ANNUAL REPORT 2017

aqualia

SmVaK

ANNUAL REPORT FOR 2017
PURSUANT TO

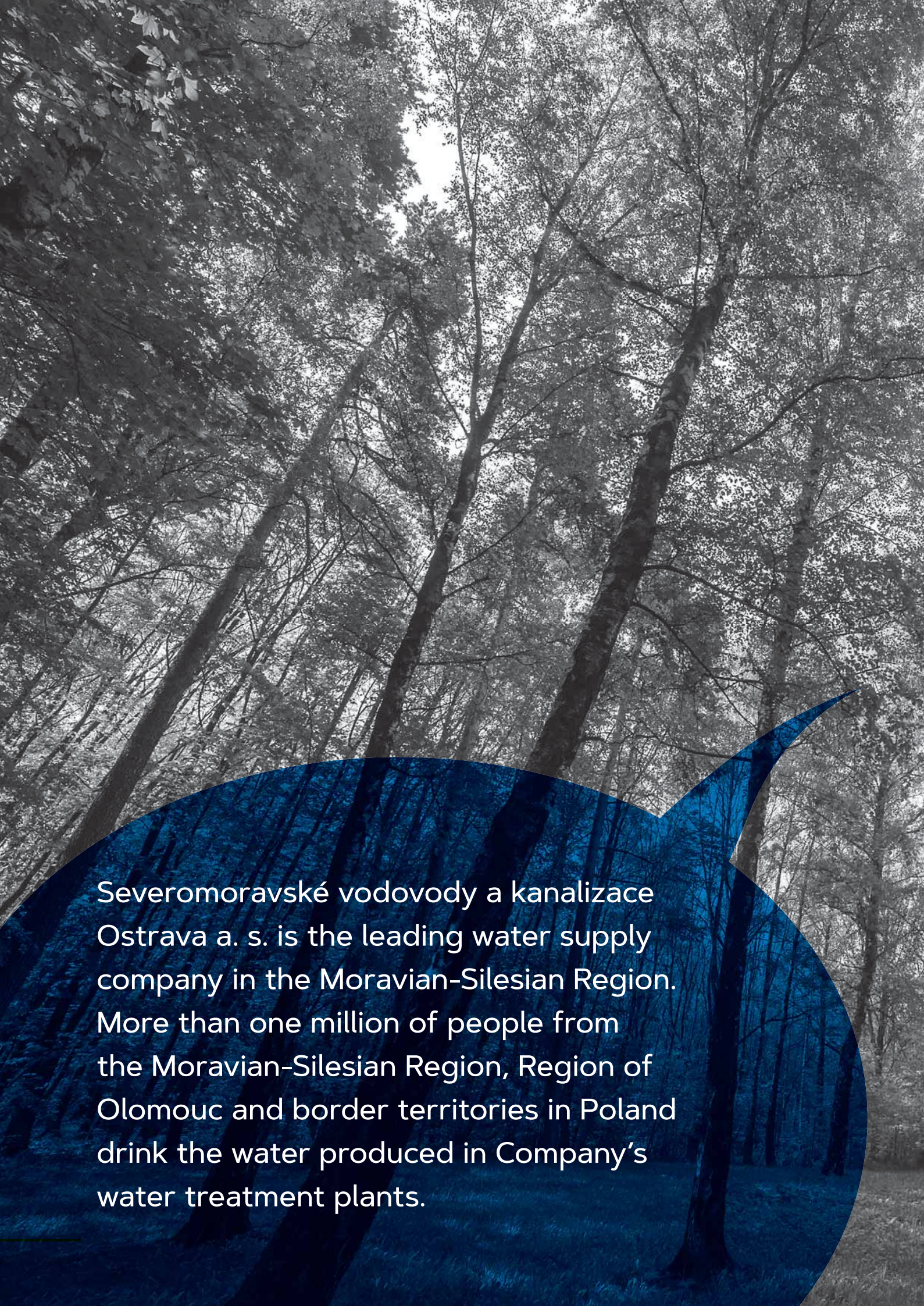
Act No. 256/2004 Coll., on Capital Market Undertakings, as amended
Act No. 563/1991 Coll., on Accounting, as amended
Act No. 90/2012 Coll., on Business Corporations

Severomoravské vodovody a kanalizace Ostrava a.s.
Having its registered office at: 28. října 1235/169,
Mariánské Hory, 709 00 Ostrava
The Company is incorporated in the Register of Companies
maintained by the Regional Court in Ostrava, File B, Insert 347

Date of Incorporation	1 May 1992
Company ID No.	45193665
Tax ID No.	CZ45193665
Telephone	800 292 400
E-mail	smvak@smvak.cz
Website	www.smvak.cz, www.smvak.eu

CONTENT

1. INTRODUCTION 6
2. SCOPE OF BUSINESS 8
3. COMPANY PROFILE 12
4. ORGANISATION STRUCTURE 18
5. DEVELOPMENT OF THE COMPANY'S REGISTERED CAPITAL AND EQUITY 26
6. SECURITIES 28
7. RIGHTS ARISING FROM OWNERSHIP OF SECURITIES 32
   - Corporate Control Instruments 37
   - Company Code of Corporate Governance 38
   - Decision-Making Process and Scope of Powers of the General Meeting 39
8. MANDATORY INFORMATION PURSUANT TO THE ACT ON CAPITAL MARKET UNDERTAKINGS 36
9. ACCESS TO THE ANNUAL REPORT 40
10. THE CONTROLLED AND CONTROLLING PARTIES 42
11. THE BOARD OF DIRECTORS REPORT ON BUSINESS OPERATIONS AND THE STATE OF ITS ASSETS
    - Key Financial Results for 2017 47
    - Revenues 47
    - Expenses 47
    - Profit/loss 48
    - Financing 48
    - Loans 48
    - Organisational Matters and Human Resources 50
    - Profit/loss, Dividend per Share 50
    - Court, Administrative and Arbitration Proceedings 50
    - Distribution of the Company's Accounting Profit for 2017 52
    - Projected Business Development and Financial Position in 2018 53
    - Water Resources 57
    - Drinking Water Production 57
    - Water quality in central water treatment plants 57
12. INFORMATION TECHNOLOGIES 68
13. SUSTAINABLE DEVELOPMENT 72
    - Corporate Governance 73
    - Human Resources 73
    - Environment 75
    - Region 75
14. REPORT OF THE SUPERVISORY BOARD 78
15. AUDITOR'S REPORT 80
16. POST BALANCE SHEET EVENTS 86
17. APPROVAL OF THE FINANCIAL STATEMENTS 90



