bonds. In the six-month period ended 30 June 2017, the early cancellations and conversions of said financial instrument considered in this calculation have been carried out (see Note 13(b)). The convertible bonds correspond with the dilution that explains the difference between the weighted average number of shares outstanding considered in the calculation of basic earnings per share and diluted earnings per share. The financial expenditure recorded in the income statement net of Corporate Tax for the six-month period ended 30 June 2017 is 5,129 thousand euros.

The amounts for the six-month periods ended 30 June 2017 and 2016 were as follows:

	First half of 2017	First half of 2016
Net profit attributable to the Parent (thousand euros)	85,114	603,169
Diluted weighted average number of shares outstanding	61,819,514	62,235,144
Diluted earnings per share (euros)	**1.38**	**9.69**

17. - Segment reporting

Note 27 to the consolidated financial statements of Acciona Group for the financial year ended 31 December 2016 details the criteria applied by the Group to define its operating segments.

The table below shows the segment balance sheet by division at 30 June 2017 and 31 December 2016 and the segment income statement at 30 June 2017 and 30 June 2016.

Balances at 30/06/2017	Energy	Construction	Water	Services	Other activities	Intra-group transactions	Extra-ordinary	Total Group
ASSETS								
PPE, intangible assets & investment property.	7,291,542	498,429	1,119,027	58,240	532,446	(30,623)	–	9,469,061
Goodwill	–	110,253	27,976	50,962	–	–	–	189,191
Non-current financial assets	23,134	20,874	18,872	10,749	52,345	19,026	–	145,000
Investments booked by the equity method	1,044,026	68,757	75,477	732	3,649	–	–	1,192,641
Other assets	607,804	379,159	56,112	1,474	261,874	927	–	1,307,350
Non-current assets	**8,966,506**	**1,077,472**	**1,297,464**	**122,157**	**850,314**	**(10,670)**	**–**	**12,303,243**
Inventories	133,231	210,119	15,922	1,524	498,795	(18,417)	–	841,174
Trade and other receivables	687,882	1,130,728	265,564	215,874	193,433	(624,938)	–	1,868,543
Current financial assets	159,744	19,461	3,952	5,689	5,247	22,333	–	216,426
Other assets	73,382	116,434	23,309	14,130	119,797	(1,313)	–	345,739
Cash & equivalents	(90,213)	1,098,697	226,968	10,386	(595)	(41,359)	–	1,203,884
Non-current assets classif as held for sale	–	277,897	–	–	370,666	–	–	648,563
Current assets	**964,026**	**2,853,336**	**535,715**	**247,603**	**1,187,343**	**(663,694)**	**–**	**5,124,329**
Total assets	**9,930,532**	**3,930,808**	**1,833,179**	**369,760**	**2,037,657**	**(674,364)**	**–**	**17,427,572**
EQUITY AND LIABILITIES								
Consolidated equity	**3,359,289**	**341,022**	**317,614**	**161,454**	**(218,790)**	**(38,093)**	**–**	**3,922,496**
Interest bearing borrowings & other financial liabilities	4,422,552	1,802,914	247,228	55,058	(311,757)	–	–	5,415,995
Other liabilities	1,465,412	593,039	886,333	4,761	204,722	(11,334)	–	3,142,933
Non-current liabilities	**5,887,964**	**1,595,953**	**1,133,561**	**59,819**	**(107,035)**	**(11,334)**	**–**	**8,558,928**
Interest bearing borrowings & other financial liabilities	183,147	46,456	18,522	2,439	1,324,582	–	–	1,575,146
Trade and other receivables	339,078	1,485,563	239,446	94,016	185,445	(137,993)	–	2,205,555
Other liabilities	161,054	303,415	124,036	52,032	732,296	(486,944)	–	885,889
Liabilities directly assoc with non-current assets classif. as held for sale	–	158,399	–	–	121,159	–	–	279,558
Current liabilities	**683,279**	**1,993,833**	**382,004**	**148,487**	**2,363,482**	**(624,937)**	**–**	**4,946,148**

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Balances at 30/06/2017	Energy	Construc-tion	Water	Services	Other activities	Intra-group transac-tions	Extra-ordinary	Total Group
Total equity and liabilities	**9,930,532**	**3,930,808**	**1,833,179**	**369,760**	**2,037,657**	**(674,364)**	**–**	**17,427,572**

Balances at 31/12/2016	Energy	Construc-tion	Water	Services	Other activities	Intra-group transac-tions	Extra-ordinary	Total Group
ASSETS								
PPE, intangible assets & investment property	7,498,359	458,271	1,128,287	57,682	863,215	(31,389)	–	9,974,425
Goodwill	–	346	27,976	50,962	–	–	–	79,284
Non-current financial assets	29,972	20,493	11,475	13,935	84,179	19,026	–	179,080
Investments booked by the equity method	1,021,769	66,107	68,882	449	3,614	–	–	1,160,821
Other assets	571,062	361,318	62,036	3,740	291,684	954	–	1,290,794
Non-current assets	**9,121,162**	**906,535**	**1,298,656**	**126,768**	**1,242,692**	**(11,409)**	**–**	**12,684,404**
Inventories	128,720	225,684	17,621	1,153	429,078	(19,531)	–	782,725
Trade and other receivables	684,618	1,037,885	266,316	199,453	185,873	(650,487)	–	1,723,658
Current financial assets	175,077	17,869	4,245	2,813	10,675	544	–	211,223
Other assets	239,754	215,815	(11,264)	15,112	(412,593)	(2,625)	206,075	250,274
Cash & equivalents	(39,422)	1,219,750	217,945	10,960	38,656	(19,570)	–	1,428,319
Non-current assets classif. as held for sale	–	300,470	–	–	26,691	–	–	327,161
Current assets	**1,188,747**	**3,017,473**	**494,863**	**229,491**	**278,380**	**(691,669)**	**206,075**	**4,723,360**
Total assets	**10,309,909**	**3,924,008**	**1,793,519**	**356,259**	**1,521,072**	**(703,078)**	**206,075**	**17,407,764**
EQUITY AND LIABILITIES								
Consolidated equity	**3,564,000**	**470,882**	**276,292**	**160,651**	**(539,740)**	**(40,814)**	**206,075**	**4,097,346**
Interest bearing borrowings & other financial liabilities	4,541,567	722,143	227,469	48,182	62,891	–	–	5,602,252
Other liabilities	1,511,052	597,444	865,912	2,824	271,633	(11,776)	–	3,237,089
Non-current liabilities	**6,052,619**	**1,319,587**	**1,093,381**	**51,006**	**334,524**	**(11,776)**	**–**	**8,839,341**
Interest bearing borrowings & other financial liabilities	137,782	42,804	16,025	2,981	968,914	–	–	1,168,506
Trade and other receivables	297,998	1,618,649	290,419	91,294	152,643	(153,574)	–	2,297,429
Other liabilities	257,510	300,389	117,402	50,327	590,278	(496,914)	–	818,992
Liabilities directly assoc. with non-current assets classif. as held for sale	–	171,697	–	–	14,453	–	–	186,150
Current liabilities	**693,290**	**2,133,539**	**423,846**	**144,602**	**1,726,288**	**(650,488)**	**–**	**4,471,077**
Total equity and liabilities	**10,309,909**	**3,924,008**	**1,793,519**	**356,259**	**1,521,072**	**(703,078)**	**206,075**	**17,407,764**

Balances at 30/06/2017	Energy	Construc-tion	Water	Services	Other activities	Intra-group transac-tions	Extra-ordinary	Total Group
Total revenue	870,070	1,614,851	337,251	357,446	280,366	(72,002)	–	3,387,982
Revenue	854,492	1,587,768	337,247	330,203	278,273	(1)	–	3,387,982
Inter-segment revenue	15,578	27,083	4	27,243	2,093	(72,001)	–	–

Balances at 30/06/2017	Energy	Construc-tion	Water	Services	Other activities	Intra-group transac-tions	Extra-ordinary	Total Group
Other operating income and expenses	(503,039)	(1,504,806)	(276,600)	(346,285)	(249,578)	71,365	–	(2,808,943)
Gross profit / (loss) from operations	**367,031**	**110,045**	**60,651**	**11,161**	**30,788**	**(637)**	–	**579,039**
Allocations	(198,324)	(65,211)	(18,657)	(6,904)	(22,093)	766	–	(310,423)
Impairment & gains / (losses) on disposal of assets	(756)	1,898	(115)	6	775	–	–	1,808
Other gains or losses	655	(1,270)	632	(11)	(97)	–	–	(91)
Profit / (loss) from operations	**168,606**	**45,462**	**42,511**	**4,252**	**9,373**	**129**	–	**270,333**
Financial profit / (loss)	(133,573)	(20,798)	(33,325)	(1,945)	17,316	–	–	(172,325)
Profit / (loss) from changes in value	8,342	–	–	–	(4)	–	–	8,338
Results of companies booked by equity method	29,549	3,379	8,400	343	(338)	–	–	41,333
Profit / (loss) before tax	**72,924**	**28,043**	**17,586**	**2,650**	**26,347**	**129**	–	**147,679**
Corporate Tax	(19,731)	(7,588)	(4,758)	(717)	(7,129)	(35)	–	(39,958)
Consolidated profit / (loss) for the period	**53,193**	**20,455**	**12,828**	**1,933**	**19,218**	**94**	–	**107,721**
Profit / (loss) after tax of discontinued operations	–	–	–	–	–	–	–	–
Profit / (loss) for the year	**53,193**	**20,455**	**12,828**	**1,933**	**19,218**	**94**	–	**107,721**
Non-controlling interests	(12,948)	(14,248)	(1,750)	(42)	1,266	(14)	–	(27,736)
Profit / (loss) attributable to the Parent	**40,245**	**6,207**	**11,078**	**1,891**	**20,484**	**80**	–	**79,985**