Severomoravské vodovody a kanalizace Ostrava a. s. is the leading water supply company in the Moravian-Silesian Region. More than one million of people from the Moravian-Silesian Region, Region of Olomouc and border territories in Poland drink the water produced in Company’s water treatment plants.

Introduction

I.

SmVaK

Dear Shareholders, Ladies and Gentlemen,

We hereby present a report that comprehensively documents the activities and operations of our company in 2017.

I can state that the Company successfully met all of its planned key objectives in the area of finance/economy, operation and organisation/human resources. Throughout the year, the Company secured reliable supplies of high-quality drinking water in all locations of its operation, as well as drainage and treatment of waste water.

Two investment projects were successfully completed in early 2017. The Company invested CZK 130 million in renovating the engineering and technologic facilities of the largest water treatment plant in Podhradí. The plant went through the first major renovation of this type after 60 years of reliable operation. Furthermore, over CZK 50 million was invested to increase the efficiency of and modernise the sludge management of the second largest water treatment plant in Opava. In the backbone production and distribution system of the Ostrava Area Water Supply System, renovation was commenced in respect of the Záhumenice – Bělá DN 500 feeder main, relocating the feeder main at the intersection with the Odra River. This key structure amounting to more than CZK 40 million, which aims to ensure reliable supplies to a part of the region, will be completed in 2018.

Furthermore, the Company allocated CZK 526 million to dozens of minor and major investments structures in 2017. The volume of resources invested in repairing infrastructure, technology and facilities amounted to CZK 212 million, which is a significant increase. In 2017, a total of CZK 750 million was also invested in the water management infrastructure.

In 2018, the Company will commence a series of significant investments as well as small-scale projects which are, however, of major importance for people living in the respective (often remote) areas, being aimed at reliable operation of infrastructure in the long-term.

As in the prior periods, the Company was actively engaged in licence proceedings, operating (since the beginning of 2018) a sewage system and water treatment plants in Mosty u Jablunkova, which is the most Eastern part of the Czech Republic. The Company will continue to perform the development activities and seek new opportunities, both in our region and abroad. We are convinced that a combination of an appropriate pricing strategy and first class know-how enables us to stand up to the competition.

In 2017, the volume of drinking water production decreased by approximately 1.6 million cubic meters to 60.4 million which proved the trend set in prior years. The volume of water supplier to households, business entities and external water management companies saw a decrease. The volume of unbilled water remained similar as in the prior period. The average daily consumption of drinking water per one inhabitant in our region remained similar as in prior years (87 litres).

In a year-on-year comparison, the Company's revenue moderately increased to CZK 2,422 billion. The Company increased its revenue generated by construction and assembly activities by more than CZK 8 million to an amount exceeding CZK 54 million. The Company will continue to seek business opportunities in this area as well as in other market segments. The 2017 profit before tax amounted to CZK 373 million.

The Company makes every effort to develop a customer approach which would be most efficient, effective and convenient for both parties. Since the beginning of 2017, the Company has extended the operating hours of its customer service line. Moreover, an automated tool was launched, generating opinions concerning the existence of networks as of the date of filing a request. The 2017 data indicate that the Company's customers clearly prefer modern technology which may be operated at home to visiting client centres in person.

On those grounds, the Company developed a new online tool for an unregulated business area whereby potential clients may demand services in a user-friendly manner, ie via the Internet. The first months of operation indicated that it was the right decision to make; therefore, the Company will further develop this new way of addressing customers.

What is more, the Company also gives attention to its employees and the region in which it operates. Throughout 2017, the Company continued its unique educational programme entitled Strom života ("Tree of Life") focusing on water and its significance for humans and the environment. In 2017, a total of 25 primary schools participated in the programme, including 800 pupils at the upper-primary level. The project gained such popularity among children, teachers and their parents that the capacity for 2018 has already been filled. The Company will continue and develop the project in further aspects. Moreover, the Company has enhanced cooperation with the Faculty of Mining and Geology of the VŠB - Technical University of Ostrava and will continue to do so by way of individual projects.

The employees who are actively engaged in non-profit organisations became the focus of our third round of the grant programme entitled Plaveme v tom spolu! ("We are in this together!"), announced at the turn of 2017 and 2018. In the previous two years, the Company provided CZK 400 thousand to 34 projects of non-profit organisations in which the Company's employees work in their free time, free of charge. We appreciate that our employees are interested in the living standards of people in their region and engaged in activities bringing benefit and joy to others. The Company is convinced that the projects deserve its support. The Project indicates that even small amounts of help realise big things, provided that the people's hearts are in the right place.

In 2017, Severomoravské vodovody a kanalizace Ostrava celebrated a quarter-century from the establishment of the joint-stock company in 1992. Another significant milestone will come about in late 2018 when the Company will commemorate 60 years from the first transport of drinking water from Kružberk through our water treatment plant in Podhradí to Ostrava using the Ostrava Area Water Supply System. The backbone production and distribution system, which has operated smoothly ever since, has been developed, renovated and modernised to secure reliable supplies of drinking water to customers. The company is proud of this achievement as well as of its operation in other areas, at both local and European levels.

I believe that we should also be proud of SmVak Ostrava as a whole, entering 2018 as a strong, stable and reliable company providing its customers with high-quality services at reasonable prices, having a clear vision of its future prospects and not being indifferent to the quality of life of the people living in the region of its operation. Things that we take for granted do not have to be so obvious in other regions or in the areas close to the border.

Anatol Pšenička

Scope of business

II.

SmVaK

Scope of business of Severomoravské vodovody a kanalizace Ostrava a.s.:

- Design work for capital construction
- Official metering
- Inspections of power installations (according to the authorisation of IBP Ostrava of 25 March 1991, registration No.: 1841/10.00/91-EZ-R-S)
- Civil engineering construction projects, including residential compounds
- Business management services excl. Annexes to Act No. 455/91 Coll.
- Freight road transport
- Water systems plumbing services
- Metal machining
- Production, repair and installation of metering devices
- Production and distribution of hot water
- Construction work upon building and repair of water supply and sewage systems
- Sanitation of sewage systems and sewage service connections
- Hazardous waste management
- Tax advisory, bookkeeping and maintaining tax-related records
- Public water supply and sewage systems operation
- Production of electricity
- Production trades and services not included in Annexes 1 – 3 to the Trade Licensing Act, specifically in the following areas:
  - Public water supply and sewage systems operation
  - Waste management /excluding hazardous waste management /
  - Metering testing, analyses and checks
  - Advisory and consultancy, preparation of expert studies and opinions
  - Wholesale and retail
  - Trade and services brokering
  - Rental of other machinery and equipment
  - Automated data processing
  - Accommodation services
  - Lease of movables and real estate, including services
  - Rental of machinery and equipment
  - Provision of technical services
  - Realty services, real estate property management and maintenance
  - Administration services and organisational and business services
  - Research and development in the field of technical sciences or social sciences
  - Storage
  - Production, repair and installation of metering devices.

During 2017, no modifications were made to the scope of business. The Company remains engaged in its business activities within the above-stated areas.

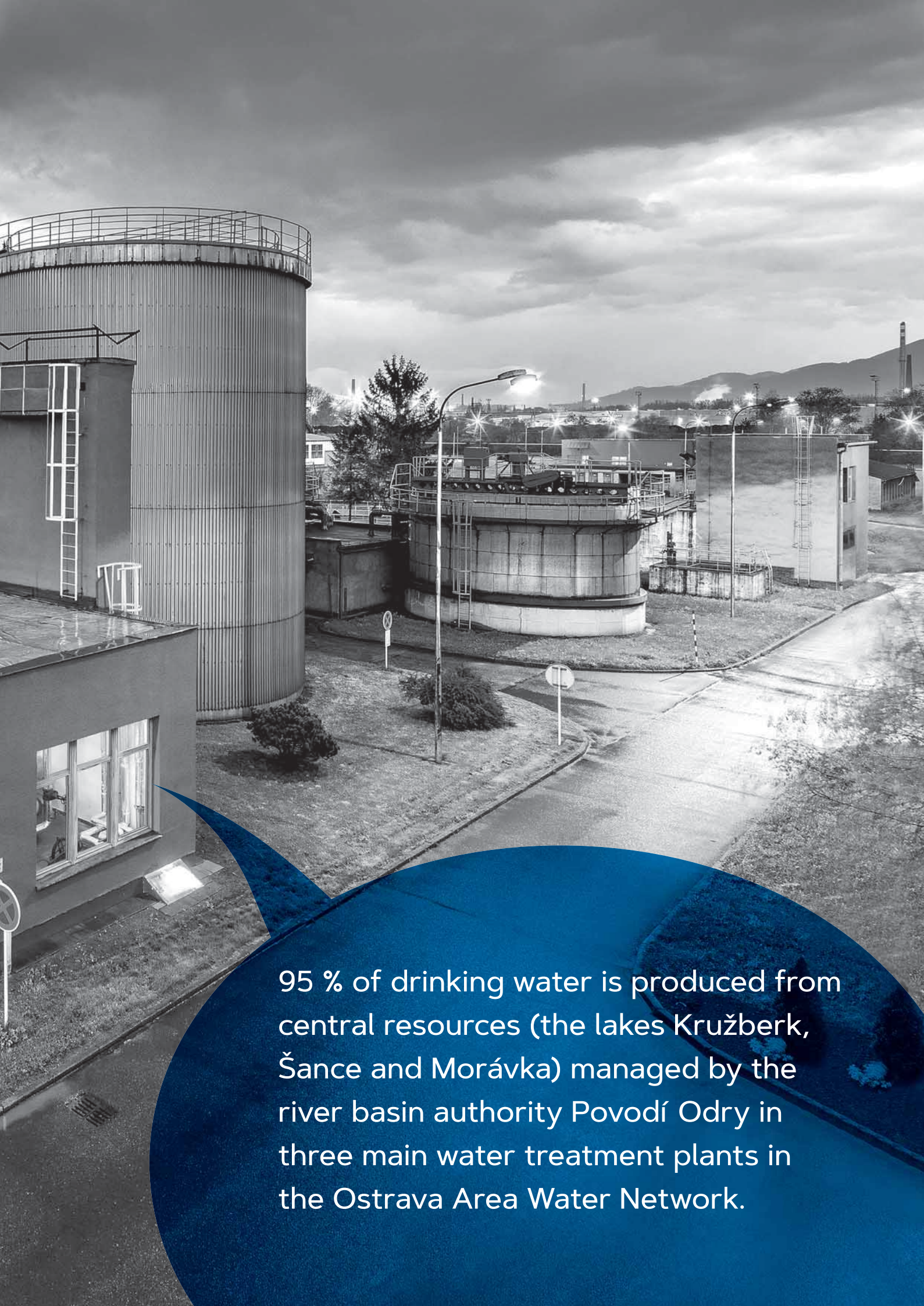
The scope of business of the Company's branch entitled Severomoravské vodovody a kanalizace Ostrawa a.s., oddzial w Polsce

The scope of business of the branch in Poland is identical to the scope of business of SmVaK Ostrava a.s. in the territory of the Czech Republic registered in the Register of Companies.