Balances at 30/06/16	Energy	Construc-tion	Water	Services	Other activities	Intra-group transac-tions	Extra-ordinary	Total Group
Total revenue	951,759	924,778	331,115	327,201	287,930	(58,913)	–	2,763,870
Revenue	937,659	907,728	331,025	301,952	285,506	–	–	2,763,870
Inter-segment revenue	14,100	17,050	90	25,249	2,424	(58,913)	–	–
Other operating income and expenses	(583,589)	(874,168)	(275,117)	(316,642)	(247,803)	58,029	–	(2,239,290)
Gross profit / (loss) from operations	**368,170**	**50,610**	**55,998**	**10,559**	**40,127**	**(884)**	–	**524,580**
Allocations	(196,665)	(28,281)	(19,307)	(6,155)	(22,863)	832	(67.711)	(340,150)
Impairment & gains / (losses) on disposal of assets	118	1,291	–	(132)	(954)	–	641,107	641,430
Other gains or losses	321	(1,493)	245	154	504	–	42,173	41,904
Profit / (loss) from operations	**171,944**	**22,127**	**36,936**	**4,426**	**16,814**	**(52)**	**615,569**	**867,764**
Financial profit / (loss)	(150,169)	(11,180)	(25,070)	(136)	(10,616)	–	(115,735)	(312,906)
Profit / (loss) from changes in value	4,752	–	–	–	129	–	–	4,881
Results of companies booked by equity method	15,921	3,823	6,110	63	1,128	–	–	27,045
Profit / (loss) before tax	**42,448**	**14,770**	**17,976**	**4,353**	**7,455**	**(52)**	**499,834**	**586,784**
Corporate Tax	(10,612)	(3,693)	(4,494)	(1,088)	(1,864)	13	39,899	18,161
Consolidated profit / (loss) for the period	**31,836**	**11,077**	**13,482**	**3,265**	**5,591**	**(39)**	**539,733**	**604,945**
Profit / (loss) after tax of discontinued operations	–	–	–	–	–	–	–	–
Profit / (loss) for the year	**31,836**	**11,077**	**13,482**	**3,265**	**5,591**	**(39)**	**539,733**	**604,945**
Non-controlling interests	(15,484)	(4,304)	(535)	(199)	(592)	(22)	12,352	(8,784)

Balances at 30/06/16	Energy	Construction	Water	Services	Other activities	Intra-group transactions	Extra-ordinary	Total Group
Profit / (loss) attributable to the Parent	16,352	6,773	12,947	3,066	4,999	(61)	552,085	596,161

The table below shows the breakdown of certain of the Group's consolidated balances based on the geographical location of the companies that originated them:

	Revenue		Total assets		Non-current assets		Current assets	
	30.06.2017	30.06.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Spain	1,524,089	1,465,002	10,158,616	10,070,966	6,933,079	7,436,472	3,225,537	2,634,494
European Union	275,676	311,557	1,768,741	1,743,308	1,373,105	1,390,619	395,636	352,689
OECD countries	992,134	608,233	4,228,687	4,410,442	3,232,428	3,149,363	996,259	1,261,079
Other countries	596,083	379,078	1,275,246	1,183,048	768,349	707,950	506,897	475,098
Total	3,387,982	2,763,870	17,431,290	17,407,764	12,306,961	12,684,404	5,124,329	4,723,360

18. - Non-current assets and liabilities held for sale

In financial year 2016 Acciona Group classified an asset from the real estate business and a concession asset under the section "non-current assets and liabilities held for sale".

On 10 January 2017, a hotel classified as an asset held for sale on 31 December 2016 was sold. The purchase price came to 28 million euros. In addition, the mortgage loan associated to the asset in the amount of 14 million euros was cancelled. This transaction has had no impact on the income statement at 30 June 2017.

The concession asset classified in this section as part of the rotation plan for this type of asset at the end of the previous financial year corresponds to the Chilean road transport infrastructure concession S.C. Acciona Concesiones Ruta 160. The Acciona Group remains committed to the plan to sell this subsidiary at a price higher than the net carrying amount, it has ongoing negotiations with potential buyers and it is expected to close this sale in the short term.

During the period, the Acciona Group has adjusted its real estate business strategy, reactivating residential property promotion in Spain, Mexico and Poland and considering the contribution of another vehicle as part of the rental asset portfolio. In this way, conversations has begun with another real estate group, that even it is not yet completed, are in an advanced stage of closure, which is why mainly the balances arising from the companies Compañía Urbanizadora El Coto and Valgrand 6, S.A, have been reclassified at 30 June 2017 to the "Non-Current Assets and Liabilities held for sale" caption. At 30 June 2017, the breakdown of assets and liabilities prior to their classification as held for sale was as follows:

ASSETS	30/06/2017	LIABILITIES	30/06/2017
Property, plant and equipment	733		
Investment property	335,421		

Investments accounted for using the equity method	--	Long term interest bearing borrowings	77,677
Deferred tax assets	255	Deferred tax liabilities	40,235
Long term receivables and other non-current assets	1,105	Long term creditors	1,730
Trade and other accounts receivable	24	Short term interest bearing borrowings	5
Cash and cash equivalents	33,121	Trade and other accounts payable	387
Other assets	8	Other current liabilities	1,125
Assets held for sale	**370,666**	**Liabilities held for sale**	**121,159**

Non-current assets held for sale are recorded as prior net carrying amount due to estimating that this amount is less than its fair value less sale costs.

19. - <u>Impairment and profit / (loss) on disposal of assets</u>

Breakdown of the item "Impairment and profit / (loss) on disposal of assets" on the income statement at 30 June 2017 and 2016 was as follows (in thousand euros):

	30.06.2017	30.06.2016
Results of non-current assets	3,194	1,508
Profit/(loss) from controlling interests	--	640,994
Impairment of other assets	(1,386)	(1,072)
Total	**1,808**	**641,430**

At 30 June 2016, the caption "profit/(loss) from controlling interests" included the gains for the sale of the shares the Group held in Corporación Acciona Windpower, S.A. within the agreement subscribed with the German quoted company Nordex S.E. for the amount of 657.5 million euros (including exchange differences).

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20. - Average headcount

Personnel:

The average number of Acciona Group's employees for the first half of 2017 and the first half of 2016, by men and women, was as follows:

	Number of Employees	
	30.06.2017	30.06.2016
Men	25,862	22,521
Women	9,248	9,173
Total	**35,110**	**31,694**

21. - Events after the reporting period

- As indicated in note 15, on 18 May 2017 the AGM of Shareholders of Acciona, S.A. approved the payment of a dividend worth 2.875 euros per share against 2016 profit. This dividend totalling 164,621 thousand euros was registered at 30 June 2017 under "Other current liabilities" on the balance sheet and was paid on 3 July 2017.

- On 10 July 2017 and with the entry into force of the Spanish National Securities Market Commission (CNMV) Circular 1/2017 on the Liquidity Contracts, Acciona, S.A. proceeded to cancel the liquidity contract dated 2 July 2015 signed with Bestinver Sociedad de Valores, S.A. In addition, on the same date, the company has signed a new liquidity contract under the terms provided by the CNMV Circular to the effects of its acceptance as a market practice. The cash accounts and securities accounts that were associated with the cancelled liquidity contract which amounted to 44,328 shares and 3,539,114.85 euros have been used in the allocation of cash and securities to the new liquidity contract, by adjusting the amount of cash to the share value assigned to the new contract, in accordance with the limits laid down by the CNMV new Circular, which have been set at 44,328 shares and 3,340,000 euros.

- On 10 July 2017 Acciona Wind Energy Canada Inc (AWEC), a subsidiary of Acciona Energía Internacional, S.A., has acquired 50% of the shares of Ripley JV owned by Suncor Energy Inc. for 47.1 million Canadian dollars by exercising the preferential right provided for in the constitution of the JV. With this acquisition, AWEC owns 100% of the Ripley JV 76 MW wind farm shares located in Ontario (Canada).

- On 13 July 2017 Acciona Financiación de Filiales, S.A.U. with guarantee from Acciona S.A., renewed the Euro Medium Term Note (EMTN) programme for a maximum amount of up to 1,500 million euros. In relation to this programme, the Company has prepared a base prospectus that has been approved by the Central Bank of Ireland. The securities issued under this programme can: earn fixed or variable interest, be issued in euros or in another currency, at par value or below par and with premium, as well as having different maturity dates.

- On 13 July 2017 Acciona Financiación de Filiales, S.A.U. with guarantee from Acciona S.A., renewed the Euro Commercial Paper (ECP) programme for another twelve months and for a maximum amount of 750 million euros. The programme has been listed on the Irish Stock Exchange through which bonds are issued on the Euromarket with maturities of between 15 and 364 days.

- On 27 July 2017 Acciona Real Estate, S.A.U., 100% owend company by the Group, has reached an agreement with Testa Residential SOCIMI, S.A, in virtue of which Acciona Real Estate will deliver a package of rental assets by delivering its company shares in Compañía Urbanizadora del Coto, S.L and Valgrand 6, S.A.U, as well as 44 houses located in Lleida, in exchange for newly issued shares from Testa Residential SOCIMI, S.A representing 21.02% of the resulting capital after expansionist increase. This agreement includes an assessment of the net assets contributed to 336 million euros and its effectiveness is subject to compliance with certain precedent conditions.

22. - Related-party transactions

In addition to the subsidiaries, associates and jointly-controlled entities, the Group's "related parties" include Corporate Management "key personnel" (members of the Board of Directors and Senior Executives, and their close relatives), significant shareholders and the entities over which key Management personnel may exercise control or significant influence.

The table below shoes the transactions performed by the Group, in the first half of 2017 and in the first half of 2016, with its related parties, differentiating between significant shareholders, members of the Board of Directors and Executives and other related parties. The terms of related-party transactions are equivalent to those made at arm's length, and any relevant remuneration in kind has been recognised.

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Expenses and Income	Thousand euros 30.06.2017 Significant shareholders	Directors & Executives	Group employees, companies or entities	Other related parties	Total
Expenses:					
Finance costs	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Leases	--	--	--	--	--
Services received	--	--	--	44	44
Purchase of goods (finished or in progress)	--	--	--	--	--
Value adjustments due to uncollectible or doubtful debts	--	--	--	--	--
Losses on removal or disposal of assets	--	--	--	--	--
Other expenses	--	--	--	--	--
Income:	--	--	--	--	--
Financial income	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Dividends received	--	--	--	--	--
Leases	--	--	--	--	--
Services provided	--	--	--	131	131
Sale of goods (finished or in progress)	--	--	--	--	--
Gains on removal or disposal of assets	--	--	--	--	--
Other income	--	--	--	--	--

Other Transactions	Thousand euros 30.06.2017 Significant shareholders	Directors & Executives	Group employees, companies or entities	Other related parties	Total
Purchases of PPE, intangible assets or other assets	--	--	--	--	--
Financing agreements loans and capital contributions (lender)	--	--	--	--	--
Finance leases (lessor)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessor)	--	--	--	--	--
Sales of PPE, intangible assets or other assets	--	--	--	--	--
Financing agreements loans and capital contributions (borrower)	--	--	--	--	--
Finance leases (lessee)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessee)	--	--	--	--	--
Guarantees and bonds provided	--	--	--	--	--
Guarantees and bonds received	--	--	--	--	--
Obligations acquired	--	--	--	--	--
Obligations/guarantees discharged	--	--	--	--	--
Dividends and other profit distributed	--	--	--	--	--
Other transactions	--	--	--	--	--

Expenses and Income	Significant shareholders	Directors & Executives	Group employees, companies or entities	Other related parties	Total
	Thousand euros 30.06.2016				
Expenses:					
Finance costs	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Leases	--	--	--	--	--
Services received	--	--	--	47	47
Purchase of goods (finished or in progress)	--	--	--	--	--
Value adjustments due to uncollectible or doubtful debts	--	--	--	--	--
Losses on removal or disposal of assets	--	--	--	--	--
Other expenses	--	--	--	--	--
Income:	--	--	--	--	--
Financial income	--	--	--	--	--
Management or cooperation agreements	--	--	--	--	--
R&D transfers and licensing agreements	--	--	--	--	--
Dividends received	--	--	--	--	--
Leases	--	--	--	--	--
Services provided	--	--	--	--	--
Sale of goods (finished or in progress)	--	--	--	--	--
Gains on removal or disposal of assets	--	--	--	--	--
Other income	--	--	--	--	--

Other Transactions	Significant shareholders	Directors & Executives	Group employees, companies or entities	Other related parties	Total
	Thousand euros 30.06.2016				
Purchases of PPE, intangible assets or other assets	--	--	--	--	--
Financing agreements: loans and capital contributions (lender)	--	--	--	--	--
Finance leases (lessor)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessor)	--	--	--	--	--
Sales of PPE, intangible assets or other assets	--	--	--	--	--
Financing agreements: loans and capital contributions (borrower)	--	--	--	--	--
Finance leases (lessee)	--	--	--	--	--
Repayment or cancellation of loans and leases (lessee)	--	--	--	--	--
Guarantees and bonds provided	--	--	--	--	--
Guarantees and bonds received	--	--	--	--	--
Obligations acquired	--	--	--	--	--
Obligations/guarantees discharged	--	--	--	--	--
Dividends and other profit distributed	--	--	--	--	--
Other transactions	--	--	--	--	--

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23. - Remuneration and other benefits

Note 34 to the Group's consolidated financial statements for financial year ended 31 December 2016 details the existing agreements about remuneration and other benefits for the members of the Board of Directors of the Company and for Senior Management.

The table below shows the main information on said remuneration and benefits for the six-month periods ended 30 June 2017 and 2016.

	Thousand euros	
	30.06.2017	**30.06.2016**
Members of the Board of Directors:	**6,870**	**6,437**
Number of Directors	12	11
Type of remuneration:	**2,870**	**3,037**
Fixed remuneration	750	767
Variable remuneration	1,007	1,605
Attendance fees	665	665
Emoluments stipulated in the Articles of Association		
Share options and/or other financial instruments	296	--
Other	152	
Other benefits:	**4,000**	**3,400**
Advances	--	--
Loans granted	--	--
Pension Funds and Plans: Contributions	4,000	3,400
Pension Funds and Plans: Obligations undertaken	--	--
Life insurance premiums	--	--
Guarantees arranged with Directors as beneficiaries	--	--
Senior Management:		
Number of Executives	35	35
Total remuneration received by Senior Management	**16,926**	**16,670**

Plan for delivery of shares and performance shares

The General Shareholders' Meeting held on 24 June 2014 approved the following agreement:

A) To extend the term of validity of the Shares and Options Delivery Plan to Acciona Group's management, including Executive Directors, as was approved by the General Shareholders' Meeting of Acciona, S.A. on 4 June 2009, for application in financial years 2014 to 2020, and to increase the maximum number of shares available by 200,000 shares.

B) To authorise the Board of Directors of the Company so that it may, to all the extend required by law and upon proposal by the Appointments and Remuneration Committee, amend the Plan Regulation under the terms and conditions that the Board considers convenient, establishing delivery conditions and times, accrual periods, allocation criteria and limits, and any other aspect that the Board considers relevant, in order to align further the long-term interests of the Company's Executive Directors and other executives of Acciona Group with those of the shareholders of

Acciona, S.A., and thus, strengthen their motivation in the attainment of higher value and long-term stability for the Group, and consolidate their loyalty and permanence.

Pursuant to this authority, in the first quarter of 2015 the Board of Directors approved, upon proposal by the Appointments and Remuneration Committee, to amend the Plan Regulations, drawing up a new one whose term of validity covers the six-year period from 2014 to 2019, both inclusive; its main characteristics are the following:

A) Purpose of the Plan:

The purpose of the 2014 Plan for Delivery of Shares and "Performance Shares" to Acciona and its group's management (the Plan for Delivery of Shares/Performance Shares) is to remunerate management, including the Executive Directors of Acciona, S.A. ("Acciona") and of the business and company group whose parent is Acciona, S.A. or where Acciona, S.A. holds a significant interest in management ("Acciona Group" or "Acciona and its group") in such a manner as to prompt the attainment of strategic business objectives of Acciona and its group to the benefit of Acciona's shareholders, and the loyalty and permanence of executives.

B) Strategic indicators and objectives to achieve

Achievement of objectives will be based on business strategic indicators, which have been defined by the Board of Directors for financial years ranging from 2014 to 2019.

C) Plan beneficiaries

C.1. – Executive Directors

For Executive Directors, it is contemplated for the first time that they may have "performance shares" annually allocated by the Board of Directors. This does not give them the right to acquire the related shares (except where so provided by the Regulation) but it is an indication by the Board of Directors of the number of shares that the Board forecasts that can be allocated to these Executive Directors at a later date if two conditions are fulfilled: their permanence and the attainment of Acciona Group's long-term strategic goals as established by the Board as a requisite for the Executive Directors to receive shares.

Reference period: The reference period of the business strategic indicators will be the 2014-2019 six-year period, although, for allocation of "performance shares", the whole period from the start of the 2014 Plan application period to the end of the previous financial year will be considered.

"Performance shares" allocation: Upon completion of each financial year, the Board of Directors may assess the extent to which the long-term strategic objectives have been achieved up to that point.

The final allocation of treasury shares to Executive Directors will take place (a) at the end of the whole 2014 Plan period (in 2020) upon consideration of the assessment made for the whole 2014-2019 period and (b) at a midpoint milestone, in 2017, upon completion of the first three 2014-2016

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financial years, upon consideration of the assessment made on the first 2014-2016 three-year period.

In response to social interest and if in the opinion of the Board of Directors circumstances make it advisable for Acciona and the group, after consideration of the Appointments and Remuneration Committee recommendation, the Board of Directors may delay until 2020 the delivery of the shares finally allocated to Executive Directors in 2017 (related to financial years 2014, 2015 and 2016), aligning the delivery of these shares with those which, as appropriate, correspond to be given to them at the end of the whole 2014 Plan period (in 2020).

Permanence condition: Delivery of the shares finally allocated to Executive Directors is dependent on the fact that, up to 31 March of the year when the shares are to be delivered, the Executive Director has not ceased to perform his/her senior management duties in Acciona or its Group for reasons attributable to the Director in question.

In no event may the number of allocated shares thus quantified exceed, together with those allocated under the 2014 Plan, the maximum number available approved by the GM.

Shares delivered in 2017 are subject to an option for Acciona to buy them back: Treasury shares transferred to Executive Directors in 2017 (in relation to financial years 2014, 2015 and 2016) will be subject to Acciona's right to buy them back, a right that can be exercised if the Executive Director acquiring the shares ceases to perform his/her senior management duties in Acciona or its group before 31 March 2020 for breach of his/her contractual obligations or resignation of his/her own free will.

C.2. – Group's Executives

For the other beneficiaries that are not executive directors, the Board of Directors will approve, upon considering proposal by the Appointments and Remuneration Committee, the amount for separate variable remuneration to be paid through delivery of Acciona's treasury shares allocated for each financial year to each executive that benefits from the 2014 Plan other than Executive Directors.

The allocation may be implemented through a number of treasury shares or in a cash amount. In the latter case, the equivalent number of shares will be based on the closing price on the last day of trading of March of the year when the Board of Directors determines the allocation. In no event will the number of allocated shares thus quantified exceed, together with the other shares allocated under the 2014 Plan, the maximum number approved by the GM.

Treasury shares transferred to these Beneficiaries are subject to Acciona's right to buy them back, a right that can be exercised if the beneficiary acquiring the shares ceases his/her professional engagement with Acciona or its Group before 31 March of the third year following the year when delivery takes place, for reasons attributable to the Beneficiary. The Board of Directors may extend to a reduced group of executives the "performance share" and/or shares allocation system established for executive directors, with the changes as can be proposed by the Appointments and Remuneration Committee regarding interim allocation, tax system, objectives, midpoint milestones and delivery times, with the purpose of increasing their motivation in the attainment of higher value *and long-term stability for the group, as well as consolidating their loyalty and permanence in the Group.*

D) Number of shares available for the Plan

Initially, the maximum number of shares that can be allocated to the Beneficiaries in application of the 2014 Plan will equal 258,035.

The maximum number of shares that can be allocated by the Board of Directors to the Beneficiaries in application of the 2014 Plan can be increased by agreement of the General Shareholders' Meeting. In this respect, the General Shareholders' Meeting held on 11 June 2015, 10 May 2016 and 18 May 2017 agreed to increase the maximum number of shares available for the 2014-2019 Plan for Delivery of Shares and Performance Shares by 300,000, without affecting later increases if so proposed by the Board of Directors and approved by the GM.