Aside from the applicable legislation, the Company is governed by the Articles of Association. A change in the Articles of Association was adopted at the General Meeting held on 25 May 2017, establishing the Audit Committee as another of the Company's bodies and defining its powers, composition and decision-making process.

In November 2017, Section 4 – "Registered Capital" of the Articles of Association was modified, following a decrease in registered capital pursuant to a resolution of the General Meeting of 25 May 2017.

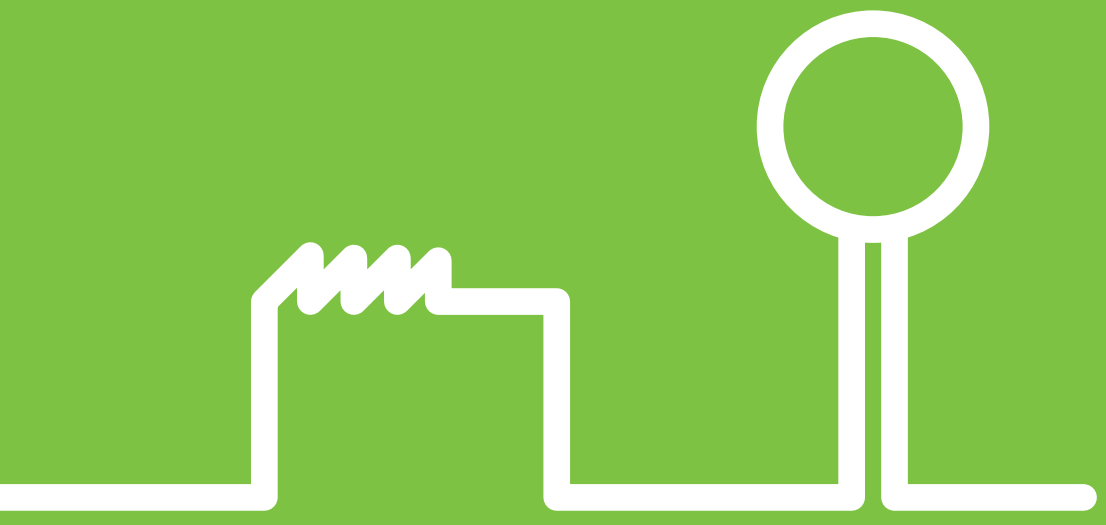
The complete version of the Company's Articles of Association is available at www.smvak.cz, in the 'Shareholders and Investors/Published Documents' section.



95 % of drinking water is produced from central resources (the lakes Kružberk, Šance and Morávka) managed by the river basin authority Povodí Odry in three main water treatment plants in the Ostrava Area Water Network.

SmVaK

Company profile



This annual report includes the results of the company which comprises:

- Severomoravské vodovody a kanalizace Ostrava a.s. (hereinafter the "Company")
- Severomoravské vodovody a kanalizace Ostrawa a.s., oddzial w Polsce (organisational branch in Poland)

The Company is the largest water management company in the Moravian-Silesian Region and a long-standing leader on the Czech water management market. The principal business activity of the Company relates to the production and supply of drinking water and wastewater drainage and treatment.

The Company is one of the top water management companies in the Czech Republic and retains a strong position among major companies in the Moravian-Silesian Region. The Company applies an integrated management system attested by five ISO certificates.

The Company predominantly operates in the districts of Frýdek-Místek, Karviná, Nový Jičín and Opava. In addition, the Company has drinking water supply contracts concluded with Ostrava, Hlučín, Studénka and a number of other smaller municipalities. Furthermore, the Company supplies drinking water to the border area with Poland (Jastrzębie-Zdrój) and a part of the Olomouc region (including Hranice na Moravě, Lipník nad Bečvou and Přerov). On a contractual basis, the Company also operates the sewage system and sewage treatment plant in Bruntál, Vratimov, Dolní Lutyně and Velké Losiny in the Olomouc region and the water distribution system for the Syrákov Association of Municipalities in the Zlín Region.

Using almost 133 thousand water connections with a total length of 771 km, the Company supplies drinking water to 725,892 citizens. It also operates 68 wastewater treatment plants (65 mechanical-biological, 3 mechanical) with a total capacity of 271,246 m^3 per day (sufficient for 984,628 people).

Several changes have been made to the Company's ownership structure since the establishment of a joint-stock company in 1992, when municipalities became the majority shareholders. Since 2 December 2009, the majority shareholder of the Company has been AQUALIA CZECH S.L., whose partners included until autumn 2017 FCC Aqualia, S.A with a 51% ownership interest, and MIT INFRAESTRUCTURE EVROPE LIMITED with a 49% ownership interest which, however, was not a controlling party in compliance with Section 71 of the Act on Business Corporations. In November 2017, an agreement was made between both shareholders on purchasing the 49% ownership interest of MIT by FCC Aqualia which, as a result, became the sole shareholder of AQUALIA CZECH S.L. In early 2018, the transaction was approved by the Office for the Protection of Competition.

As of the date of preparation of the Annual Report, the majority shareholder holds stock representing 98.68% of the Company's voting rights.

The Company does not hold any ownership interest in subsidiaries. The Company is a member of the Group controlled by FOMENTO DE CONSTRUCCTIONESY CONTRATAS, S.A., with its registered office in Spain.

Key Events in 2017

- The regular General Meeting held on 25 May 2017 approved the 2016 annual report, the 2016 ordinary financial statements, as well as the distribution of profit generated in the 2016 reporting period.

- The General Meeting also approved the distribution of profit reported in the 2016 financial statements in the amount of CZK 362,253,984.46, such that a part of the profit in the amount of CZK 287,049,275 was distributed among shareholders as a dividend, where the dividend per share amounted to CZK 83.00 before tax, and the remaining portion in the amount of CZK 75,204,709.46 was transferred to retained earnings brought forward.