E) Recipients

The annual number of Recipients shall not exceed 100.

<u>Plan to replace variable remuneration for shares</u>

Upon proposal by the Appointments and Remuneration Committee, given the limited number of Beneficiaries of the former Plan, with the purpose of furthering and extending the objectives for building loyalty and retaining the Group's executives, on 26 March 2015 the Board of Directors approved the "Plan to Replace Variable Remuneration for Acciona shares, aimed to Acciona and its Group's management" (the Substitution Plan), excluding executive directors; the main characteristics of the plan are the following:

***Purpose**: To retain and motivate the management team effectively and achieve higher alignment of their interests with those of the Company and its Group.*

***Initial duration:** Six years (2014 to 2019).*

***Specific purpose:** To offer some executives, on a discretionary basis, the option of replacing or swapping, in whole or in part, variable remuneration in cash for Company shares, according to a swap equation to be determined each year. In 2017, the swap equation approved carries an incentive of 25% over the variable remuneration replaced.*

***Beneficiaries**: The executives that the Board of Directors determines of its own free will. Executive Directors are excluded from this Plan.*

***Restrictions on the shares delivered**: In general terms, the shares delivered cannot be (a) disposed of, encumbered or used under any title (except for mortis causa), and (b) no option right can be set up over them, or any other right limiting ownership or as security, until after 31 March of the third year following the year in which the shares in question were delivered to the Beneficiary.*

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Treasury shares transferred to these Beneficiaries are subject to Acciona's right to buy them back, a right that can be exercised if the beneficiary acquiring the shares ceases his/her professional engagement with Acciona or its Group before 31 March of the third year following the year when delivery takes place, for reasons attributable to the Beneficiary.

Acciona's share price to be taken as benchmark to determine the swap equation will be the closing price on the last day of trading of March of the year when the Board of Directors determines the allocation of the replacement option.

The number of shares delivered to Beneficiaries other than executive directors (47 Beneficiaries), under the ***Plan for Delivery of Shares /Performance Shares***, in the first half of 2017, has been 35,917 shares.

With regards to Executive Directors, during the first half of 2017 and for the exercise of share options arising from the 2011 and 2013 Shares and Options Delivery Plan, 4,874 and 10,138 shares have been delivered, respectively. In addition, 9,995 and 5,511 options have been exercised for the 2012 and 2014 Delivery of Shares and Options plans respectively, by liquidating the differences in cash for an amount of 152,237 euros, as communicated to the CNMV on 11 April 2017. During the first half of 2017 there has been no firm allocation of performance shares or of shares under the 2014 ***Plan for Delivery of Shares /Performance Shares.***

Finally, in application of the ***Substitution Plan***, in the first half of 2017 22,086 Company shares have been delivered to 37 executives of Acciona and its Group in payment of part of their variable remuneration in cash for 2016.

Shareholders Plan

The Board of Directors of ACCIONA agreed unanimously, and upon recommendation by the Appointments and Remuneration Committee, to approve a new "Shareholders Plan" to be generally applied to all the employees with fiscal residence in Spain. This plan makes it possible to redistribute part of the variable and/or fixed remuneration with a limit of 12,000 euros per year through delivery of Company shares, in accordance with the current regulatory framework after the amendments introduced by Act 26/2014, of 27 November, which amended Act 35/2006, of 28 November, on Personal Income Tax, the reworded text of the Act on Non-Residents' Income Tax, approved by Royal Legislative Decree 5/2004, of 5 March, and other taxation regulations, and which benefits this type of plans in fiscal terms, (the "Plan").

The Plan, where participation is voluntary, offers all the employees with fiscal residence in Spain and who joined any of Acciona Group's companies before 31 December 2016, the opportunity of sharing in the company's results and thus, becoming a shareholder.

This Plan does not affect executive directors because their relationship with the Company is mercantile and not based on an employment contract.

The delivery of shares, referenced to the closing price quoted on the stock exchange on 15 April every year, will take place in the second half of the month of April.

Savings Plan

In 2014, the Company implemented a savings plan related to a term life assurance, permanent disability in the degrees of total, absolute and severe invalidity, and death ("Savings Plan") aimed solely and exclusively at the Company's Executive Directors. The basic characteristics of the plan are as follows:

a) It is a social welfare system based on a defined contribution.

b) It is a system endowed externally through the payment by the Company of annual premiums to an insurance company with the Participant as the beneficiary, for the coverage of survival and the risk contingencies, i.e.: (i) death and (ii) permanent disability in the degrees established in the Regulations.

c) Should the Participants cease to occupy positions as Executive Directors of Acciona for any reason, the Company shall cease to pay the premiums to the Savings Plan on the date on which they unquestionably cease to hold their position, without prejudice to any economic rights recognised to Participants.

d) The payment of the Benefit arising out of the Savings Plan will be made directly by the insurance entity to the Participants, net of any corresponding withholdings or payments on account of personal Income Tax that may be applicable in each case and payable by the beneficiary of the Benefit. For the rest of the contingencies, the payment of the Benefit will also be made directly by the insurance entity to any entitled parties.

e) The status of Participant in the Savings Plan will be lost should any of the following circumstances arise: i) occurrence of any of the risk contingencies covered and collection of the Benefit; ii) attainment of the age of 65 years; iii) removal from the position of Executive Director of Acciona for any reason other than those indicated above.

The variable remuneration is settled in cash, either when it is paid or deferred through contribution to the Savings Plan. In 2016 the variable remuneration was settled in cash at the time it was paid. Contributions to the Savings Plan with the Executive Directors as beneficiaries amounted to 4,000 thousand euros in the first half of 2017.

The global remuneration related to rights accumulated by the Directors in this respect amounts to 11,432 thousand euros.

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(CONSOLIDATED GROUP)
CONSOLIDATED INTERIM DIRECTORS' REPORT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

Part I – Analysis of the first half of 2017

Acciona discloses results in accordance with the International Financial Reporting Standards (IFRS), under a corporate structure that comprises three divisions:

- Energy comprises the electricity business covering the development, construction, operation and maintenance of renewable power generation plants, and the sale of the energy produced. All the electricity generated by ACCIONA Energy comes from renewable energy sources.
- Infrastructures:
  - Construction includes construction, industrial and engineering activities as well as mainly transport and hospital concessions activities.
  - Water includes the construction of desalination, water treatment and purification plants, as well as integral water services management from bulk water abstraction all the way to discharging treated wastewater to the environment. ACCIONA Agua also operates water concessions across the entire water cycle.
  - Services includes the activities of facility services, airport handling, waste collection and treatment and logistic services amongst others.
- Other activities include the businesses of Trasmediterránea, real estate, Bestinver (funds manager), wineries, and other businesses.

The Alternative Performance Measures (APMs) used repeatedly and in this six-month Directors' Report by the Acciona Group are defined as follows:

EBITDA: It is defined as the "operating income before depreciation and amortisation", meaning, it shows the operating result of the group. The Company presents the EBITDA calculation in the income statement (see consolidated income statement in part 2 of the Directors' Report). It is calculated by taking the following items of the consolidated income statement: "net revenue", "other revenues", "change in inventories of finished goods and work in progress", "cost of goods sold", "personnel expenses" and "other operating expenses".

Net Debt: It shows the debt owed by the Group, in net terms after deduction of cash and similar financial assets. Detailed reconciliation is broken down in the cash flow and variations in net financial debt sections of the Directors' Report. It is calculated by taking the following items on the consolidated balance sheet: "non-current interest bearing borrowings", "current interest bearing borrowings", less "cash and cash equivalents" and "other current financial assets".

Non-recourse debt: As indicated in note 13 to the condensed interim consolidated financial statements, it refers to debt without corporate guarantees, whose recourse is limited to the debtor's assets and cash flows.

Recourse debt: Debt with corporate guarantee.

Financial gearing: It shows the relation between the Group's net financial debt and its equity. It is calculated by dividing "net debt" (calculated as explained above) by "equity".

Backlog: It is defined as production pending, that is to say, contractual amounts or customer orders, without the amounts already recognised as income on the income statement. It is calculated on the basis of orders and contracts awarded to the Group, deducting the completed portion that is accounted for on the "net revenue" account and adding or subtracting "other variations" that refer to forex adjustments, modifications to the initial contracts, and other changes to be made to the awarded backlog.

Net Capex: It is defined as net change in tangible, intangible, financial, and real estate assets in the period, corrected by:

- Depreciation, amortisation, and impairment of assets during the period
- Results on disposal of assets
- Forex fluctuations

When dealing with changes in the scope of consolidation, net capex is defined as the net outflow/inflow of resources used for/obtained in the purchase/sale of net assets.

Operating Cash Flow: The Operating Cash Flow represents the ability of assets to generate resources in terms of net debt. It is obtained as follows:

EBITDA plus / minus change in operating working capital minus net financial cost plus / minus cash inflow/outflow from income tax plus income from equity method associate companies plus / minus other cash inflow/outflow different from those included in the Net Investment Cashflow and from those which constitute shareholders remuneration.

Net Investment Cashflow: It is calculated by adding net investment plus / minus the change in balances of investment suppliers.

Management uses these APMs in financial, operational, and planning decision-making, as well as to evaluate the performance of the Group and its subsidiaries.

Management considers these APMs provide additional financial information which is useful to evaluate the performance of the Group and its subsidiaries as well as for decision-making by financial information users.

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1. Executive Summary

Key highlights for the period

- ACCIONA generated EBITDA of €579 million during the first half of 2017, which represents an increase of 10.4% compared to the first half of 2016. The period has been marked by a greater contribution from Infrastructure (+€65 million), which has more than offset the slight decrease in the Energy division (-€1 million) and the lower contribution from Other Activities (-€9 million).

- Even though the Generation business improved its results, the Energy division has produced a relatively flat EBITDA (-0.3%) with regards to the first half of 2016 mainly due to the lower contribution from the non-generation activities in the division (mainly lower contribution from EPC business).

- The Generation business in Spain increased its EBITDA by 23.4% thanks to the higher regulated income following the periodic review and the higher level of wholesale electricity prices. These positive drivers were significantly mitigated by the regulatory banding mechanism, forward sales, and lower production.

- The International Generation business also suffered from lower generation volumes which led to a decreased EBITDA (-9.3%), although this has been offset by the increased contribution from Generation business in Spain.

- The Infrastructure division EBITDA increased across all its business lines, especially Construction, that grew in both volumes and margins in the international business.

- In terms of Gross Capital Expenditure, in the first half of 2017 the group invested €484 million which compares with the €527 million invested in the first half of 2016. The Infrastructure division capex includes the Geotech acquisition (€139 million). Net Investment Cashflow increased by €51 million to €501 million relative to the first half of 2016.

- Net Debt amounted to €5,571 million, mainly explained by higher working capital and the capital expenditure.

- On the other hand, financial expenses have decreased significantly, which proves the consolidation of the Group's new funding model.

- In the first half of 2017, the Infrastructure division has been awarded new projects such as the construction of a new terminal for the International airport in Mexico City and a waste water treatment plant in Canada, and Energy has started the construction of the wind farms of El Cortijo (Mexico) and Mont Gellibrant (Australia).

Consolidated Income Statement Key Figures

(Million euros)	Jan-Jun 2016	Jan-Jun 2017	Change (%)
Revenue	2,764	3,388	22.6%
EBITDA	525	579	10.3%
Operating profit (EBIT)	868	270	-68.9%
Ordinary profit before tax (EBT)	87	148	70.1%
Profit before tax (EBT)	587	148	-74.8%
Attributable net profit	596	80	-86.6%

Balance Sheet and Capital Expenditure Key Figures

(Million euros)	31-Dec-16	30-Jun-17	Change (%)
Equity	4,097	3,922	-4.3%
Net debt	5,131	5,571	8.6%

(Million euros)	Jan-Jun 2016	Jan-Jun 2017	Change (%)
Gross Capex	527	484	-8.2%
Net Capex	527	472	-10.4%
Net Investment Cashflow	450	501	11.3%

Operating Key Figures

	30-Jun-16	30-Jun-17	Change (%)
Construction backlog (Million euros)	7,372	7,285	-1.2%
Water backlog (Million euros)	10,709	10,392	-3.0%
Total installed wind capacity (MW)	7,167	7,329	2.3%
Total installed capacity (MW)	8,676	8,982	3.5%
Total production (GWh) (Jan-Jun)	11,535	10,528	-8.7%
Average workforce	31,694	35,110	10.8%

2. Consolidated Income Statement

(Million euros)	Jan-Jun 2016	Jan-Jun 2017	Chg.	Chg. (%)
Revenue	**2,764**	**3,388**	**624**	**22.6%**
Other income	333	238	-95	-28.5%
Changes in inventories of finished goods and work in progress	-14	--	14	-100%
Total Production Value	**3,083**	**3,626**	**543**	**17.6%**
Procurement	-811	-847	-36	4.4%
Staff costs	-635	-725	-90	14.2%
Other expenses	-1,113	-1,475	-362	32.5%
EBITDA	**524**	**579**	**55**	**10.5%**
Amortisation cost	-259	-303	-44	17.0%

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Provisions	-81	-7	74	-91.4%
Impairment of asset value	-1	-1	--	0%
Results of non-current assets	643	3	-640	-99.5%
Other gains or losses	42	--	-42	-100.0%
EBIT	**868**	**270**	**-597**	**-68.8%**
Net financial result	-327	-165	162	49.5%
Foreign exchange translation differences (net)	15	-7	-22	-146.7%
Change in financial investment provisions	--	--	--	n.a.
Income from associates booked by equity method	27	41	14	51.9%
Change in fair value of financial instruments	4	8	4	100%
EBT	**587**	**148**	**-439**	**-74.8%**
Income tax	18	-40	-58	-322.2%
Profit / (loss) from continuing activities	**605**	**108**	**-497**	**-82.1%**
Non-controlling interests	-9	-28	-19	-211.1%
Attributable net profit	**596**	**80**	**-516**	**-86.6%**

Revenue

(Million euros)	**Jan-Jun 2016**	**Jan-Jun 2017**	**Chg. €m**	**Chg. (%)**
Energy	**952**	**870**	**-82**	**-8.6%**
Infrastructures	**1,568**	**2,289**	**721**	**46.0%**
Construction	925	1,615	690	74.6%
Water	331	337	6	1.8%
Services	327	357	30	9.2%
Consolidation adjustments	-15	-20	-5	33.3%
Other activities	**288**	**280**	**-8**	**-2.8%**
Consolidation adjustments	**-44**	**-51**	**-7**	**15.9%**
TOTAL Revenue	**2,764**	**3,388**	**624**	**22.6%**

Consolidated revenues increased by 22.6% to €3,388 million, mainly due to the combined effect of the following factors:

- The decline in Energy revenues (-8.6%) mainly as a result of the deconsolidation of AWP (wind turbine business) from 1 April 2016,offset from higher Generation revenues(+6.4%)
- Increase of revenues in all Infrastructure business lines, particularly in Construction (+74.6%)
- Slight reduction in revenues from Other Activities (-2.8%)

EBITDA

(Million euros)	Jan-Jun 2016	% EBITDA	Jan-Jun 2017	% EBITDA	Chg.	Chg. (%)
Energy	368	70%	367	63%	-1	-0.3%
Infrastructures	117	22%	182	32%	65	55.6%
Construction	51	10%	110	19%	59	115.7%
Water	56	11%	61	11%	5	8.9%
Services	11	2%	11	2%	--	0%
Other activities	40	8%	30	5%	-10	-25%
TOTAL EBITDA	525	100%	579	100%	54	10.3%
Margin (%)	*19%*		*17.1%*			*1.9pp*

Note: EBITDA contributions calculated before consolidation adjustments.

EBITDA increased by 10.3% to €579 million. This was mainly due to the higher contribution of Infrastructure (55.6%) which has offset the slight decrease in the Energy division (-0.3%) and the lower contribution from Other Activities (-25%).

EBIT

EBIT amounted to €270 million, 68.8% lower than in the first half of 2016, mainly due to the recognition of Other Profit and Losses in the first half of 2016 for a total amount of almost €416 million (mainly due to the capital gains derived from the AWP-Nordex transaction).

EBT

(Million euros)	Jan-Jun 2016	Jan-Jun 2017	Chg. €m	Chg. (%)
Energy	42	73	31	73.8%
Infrastructures	37	49	12	32.4%
Constuction	15	28	13	86.7%
Water	18	18	--	0%
Services	4	3	-1	-25%
Other activities	7	26	19	n.a.
Ordinary EBT	87	148	61	70.1%
Extraordinary	500	--	-500	n.a
TOTAL EBT	587	148	-439	-74.8%
Margin (%)	*21.2%*	*4.4%*		*-16.9pp*

Ordinary EBT increased by 70.1% to €148 million boosted not only by the increase in EBITDA but also by lower financial expenses and the increase of the contribution from assets recorded under the equity method (mainly related to the Energy division).

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Since there were no extraordinary results in the first half of 2017, the total EBT and ordinary EBT are equivalent, with a decrease of -74.8% vs. the first half of 2016.

Attributable Net Profit

Attributable net profit amounted to €80 million, -86.6% lower than in the first half of 2016 mainly due to the effect of the extraordinary results. Without considering extraordinary items, the ordinary net profit increased by 81.4% vs. the first half of 2016.

3. Consolidated Balance Sheet and Cashflow:

(Million euros)	31-12-2016	30-06-2017	Chg. €m	Chg. (%)
Property, plant and equipment & intangible assets	9,974	9,469	-505	-5.1%
Financial assets	1,340	1,338	-2	-0.1%
Goodwill	79	189	110	139.2%
Other non-current assets	1,291	1,307	16	1.2%
NON-CURRENT ASSETS	**12,684**	**12,303**	**-381**	**-3.0%**
Inventories	783	841	58	7.4%
Accounts receivable	1,724	1,869	145	8.4%
Other current assets	250	346	96	38.4%
Current financial assets	211	216	5	2.4%
Cash and cash equivalents	1,428	1,204	-224	-15.7%
Assets held for sale	327	649	322	98.5%
CURRENT ASSETS	**4,723**	**5,125**	**402**	**8.5%**
TOTAL ASSETS	**17,408**	**17,428**	**20**	**0.1%**
Share capital	57	57	--	0.0%
Reserves	3,437	3,541	104	3.0%
Profit / (loss) attributable to the Parent	352	80	-272	-77.3%
Treasury Shares	-14	-4	10	-71.4%
EQUITY ATTRIBUTABLE TO THE PARENT	3,831	3,674	-157	-4.1%
NON-CONTROLLING INTERESTS	266	248	-18	-6.8%
EQUITY	**4,097**	**3,922**	**-175**	**-4.3%**
Interest-bearing borrowings	5,602	5,416	-186	-3.3%
Other non-current liabilities	3,237	3,143	-94	-2.9%
NON-CURRENT LIABILITIES	**8,839**	**8,559**	**-280**	**-3.2%**

(Million euros)	31-12-2016	30-06-2017	Chg. €m	Chg. (%)
Interest-bearing borrowings	1,169	1,575	406	34.7%
Trade payables	2,297	2,206	-91	-4.0%
Other current liabilities	819	886	67	8.2%
Liabilities associated to assets held for sale	186	280	94	50.5%
CURRENT LIABILITIES	**4,471**	**4,947**	**476**	**10.6%**
TOTAL LIABILITIES AND EQUITY	**17,408**	**17,428**	**20**	**0.1%**

(Million euros)	Jan-Jun 16	Jan-Jun 17	Chg.	Chg. (%)
EBITDA	525	579	54	10.3%
Financial results	-183	-129	54	-29.5%
Working capital	-45	-387	-342	760.0%
Other operating cashflow	-109	-101	8	-7.3%
Operating cashflow	**188**	**-38**	**-226**	**-120.2%**
Gross ordinary Capex	-527	-484	43	-8.2%
Divestments	–	13	-64	-83.1%
Other investment cashflow	77	-30	-107	139%
Net Investment Cashflow	**-450**	**-501**	**-51**	**11.3%**
Treasury shares	–	1	1	n.a.
Derivatives debt	-42	13	55	-131.0%
Forex	-11	71	82	-745.5%
Dividend	–	–	–	n.a.
Changes in scope and others inc. convertible bonds	23	14	-9	-39.1%
Financing/others cashflow	**-30**	**99**	**129**	**-430.0%**
Change in net debt decrease / increase	**-292**	**-440**	**-148**	**50.7%**

Attributable Equity

ACCIONA's attributable equity as of 30 June 2017 reached €3,674 million, 4.1% lower than a year ago.