- In accordance with IAS/IFRS as adopted by the EU, the Company's financial performance in 2017 resulted in a pre-tax profit of CZK 372,783 thousand. The projected total expenses for 2017 were based on needs, pricing implications and financial obligations.

- Research and development activities aimed at the research of corrosive effect of treated water continued in cooperation with VŠB - Technical University of Ostrava throughout 2017. The Company also concluded a memorandum on cooperation with NAFIGATE Corporation with respect to testing a membrane nano-filter for raw water filtration.

- In 2017, the Company's investment policy was based on its business development needs, in line with the approved long-term plan. In 2017, the Company met investment needs amounting to almost CZK 526 million. The Company fulfilled its aim to participate in realising investments in water management infrastructures in the municipalities of the region which is subject to the Company's supplies.

- Pursuant to Section 19a (1) of Act No. 563/1991 Coll., the Company, in its capacity as a business entity issuing investment securities listed on a regulated securities market in the EU Member States, maintains its accounts and prepares its financial statements in accordance with International Financial Reporting Standards as adopted by the EU (see Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of International Accounting Standards).

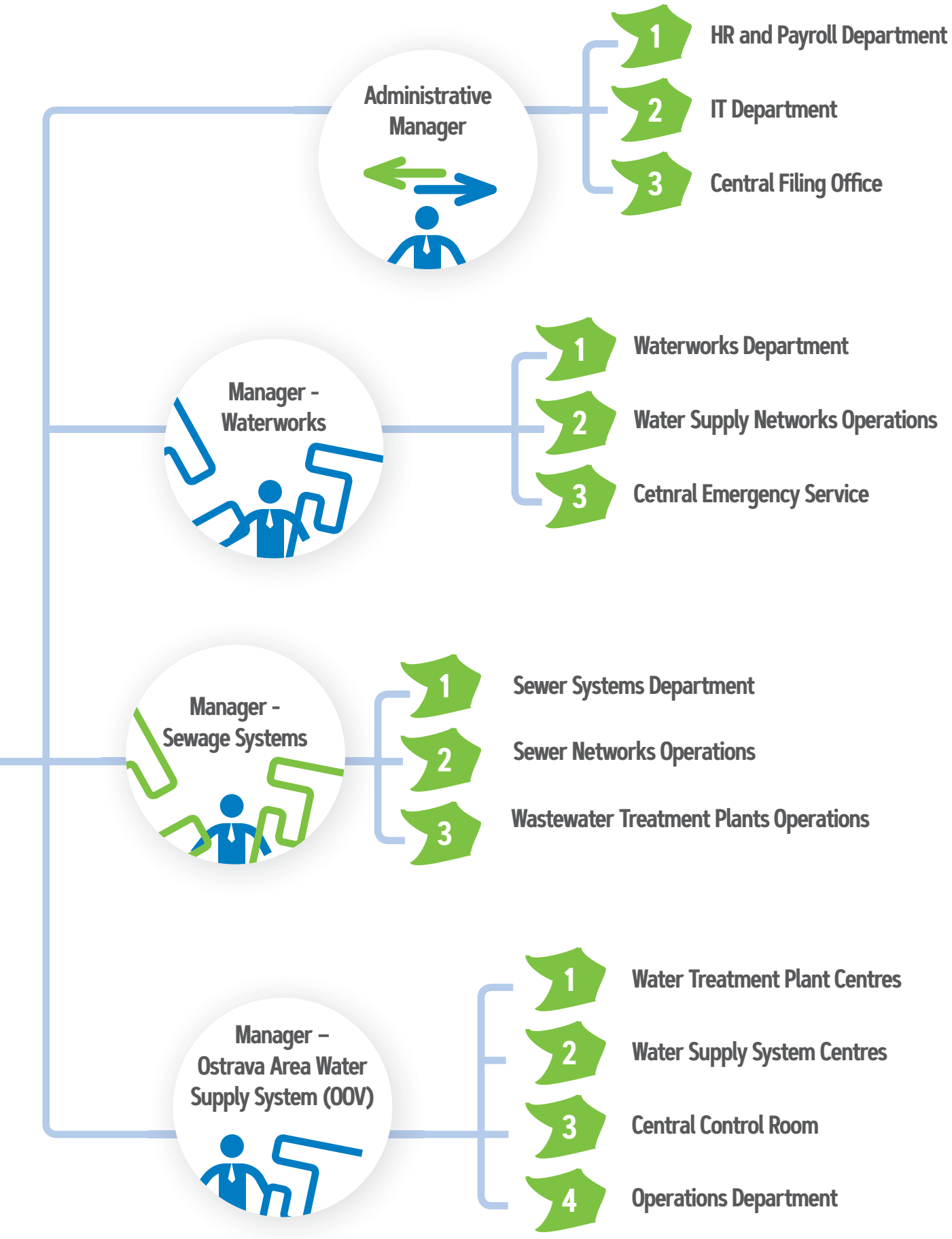
- In November 2017, the Company successfully defended three certifications (occupational health and safety management system, quality management system, environmental management system) in the recertification audit. In June 2017, the Company saw the successful completion of an external supervisory audit focusing on the energy management system.

- Aqualia Czech as the majority owner SmVaK Ostrava changed its property structure: a 49% share held by MIT INFRAESTRUCTURE EVROPE LIMITED was taken over by FCC Aqualia S.A. which became the 100% owner of Aqualia Czech S.L. The transaction was approved by the Office for the Protection of Competition in January 2018.

Each year, the Company invests more than a half billion of CZK into reconstruction, renewal and construction of water and wastewater facilities. In 2017, the investments were CZK 526 million.