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Net Financial Debt

	31/12/2016		30/06/2017		Chg.	Chg. (%)
(Million euros)	**Amount**	**% Total**	**Amount**	**% Total**		
Non-recourse interest-bearing borrowings	2,254	33%	2,005	29%	-248	-11.0%
Recourse interest-bearing borrowings	4,517	67%	4,986	71%	469	10.4%
Interest bearing borrowings & other financial liabilities	**6,771**	**100%**	**6,991**	**100%**	**220**	**3.2%**
Cash + Current financial assets	**-1,640**		**-1,420**		**220**	**-13.4%**
Net financial debt	**5,131**		**5,571**		**440**	**8.6%**

Net financial debt as of June 2017 totalled €5,571 million, 8.6% above December 2016 levels. This variation in debt is mainly due to the combination of the following factors:

- The operating cashflow amounted to -€38 million, mainly due to the negative contribution from working capital, as was the case in the same period in 2016. As a positive driver, it is notice the reduction in financial expenses to €188 million (-54% vs the first half of 2016).

- The intense investment activity in the period, with a Net Investment Cashflow of -€501 million, highlights the investment in the Infrastructures division (mainly Geotech's acquisition) and Energy.

Financial gearing evolved as follows:

(Million euros)	**31-Dec-16**	**30-Jun-17**
Gearing (Net Debt / Equity) (%)	125%	142%

Capital Expenditure

(Million euros)	**Jan-Jun 2016**	**Jan-Jun 2017**	**Chg.**	**Chg. (%)**
Energy	**284**	**156**	**-128**	**-45.1%**
Infrastructures	**183**	**263**	**80**	**43.7%**
Construction	82	246	164	200.0%
Water	87	12	-75	-86.2%
Services	14	5	-9	-64.3%
Other activities	**60**	**65**	**5**	**8.3%**
Ordinary capital expenditure	**527**	**484**	**-43**	**-8.2%**
Extraordinary divestments	–	-12	-12	n.a.
Net capital expenditure	**527**	**472**	**-55**	**-10.4%**

Gross capital expenditure across ACCIONA's divisions in the first half of 2017 amounted to €484 million.

Infrastructure represents the highest investment effort with €263 million – mainly related to the acquisition of Geotech (€139 million), followed by Energy with €156 million, mainly related to the completion of the El Romero PV facility in Chile and the ongoing construction of new wind capacity in India, Australia and Mexico.

In terms of divestments, the group sold a commercial property belonging to the Real Estate division. This asset was classified in FY 2016 Balance Sheet as an asset held for sale.

As a result, net capital expenditure increased to €472 million. In terms of cash outflows, the Net Investment Cashflow amounted to €501 million.

4. Results by Division

4.1 Acciona Energy

(Million euros)	Jan-Jun 2016	Jan-Jun 2017	Chg. €m	Chg. (%)
Generation	628	668	40	6.4%
National	376	424	48	12.8%
International	252	244	-7	-3.2%
Non-generation	382	117	-265	-69.4%
Consolidation adjustments and other	-58	85	143	-246.6%
Revenue	**952**	**870**	**-82**	**-8.6%**
Generation	379	405	26	6.9%
National	189	234	44	23.3%
International	190	172	-18	-9.5%
Non-generation	15	-15	-30	-200.0%
Consolidation adjustments and other	-26	-23	3	-11.5%
EBITDA	**368**	**367**	**-1**	**-0.3%**
Margin (%)	38.7%	42.2%		
EBT	**42**	**73**	**31**	**73.8%**
Margin (%)	*4.4%*	*8.4%*		

ACCIONA Energy revenues decreased by 8.6% to €870 million. EBITDA remains at €367 million (-0.3%). EBT amounted to €73 million vs. €42 million in the first half of 2016.

Generation EBITDA increased by 6.9% to €405 million, thanks to the higher contribution from the Spanish business, more than offsetting the decline in International Generation which showed lower production levels.

The Generation business in Spain increased its EBITDA thanks to the higher regulated income following the periodic review and the higher level of wholesale electricity prices (€51.3/MWh vs €30.1/MWh in the first half of 2016). However, these positive drivers were significantly mitigated by the regulatory banding mechanism, forward sales, and lower production.

EBITDA contribution coming from Non Generation activities decreased by €30 million mainly due to AWP deconsolidation (which contributed €7 million in the first half of 2016) and the reduction in EPC business.

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During the last 12 months, the consolidated installed capacity increased by 305MW, due to the commissioning of 143MW of solar PV in Chile, 90MW of wind in USA and 72MW of wind in India.

At an operational level, consolidated production amounted to 8,718GWh, 8.2% lower than in the first half of 2016 due to lower hydro and wind output in both Spain and Internationally, that was not compensated by the increase in solar production.

Breakdown of installed capacity and production by technology

	Totals		Consolidated		Net	
30-Jun-2017	**MW installed**	**GWh produced**	**MW installed**	**GWh produced**	**MW installed**	**GWh produced**
Spain	**5,950**	**6,768**	**4,673**	**5,348**	**5,278**	**6,015**
Wind	**4,747**	**5,172**	**3,470**	**3,752**	**4,079**	**4,427**
Hydro	**888**	**1,203**	**888**	**1,203**	**888**	**1,203**
Solar Thermoelectric	**250**	**205**	**250**	**205**	**250**	**205**
Solar PV	**3**	**2**	**3**	**2**	**3**	**2**
Biomass	**61**	**186**	**61**	**186**	**59**	**178**
International	**3,032**	**3,760**	**2,746**	**3,369**	**1,940**	**2,313**
Wind	**2,581**	**3,425**	**2,341**	**3,081**	**1,596**	**2,088**
USA	721	1,068	646	924	467	684
Mexico	557	831	557	831	361	539
Australia	303	392	239	323	180	239
Italy	156	123	156	123	104	82
South Africa	138	176	138	176	51	64
India	158	121	158	121	129	86
Portugal	120	147	120	147	75	91
Canada	181	243	103	139	69	93
Poland	101	88	101	88	67	59
Costa Rica	50	118	50	118	32	77
Chile	45	51	45	51	30	34
Croatia	30	40	30	40	20	27
Greece	--	--	--	--	--	--
Hungary	24	28	--	--	12	14
Solar PV	**386**	**266**	**341**	**220**	**301**	**179**
Chile	246	124	246	124	246	124
South Africa	94	96	94	96	35	35
Portugal	46	47	--	--	20	20
Solar Thermoelectric (USA)	**64**	**68**	**64**	**68**	**43**	**45**
Total Wind	**7,329**	**8,597**	**5,811**	**6,834**	**5,675**	**6,516**
Total other technologies	**1,653**	**1,930**	**1,607**	**1,884**	**1,543**	**1,813**
Total Energy	**8,982**	**10,528**	**7,418**	**8,718**	**7,218**	**8,328**

4.2.Infrastructures

(Million euros)	Jan-Jun 2016	Jan-Jun 2017	Chg. €m	Chg. (%)
Construction	925	1,615	690	74.6%
Water	331	337	6	1.8%
Services	327	357	30	9.2%
Consolidation adjustments	-15	-20	-5	33.3%
Revenue	**1,568**	**2,289**	**721**	**46.0%**
Construction	51	110	59	115.7%
Water	56	61	5	8.9%
Services	10	11	1	10%
EBITDA	**117**	**182**	**65**	**55.6%**
Margin (%)	7.5%	8.0%		
EBT	**37**	**49**	**12**	**32.4%**
Margin (%)	2.4%	2.1%		

The Infrastructure division revenues amounted to €2,289 million which implies an increase of 46.0% vs. the first half of 2016. The EBITDA also increased by 55.6% totalling €182 million.

Regarding margins, EBITDA increased to 8% and EBT was slightly reduced to 2.1%.

A. Construction

(Million euros)	Jan-Jun 2016	Jan-Jun 2017	Chg. €m	Chg. (%)
Construction & Engineering	873	1,548	675	77.3%
Concessions	52	67	15	28.8%
Revenue	**925**	**1,615**	**690**	**74.6%**
Construction & Engineering	27	83	56	207.4%
Margin (%)	*3.1%*	*5.4%*		
Concessions	24	27	3	12.5%
Margin (%)	*46.2%*	*40.3%*		
EBITDA	**51**	**110**	**59**	**115.7%**
Margin (%)	*5.5%*	*6.8%*		
EBT	**15**	**28**	**13**	**86.7%**
Margin (%)	*1.6%*	*1.7%*		

Revenues amounted to €1,615 million, 74.6% higher than in the first half of 2016.

The Construction & Industrial EBITDA increased by 207.4% reaching €83 million backed by the good performance of the International construction activity which had a significant improvement in volumes and EBITDA margins, with higher-margin capital intensive projects.

The concession business EBITDA grew by 12.5% compared to the same period in 2016.

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Construction & Industrial Backlog

At 30 June 2017, the backlog amounted to €7,286 million, 1.2% lower than June 2016. The International backlog reached an overall weight of 80% of the total vs. 78% a year ago.

(Million euros)	30.06.2016	30.06.2017	Chg. (%)	Weight (%)
Total National	1,637	1,439	-12.1%	20%
Total International	5,735	5,847	2.0%	80%
Latam	2,141	2,414	12.8%	33%
EMEA (not inc. Spain)	2,090	1,991	-4.7%	27%
Australia & South-East Asia	989	943	-4.7%	13%
North America	515	499	-3.1%	7%
TOTAL	7,372	7,286	-1.2%	100%

Concessions

As of 30th June 2017, ACCIONA held a portfolio of 23 concessions with a book value of €1,409 million (€498 million "equity" and €911* million net debt).

** This figure includes net debt from concessions held for sale (€142m) and those registered by the equity method (€615m)*

B. Water

(Million euros)	Jan-Jun 2016	Jan-Jun 2017	Chg.	Chg. (%)
Revenue	331	337	6	1.8%
EBITDA	56	61	5	8.9%
Margin (%)	16.9%	18.1%		
EBT	18	18	–	-2.2%
Margin (%)	5.4%	5.3%		

The Water division increased its revenue by 1.8% and the EBITDA by 8.9% vs. the first half of 2016.

Excluding ATLL's business, revenues improved by 3.6% while EBITDA increased by 35.1%, growing in both the Design & Construction business and the water infrastructure O&M activities.

Water Backlog

Water Backlog as of June 2017 stood at €10,392 million decreasing by 3.0% compared with the first half of 2016.

(Million euros)	30.06.2016	30.06.2017	Chg. (%)	Weight (%)
D&C	507	621	22.5%	6%
O&M	2,180	2,048	-6.1%	20%
ATLL	8,022	7,723	-3.7%	74%
Total	**10,709**	**10,392**	**-3.0%**	**100%**

(Million euros)	30.06.2016	30.06.2017	Chg. (%)	Weight (%)
Spain	9,449	9,065	-4.1%	87%
International	1,260	1,327	5.30%	13%
Total	**10,709**	**10,392**	**-3.0%**	**100%**

C. Services

(Million euros)	Jan-Jun 2016	Jan-Jun 2017	Chg. €m	Chg. (%)
Revenue	327	357	30	9.2%
EBITDA	11	11	–	5.7%
Margin (%)	3.4%	3.1%		
EBT	4	3	-1	-25.0%
Margin (%)	1.2%	0.8%		

The division reported an increase in revenues of 9.2% to €357 million. The EBITDA increased by 5.7% reaching €11 million, mainly due to higher turnover in the APD activity, Urban Services and Forwarding.

4.3 Other Activities

(Million euros)	Jan-Jun 2016	Jan-Jun 2017	Chg. €m	Chg. (%)
Trasmediterránea	194	190	-4	-2.1%
Real Estate	34	26	-8	-23.5%
Bestinver	40	46	6	15.0%
Wineries	17	15	-2	-11.8%
Corp. and other	3	3	--	0%
Revenue	**288**	**280**	**-8**	**-2.8%**
Trasmediterránea	14	2	-12	-85.7%
Real Estate	--	--	--	n.a.
Bestinver	29	33	4	13.8%
Wineries	1	1	--	0%
Corp. and other	-4	-6	-2	50.0%
EBITDA	**40**	**30**	**-9**	**-22.5%**
Margin (%)	13.9%	11.1%		
EBT	**7**	**26**	**19**	**n.a.**
Margin (%)	2.4%	9.3%		

During the first half of 2017 the Other Activities division, which includes Trasmediterránea, Real Estate, Bestinver, Wineries and others, reported revenues of €280 million, 2.8% higher than in the first half of 2016.

EBITDA decreased to €30 million (-22.5%), mainly by Trasmediterránea's results and despite the increase in Bestinver's contribution.

Trasmediterránea:

Despite the fact that it almost maintained its income levels (-2.1%), Trasmediterránea EBITDA fell to €2 million, due to an increase in fuel costs derived from the rise in oil prices as well as an increase in routes and trips.

	Jan-Jun 2016	Jan-Jun 2017	Chg. (%)
Passengers served	910,789	908,154	-0.3%
Cargo handled (lane metres)	3,003,740	3,057,479	1.8%
Vehicles	191,833	200,826	4.7%

Real estate

Real Estate revenue and EBITDA decreased due to a change in the business strategy.

Bestinver:

Bestinver's assets under management stood at €5,792 million as of 30 June 2017. It reported an improved EBITDA of €33million (+13.8%) as a result of a higher average of assets under management relative to the first half of 2016.

5. Relevant events of the period

- **28 April 2017: Liquidity contracts and counterparty**

- On 28 April 2017, the Company informed about the temporary suspension of the Liquidity Contract subscribed with Bestinver Sociedad de Valores to manage its treasury stock in order to allow the purchase of 300,000 shares of ACCIONA S.A by ACCIONA S.A. that represent 0.523% of the social capital that is intended to cover 4.5% outstanding from the Senior Convertible Bonds, after direct repurchases and the ones made on the 17th, 18th and 19th of January 2017

- **28 April 2017: Liquidity contracts and counterparty**

- On 28 April 2017, ACCIONA acquired, through a mass operation, a total of 221,357 treasury stocks that represent a 0.386% of the social capital at a unit price of €74.70. After this transaction, the Company informed about the resumption of the operations under the liquidity contract subscribed on 3 July 2015 with Bestinver Sociedad de Valores S.A. in order to manage its treasury stock.

- **18 May 2017: Annual General Meeting of Shareholders –Agreements**

  On 18 May 2017, the Annual General Meeting of Shareholders approved, inter alia, the following agreements:

- To approve the individual financial statements of ACCIONA S.A. for year 2016, as well as the consolidated financial statements of the group companies for which ACCIONA S.A. is the parent.

- To appoint KPMG Auditores S.L. as the financial statements auditor of ACCIONA S.A. and its consolidated group for a period of three years.

- To re-elect Mr. Jerónimo Gerard Rivero as Independent Director and appoint Ms. Karen Christiana Figueres Olsen as Independent Director.

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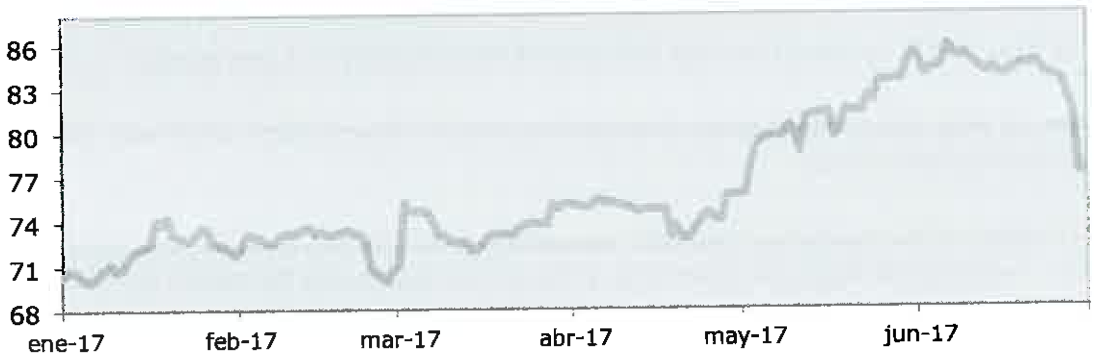
- To authorise the purchase of shares of ACCIONA S.A. by the own Company and other companies of the Group, with respect of the legal limits and requirements and the agreed conditions, invalidating the authorisation approved at the AGM of Shareholders on 24 May 2012 for the unused amount.
- To approve the ACCIONA S.A.'s Directors' Remuneration Policy for the years 2018, 2019 and 2020. To empower the Board of Directors to interpret, develop, formalise and execute this agreement.
- To increase the maximum number of available shares for the Shares Delivery Plan and Performance Shares 2014-2019 by 100,000 shares, without prejudice to subsequent increases, if proposed by the Board of Directors and approved by the General Shareholders' Meeting.
- To approve, for information purposes, the Directors' Remuneration Report for the year 2016.
- To approve the Sustainability Report 2016.

6. Dividend

On 28 February 2017, ACCIONA's Board of Directors proposed the distribution of a dividend of €164.6m (€2.875 per share) against the results of 2016 fiscal year. The payment was made on 3 July 2017.

7. Share Price Trend in the first half of 2017



In the international area, ACCIONA tries to reduce that exposure to the market risk through private energy purchase and sale agreements (PPA) which make it possible to establish, for an agreed period of time, the future sale price with third parties and thus reduce that exposure to possible market tariff changes.

In addition to hedging through energy sale agreements, ACCIONA Green Energy manages the energy exposed to market fluctuations through derivative instruments, measuring on a monthly basis that the risk margin is within the limits established by the Economic and Financial Management Division.
As regards the subsidiaries related to ACCIONA Service, with a high number of employees and of employee benefits, they may be affected by possible amendments to regulations and employment reforms.

Financial risks

To manage the financial risk related to the Group's operations, the exposure to and degree and extent of the market risk is analysed (including foreign currency risk, interest rate risk and price risk), as well as credit risk and liquidity risk.

The Group seeks to reduce the effects of those risks by using derivative financial instruments; this use is governed by the Group's risk management policies approved by the Board of Directors. These risk management policies are framed within the principles related to exchange rate risk, interest rate risk, procurement, credit risk, use of derivative and non-derivative financial instruments, and surplus investment policies.

Interest rate risk: The risk of interest rate fluctuation is particularly significant in connection to the financing of concession projects and energy generation plants, capital intensive projects where profitability depends on potential fluctuations of the interest rate as it is directly related to project flows.

Adequate management of these risks through hedging operations and the engagement of derivatives can prevent a significant impact of these risks on results. However, it cannot be guaranteed that the exposure to changes in interest risks will disappear 100%.

In order to analyse the effect that a potential change in interest rates might have on the Group's accounts, a sensitivity test is implemented, simulating increased and reduced interest rates.

Foreign currency risk: ACCIONA develops its activity in a large number of countries; therefore, it is exposed to the foreign currency exchange risk. In order to reduce this risk, the ACCIONA Group engages foreign currency derivatives and exchange rate insurance to hedge operations and significant future cash flows in accordance with the risk limits that can be assumed. Other times, the financing of non-current assets denominated in a currency other than the euro is performed in the same currency in which the asset is denominated or contracts with third parties are made in double currency.