IV. Organisational

structure


Administrative Manager
1
HR and Payroll Department
2
IT Department
3
Central Filing Office
Manager - Waterworks
1
Waterworks Department
2
Water Supply Networks Operations
3
Cetnral Emergency Service
Manager - Sewage Systems
1
Sewer Systems Department
2
Sewer Networks Operations
3
Wastewater Treatment Plants Operations
Manager – Ostrava Area Water Supply System (OOV)
1
Water Treatment Plant Centres
2
Water Supply System Centres
3
Central Control Room
4
Operations Department

Decision-making Process and Composition of the Statutory and Supervisory Bodies

BOARD OF DIRECTORS

The decision-making process and the powers of the Board of Directors as the statutory body is specified in the Company's Articles of Association, Section B – Board of Directors, Sub-sections 16 to 22.

COMPOSITION OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2017

Sub-section 17 of the Company's Articles of Association stipulates that the Board of Directors has 15 members.

Félix Parra Mediavilla	Chairman of the Board
Luis Francisco De Lope Alonso	First Vice-Chairman
Guillermo Moya García-Renedo	Second Vice-Chairman
Miroslav Kyncl	Third Vice-Chairman
Isidoro Antonio Marbán Fernández	member
Fernando Flores Gavala	member
Jesús Roldán Ortega	member
José María Álvarez Oblanca	member
Kazushige Katamura	member
Hideki Ando	member
Václav Holeček	member
Věra Palková	member
Ladislav Šincl	member
Miroslav Šrámek	member
Zdeněk Trejbal	member

Following the resignation of Mitsuru Yasuhara as a Board member on 28 July 2016, Tatsuro Amano was co-opted as a substitute Board member until the nearest General Meeting. His membership in the Board of Directors terminated as of 25 May 2017 when the General Meeting was held.

The General Meeting held on 25 May 2017 elected and appointed Katamura Kazushige as a Board member.

On 17 January 2018, the Company's Board of Directors debated the resignation of Hideki Ando and Katamura Kazushige from their functions in relation to the sale of the business share held by MIT INFRAESTRUCTURE EVROPE LIMITED in AQUALIA CZECH, S.L. as the controlling entity of SmVaK Ostrava. As of the date of the Annual Report, the changes in the Board of Directors are recorded in the Register of Companies.

Details of the Board of Directors

All members of the Board of Directors confirmed in a statutory declaration before the election that they were qualified to be members of the Company's statutory body and that there were no obstacles for the performance of the office in line with applicable regulations. During the period, none of the Board members announced that they had lost the statutory competence to serve as members of the body.

Information pursuant to Section 118 (4) (f) of Act 256/2004 Coll.

	Description of pecuniary income
Félix Parra Mediavilla	No income, based on remuneration waiver
Miroslav Kyncl	Compensation arising from the Board of Directors membership under a contract approved by the Company General Meeting for performance of statutory body obligations
Fernando Flores Gavala	No income, based on remuneration waiver
Luis Francisco de Lope Alonso	No income, based on remuneration waiver
Isidoro Antonio Marbán Fernández	No income, based on remuneration waiver
Guillermo Moya García-Renedo	No income, based on remuneration waiver
Jesús Roldán Ortega	No income, based on remuneration waiver
José María Álvarez Oblanca	No income, based on remuneration waiver
Věra Palková	Compensation arising from the Board of Directors membership under a contract approved by the Company General Meeting for performance of statutory body obligations
Zdeněk Trejbal	Compensation arising from the Board of Directors membership under a contract approved by the Company General Meeting for performance of statutory body obligations
Václav Holeček	Compensation arising from the Board of Directors membership under a contract approved by the Company General Meeting for performance of statutory body obligations
Miroslav Šrámek	Compensation arising from the Board of Directors membership under a contract approved by the Company General Meeting for performance of statutory body obligations
Ladislav Šincl	Compensation arising from the Board of Directors membership under a contract approved by the Company General Meeting for performance of statutory body obligations
Kazushige Katamura	No income, based on remuneration waiver
Hideki Ando	No income, based on remuneration waiver

Principles of remuneration

The General Meeting approves remuneration to the Board of Directors members for the duration of their four-year term pursuant of the Agreement on the Performance of Office. The remuneration is a fixed monthly amount, regardless of the member's specific position within the Board of Directors, without any variable component. This compensation may be reduced to as much as 50 percent in the event of unjustified absences at meetings. The Board of Directors members receive no other form of compensation. The Company made no agreement with any member on the provision of any benefits upon the termination of membership in the Board of Directors. The entire amount of compensation to the members representing the majority shareholder is provided by the controlling party.

In 2017, pecuniary income of the Company Board of Directors members totalled CZK 1,188 thousand (in 2016: CZK 1,188 thousand). No in-kind compensation was provided. The above-referred Board members receive no remuneration for the performance of office in line with their remuneration waiver in writing.

SUPERVISORY BOARD

The decision-making process and the powers of the Supervisory Board as a controlling body is specified in the Company's Articles of Association, Section C – Supervisory Board, Sub-sections 24 to 31.

COMPOSITION OF THE SUPERVISORY BOARD AS OF 31 DECEMBER 2017

Pursuant to the Company's Articles of Association, the Supervisory Board has 12 members.

Lukáš Ženatý	Chairman
Eva Richtrová	Vice-Chairperson
Bohuslav Majer	member
Štefan Langer	member
Danuše Harudová	member elected by the Company's employees
Radim Výtisk	member elected by the Company's employees
Pedro Miñarro Perete	member
Zbyněk Skyba	member elected by the Company's employees
Karel Svoboda	member
Markéta Rosmarinová	member elected by the Company's employees
Petr Rys	member
Radim Křupala	member

Due to the completion of the term of office of three Supervisory Board members, the General Meeting held on 25 May 2017 re-elected Petr Rys, Karel Svoboda and Pedro Miñarro Perete as Supervisory Board members.

The changes to the composition of the Supervisory Board are recorded in the Register of Companies as of the date of this Annual Report.

Details of the Supervisory Board

All members of the Supervisory Board confirmed in a statutory declaration before the election that they were qualified to be members of the Company's body and that there were no obstacles for the performance of the office in line with effective regulations. During 2017, none of the Supervisory Board members announced that they had lost the statutory competence to serve as members of the body.

Information pursuant to Section 118 (4) (f) of Act 256/2004 Coll.

	Description of pecuniary income	Description of in-kind compensation
Lukáš Ženatý	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for performance of supervisory body obligations.	
Bohuslav Majer	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for performance of supervisory body obligations.	
Danuše Harudová	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for performance of supervisory body obligations. The reported income includes also income earned under the Agreement on Company Employee's Wage. Compensation under the Collective Agreement	Supplementary pension insurance under the Collective Agreement
Eva Richtrová	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for performance of supervisory body obligations.	
Zbyněk Skyba	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for performance of supervisory body obligations. The reported income includes also income earned under the Agreement on Company Employee's Wage. Compensation under the Collective Agreement	Supplementary pension insurance under the Collective Agreement

	Description of pecuniary income	Description of in-kind compensation
Pedro Miñarro Perete	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for performance of supervisory body obligations. Compensation under the Collective Agreement	
Radim Výtisk	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for performance of supervisory body obligations. The reported income includes also income earned under the Agreement on Company Employee's Wage. Compensation under the Collective Agreement	Supplementary pension insurance under the Collective Agreement
Karel Svoboda	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for performance of supervisory body obligations.	
Štefan Langer	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for performance of supervisory body obligations.	
Markéta Rosmarinová	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for performance of supervisory body obligations. The reported income includes also income earned under the Agreement on Company Employee's Wage. Compensation under the Collective Agreement	Supplementary pension insurance under the Collective Agreement
Petr Rys	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for performance of supervisory body obligations.	
Radim Křupala	No compensation pursuant to Section 5 (2) of Act No. 159/2006 Coll., on Conflict of Interest, as amended.	

Principles of remuneration

The General Meeting approves remuneration to members for the duration of their four-year term. The remuneration is a fixed monthly amount, regardless of the member's position within the Supervisory Board, without any variable component. This compensation may be reduced to as much as 50 percent in the event of unjustified absences at meetings. The Supervisory Board members receive no other form of compensation. The Company made no agreement with any member on the provision of any benefits upon the termination of membership in the Supervisory Board.

The entire amount of compensation to the Supervisory Board members representing the majority shareholder is provided by the controlling party.

In 2017, pecuniary income of the Company's Supervisory Board members totalled CZK 1,683 thousand (CZK 1,447 thousand in 2016).

Pecuniary income of the Company's Supervisory Board members – Company employees in 2017 were as follows:

- Employment income (Company employees) – CZK 3,497 thousand (CZK 3,139 thousand in 2016); and
- Income from the membership in the Supervisory Board – CZK 660 thousand (CZK 528 thousand in 2016).

Total in-kind and other compensation in connection with employment income in 2017 amounted to CZK 404 thousand (CZK 358 thousand in 2016).

Information on the persons responsible for the Annual Report and Financial Statements audit

Name and surname	Position Employer
Anatol Pšenička	Managing Director Severomoravské vodovody a kanalizace Ostrava a.s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava
Albín Dobeš	Economic Director until 31 December 2017 Severomoravské vodovody a kanalizace Ostrava a.s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava
Halina Studničková	Economic Director since 1 January 2018 Severomoravské vodovody a kanalizace Ostrava a.s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava
Martin Veselý	Technical Director Severomoravské vodovody a kanalizace Ostrava a.s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava
Milan Konář	Director of Water Supply Networks Severomoravské vodovody a kanalizace Ostrava a.s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava
Jan Tlolka	Director of Sewage Systems Severomoravské vodovody a kanalizace Ostrava a.s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava
Jiří Komínek	Director of Ostrava Area Water Supply Networks Severomoravské vodovody a kanalizace Ostrava a.s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava
Petr Šváb	Administration Director Severomoravské vodovody a kanalizace Ostrava a.s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava

The Company's management

Information pursuant to 118 (4) (f) and (h) of Act 256/2004 Coll.

	Description of responsibilities	Description of pecuniary income	Description of in-kind compensation
Anatol Pšenička, Managing Director	Ensures execution of the Company bodies' resolutions; Acts on the Company's behalf within the scope of written authorisation by the Board of Directors; Acts on the Company's behalf within the scope of management of the Company's operations; Is in charge of the Company's emergency management; Represents the Company's management for the integrated management system, Organises the Company's relations with the public; and Is responsible for the provision of legal services in the Company.	Salary paid under the Agreement on the Appointment of the Managing Director (basic salary, bonuses, compensation under the Collective Agreement)	Company car for personal use

	Description of responsibilities	Description of pecuniary income	Description of in-kind compensation
Albín Dobeš, Economic Director	Is responsible for the effectiveness of economic and financial transactions, drafting of the Company's economic and financial plan and ensuring that its targets are met; Ensures ongoing financial management; Is in charge of Company business operations and devising marketing strategy; Is responsible for pricing policy; and Acts on the Company's behalf within the scope of written authorisation by the Board of Directors.	Salary paid under the Wage Contract (basic salary, bonuses, compensation under the Collective Agreement)	Supplementary pension, Company car for personal use
Martin Veselý, Technical Director	Ensures drafting technology strategy; Is responsible for the preparation and effectiveness of the Company's investment projects; Ensures meeting corporate energy and transport-related targets; Is in charge of occupational health and safety and fire protection policies; and Is responsible for the central procurement system.	Salary paid under the Wage Contract (basic salary, bonuses, compensation under the Collective Agreement)	Supplementary pension, Company car for personal use
Petr Šváb, Administration Director	Is responsible for meeting the Company's reporting obligations, as securities issuer, ensuing from generally binding regulations and internal rules; Ensures archive activities across the Company; Is in charge of human resources, payroll policy and payroll agenda; and Is responsible for IT operation and development.	Salary paid under the Wage Contract (basic salary, bonuses, compensation under the Collective Agreement)	Supplementary pension, Company car for personal use
Milan Koníř, Director of Water Supply Networks	Is responsible for all water supply networks operations; Is responsible for uninterrupted drinking water supply; Is responsible for the quality of supplied water and the quality control of supplied water; Ensures collaboration with cities and municipalities in water supply operations; Is in charge of metrology within the scope of water supply; and Acts on the Company's behalf within the scope of written authorisation by the Board of Directors.	Salary paid under the Wage Contract (basic salary, bonuses, compensation under the Collective Agreement)	Supplementary pension, Company car for personal use
Jan Tlolka, Director of Sewage Systems	Is responsible for all sewage networks operations; Is responsible for wastewater drainage and treatment; Is responsible for the quality of discharged wastewater and quality control of discharged wastewater; Is in charge of waste management across the Company; Is in charge of metrology within the scope of wastewater drainage and treatment; and Acts on the Company's behalf within the scope of written authorisation by the Board of Directors.	Salary paid under the Wage Contract (basic salary, bonuses, compensation under the Collective Agreement)	Supplementary pension, Company car for personal use