Credit risk: To mitigate the risk that the counterparty to a contract fails to meet its obligations, transactions are negotiated only with solvent third parties and securing sufficient guarantees, to

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8. Key Share Data

	30-Jun-17
Price at 30 June 2017 (€/share)	77.06
Price at 30 December 2016 (€/share)	69.93
Low price in the first half of 2017 (27/02/2017)	69.90
High price in the first half of 2017 (06/06/2017)	85.87
Average daily trading (shares)	187,126
Average daily trading (€)	14,292,961
Number of shares	57,259,550
Market capitalisation 30 June 2017 (€ million)	4,412

9. Share Capital

At 30 June 2017, the share capital of ACCIONA amounted to €57,259,550 represented by 57,259,550 ordinary shares with a par value of €1 each.
The group's treasury shares at 30 June amounted to 64,957 shares, which account for 0.11% of the share capital.

Part II – Main risks and uncertainties in the first half of 2017.

An element of risk mitigation within the ACCIONA Group is its continued geographical and sectorial diversification. However, this diversification can influence the evolution of its operations and of its economic performance.

The ACCIONA Group has a Risk Management System defined by a set of specific procedures for action, identification, evaluation and management of risks through risk reduction measures such as transfers through insurance covers, market instruments, contractual agreements or establishment of more efficient policies or procedures.

The main risks related to activities and which may affect the achievement of the Group's objectives are the following:

Regulatory risks

A significant portion of the Group's activities is subject to a large number of government regulations and any changes thereto might affect both activities and economic results.
A significant portion of the Group's electricity generation activities in Spain is subject to the regulatory framework established in Royal Legislative Decree 9/2013 and the legislation and regulations developed from this Decree. The remuneration model established seeks to provide stable income for the plants that apply it and mitigates their exposure to market price fluctuations through review of the remuneration parameters every 3 years (regulatory semi-period). Furthermore, the regulation provides for a more in-depth review of the parameters that determine the future remuneration for the plants every 6 years (regulatory period), and if this regulation were amended this could impact the results of the operations subject thereto.

reduce the risk of financial losses in the event of default. The Group enters into contracts only with organisations at the same investment ranking level or above and it obtains information on its counterparties from independent business appraisal agencies, from other public sources of financial information, and from the information it gathers from its relations with clients.
Bills receivable and customers' accounts cover a large number of customers from different industries and geographical areas. The credit relations held with customers and their solvency are appraised on an on-going basis, and credit guarantee insurance is engaged where it is considered necessary. As regards the non-payment risk and essentially in the main business areas, public and private clients are assessed before any contract is made. This process includes a solvency report and going over contractual requirements from the economic and legal standpoints, and the correct debt evolution is permanently monitored during the development of the work, and the related value adjustments according to economic criteria.

To minimize the risk of international expansion, ACCIONA studies the engagement of credit covers through export credit insurers, in view of possible losses arising from the occurrence of political risks which may have a significant impact.

Liquidity risk: The ACCIONA Group's management of the liquidity risk is prudent. The Group keeps an adequate level of cash and marketable securities and arranges credit facilities undertaken in sufficient amounts to meet the projected needs.
The diversification of the financing sources used has increased and thus the dependence on conventional banks has been reduced, through renewal of the commercial paper issue (Euro-Commercial paper) with maturity dates under 12 months and through the approval of a programme for issue of bonds with middle- and long-term maturity dates (Euro Medium Term Notes).

The ultimate responsibility over the liquidity risk management lies with the Economic and Financial General Management, which prepares an adequate framework for control of the liquidity needs in the short-, middle- and long-term. The Group manages liquidity by keeping adequate reserves, appropriate banking services and available credits and loans, through permanent monitoring of fund flow forecasts and current amounts and pairing them off with financial asset and liability maturity profiles.

Environmental risks

Aiming at prevention, ACCIONA identifies and analyses any environmental aspects that can be affected during the development of the Company's activities in any of their stages: design, construction, operation and maintenance.

In addition, ACCIONA works to identify any risks arising from its activities which may produce an accident causing environmental damage, with the purpose of improving its capacity to prevent and mitigate those risks. Risk analysis acts as a tool to pre-empt potential environmental impacts through the implementation of prevention, control and correction measures, which can then be included in the management of projects and production centres.

Furthermore, ACCIONA manages risks specifically associated with climate change and water resources, so as to consider the necessary measures that guarantee adaptation of its businesses to the forecast changes. The main climate change risks and opportunities considered include both regulatory risks and those related to changes in physical and reputational parameters.

ACCIONA has a Crisis Management System that sets up the guidelines for action should an environmental crisis occur. By way of supplementing the Corporate Crisis Management Standard, ACCIONA has included environmental specifications for Emergency and Environmental Crisis Management, and it has a specific Environmental Assessment Team that provides support to the Corporate Crisis Assessment Committee where an environmental crisis situation is detected.

In addition, ACCIONA has a worldwide cover Environmental Civil Liability policy, whereby all the Group companies are insured. Some of the main covers are:

- Personal and material damages.
- Pollution from goods transport.
- Prevention costs.
- Damage to natural resources.

Procurement risk

The ACCIONA Group is exposed to the risk of fluctuation in the price of supplies, mainly fuel in its sea transport business, mostly performed in international markets, so there is the associated foreign currency exchange risk.

As for international construction activities, there is the risk of delay in the supply of materials such as concrete or steel, due to the vulnerability of the supply chain in some countries where we develop our business.

The Procurement General Management Division manages the supply chain drawing risk maps for the portfolio of suppliers for all the group divisions and this helps to monitor the suppliers in detail and to learn about the degree of dependence on the supply chain.

The fuel price fluctuation risk is managed basically in the short term: six months or a year, a period of time considered representative for the implementation of adequate commercial policies. This management is conducted through specific hedging operations, usually with derivatives.

Compliance risks

On 23 December 2010 amendment to Organic Law 5/2010 of 22 June came into force, and later on Organic Law 01/2015 of 30 March was amended. Under Organic Law 1/2015 legal persons are subject to Criminal Law and can commit crimes, regardless of the natural persons that form them, and therefore can be given real sentences. The introduction of criminal liability of legal persons on the basis of the principle of due control carries the obligation of due control by legal representatives, an obligation that up to now was unknown to legal persons in such a serious criminal context, in view of the fundamental fact that a company can actually commit more than thirty different crimes and be given hard sentences on those grounds. A company can prevent being sentenced only by implementing a proper crime prevention system.

For this reason, ACCIONA has implemented the due systems for regulatory compliance control and crime prevention, in order for the company not to commit criminal offences and for its directors not to be exposed to serious personal liability risk.

Corruption in international trade operations: Those that by offering, promising or granting any improper benefit, pecuniary or otherwise, corrupt or seek to corrupt, by themselves or through a third person, foreign civil servants or officials of international organisations, to their benefit or that of a third party, or meet requests in this respect, so that they act or refrain from acting in relation to the performance of public duties so as to secure or keep an irregular contract or improper benefit in the development of international economic activities.

Public tendering and auction price rigging: Those soliciting gifts or promises so as not to participate in public tendering or auctions; those trying to keep away bidders through threats, gifts, promises or any other sly trick; those reaching a mutual agreement to alter the closing bid price, or those that break up or abandon the auction by fraudulent means, having secured the award.

Bribery: The individual that offers or gives a gift or remuneration of any kind to authority, public official or person that performs public duties so that this authority, public official or person that performs public duties will behave contrary to the duties attached to its office or an act pertaining to its office, so that it does not do or delays the act it should do, or in consideration to its office or duty.

Bribery of private individuals: Those that by themselves or through a third-party promise, offer or grant an unjustified benefit or advantage of any kind to executives, directors, employees or collaborators of a trading company or undertaking, partnership, foundation or organisation so that they or a third party are favoured instead of others, in breach of their duties in connection to the acquisition or sale of goods or the contractual engagement of professional services.

Other external factors affecting activities

The development of the Group's activities sometimes requires permits, licences, government authorisations, signature of public and private contracts, as well as performance of work, construction of facilities.

Delays in obtaining government approvals and adverse changes in the political and regulatory frameworks in the countries where the Group operates, together with political transition periods, may lead to delays in the start-up of operations, changes in business priorities or deficiencies in the performance of projects and in the rendering of services and, along with this, sanctions and penalties with an adverse impact on the financial position and results.

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Doña Clara Lois Lozano, Traductora-Intérprete Jurada de inglés número 10009 nombrada por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que sigue es traducción fiel al inglés de un documento escrito en español. En caso de discrepancia o ambigüedad, prevalecerá lo indicado en el original.

En Madrid, a 25 de septiembre de 2017

Firma.

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Ms Clara Lois Lozano, Sworn English Translator and Interpreter number 10009, authorized by the Spanish Ministry of Foreign Affairs, certifies that the succeeding is a truthful translation into English of a document written in Spanish. In case of any discrepancy or ambiguity, the original document shall prevail.

In Madrid, on the 25th of September 2017

Signed.

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For the purposes of Royal Decree 1362/2007 of 19 October (article 11.1b), the Directors of Acciona, S.A., now subscribe the following **declaration under their own responsibility:**

To the best of their knowledge, the Condensed Consolidated Financial Statements presented herein are drawn up in accordance with applicable accounting principles, offer a true and fair view of the equity, financial situation and the results of the issuer and of the companies included in the scope of consolidation taken as a whole, and the interim directors' report includes a faithful analysis of the information required.

Formal note added to state for the record that the Directors of ACCIONA, S.A. are aware of the entire contents of the condensed consolidated financial statements for the six-month period ended 30 June 2017 of Acciona, S.A. and its subsidiaries (Consolidated Group), as submitted to the Board of Directors and duly prepared by the Board at the meeting held on 27 July 2017, printed on 75 sheets, all of them signed by the Secretary and with the corporate seal affixed and numbered as follows:

Therefore, in witness of the agreement herewith, this note is signed by all the members of the Board of Directors:

Mr. José Manuel Entrecanales Domecq
Chairman

Mr. Juan Ignacio Entrecanales Franco
Vice-Chairman

Mr. Javier Entrecanales Franco
Member

Mr. Juan Carlos Garay Ibargaray
Member

Mr. Daniel Entrecanales Domecq
Member

Ms. Karen Christiana Figueres Olsen
Member

Mr. Jaime Castellanos Borrego
Member

Ms. Belén Villalonga Morenés
Member

Mr. Fernando Rodés Vilá
Member

Ms. Ana Sainz de Vicuña Bemberg
Member

Mr. Jerónimo Marcos Gerard Rivero
Member

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