	Description of responsibilities	Description of pecuniary income	Description of in-kind compensation
Jiří Komínek, Director of Ostrava Area Water Supply Networks (OOV)	Is in charge of OOV management and all operations; Is responsible for drinking water production in water treatment plants and water sources across the Company; Is responsible for the quality of water supplied from water treatment plants, water sources and water supply networks and for quality control of supplied water; Is responsible for uninterrupted drinking water supply within the Ostrava Area Water Supply Networks; and Is responsible for metrology within the scope of water treatment operations.	Salary paid under the Wage Contract (basic salary, bonuses, compensation under the Collective Agreement)	Supplementary pension, Company car for personal use

Principles of remuneration:

The Company's managers with managing powers (hereinafter the "managers") are paid a fixed basic salary and a variable component (bonuses) on the basis of their Wage Contract.

For the Managing Director, the amount of the monthly salary is determined by the Company's Board of Directors, and for other top managers by the Managing Director, based on authorisation issued by the Board of Directors.

The managers' bonuses are variable, depending on whether the managers meet pre-defined criteria. Entitlement for bonuses and their payment depends on meeting the criteria set for individual managers.

The key criteria for bonus payments are:

- The total volume of the Company's operational production;
- Operating profit before taxes, without extraordinary gains;
- Available cash-flow;
- Compliance with the Company's investment plan; and
- Acquisition activities of the Company.

The amount of approved bonuses is based on evaluation of meeting the required criteria as follows:

No bonus is paid when less than 90 percent of the criteria are met;

The bonus is reduced when the criteria are met at 90-100 percent, based on the evaluation of meeting each specific criterion.

The Board of Directors assesses meeting the pre-defined criteria by the Managing Director, and the Managing Directors assesses meeting the criteria by other managers, based on authorisation of the Board of Directors.

No Remuneration Committee has been set up by the Company. Wages are monitored and evaluated for each calendar year.

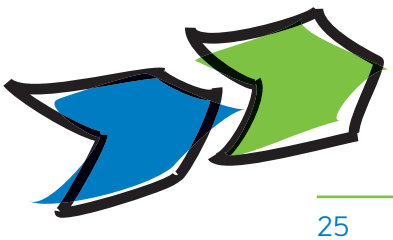
Bonus payments (money transfers) are subject to approval by the Company's Economic Director and Managing Director.

In the event of termination of the manager's employment, a competition clause has been signed pursuant to Section 310 of the Labour Code for one year, which guarantees severance pay of the employee's 12 average salaries provided the terms of the competition clause have been met.

In 2017, pecuniary income of managers totalled CZK 15,781 thousand (CZK 12,840 thousand in 2016); total in-kind and other compensation amounted to CZK 812 thousand (CZK 666 thousand in 2016).

Information pursuant to Section 118 (4) (g) of Act No. 256/2004 Coll., on the Company's shares or similar types of securities and option or comparable investment instruments, the value of which pertains to the Company's shares or similar types of securities in the ownership of members of the Board of Directors and/ or the Supervisory Board members and other Company managers and executives as of 31 December 2017.

	Number of the Company's shares or similar types of securities as of 1 January 2017	Number of the Company's shares or similar types of securities as of 31 December 2017	Option or comparable investment instruments, the value of which pertains to the Company's shares or similar types of securities
Board of Directors members in total	0	0	none
Supervisory Board members in total	1	1	none
Company managers and executives	1	1	none



V.

Development of the company's registered capital and equity

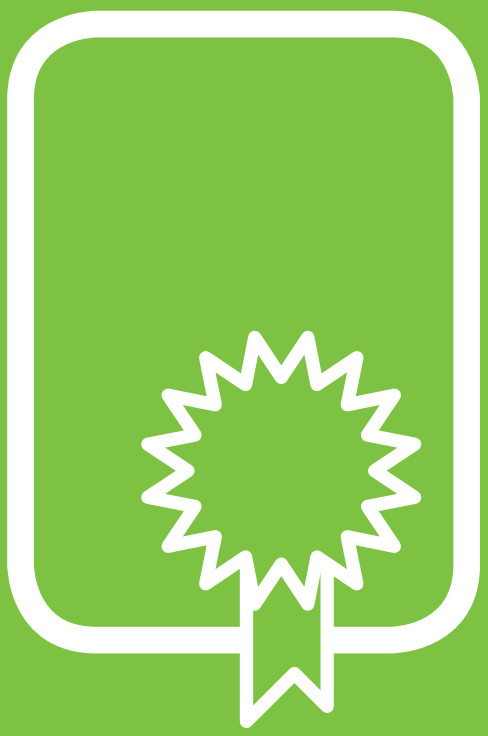
Indicator	Measurement Unit	2015	2016	2017	ISIN No.
1. Registered capital	CZK thousand	1,296,909	3,458,425	1,296,909	-
Total shares	Piece	3,458,425	3,458,425	3,458,425	-
of which bearer share	Piece	421,385	421,385	421,385	CS0008435251
of which registered shares	Piece	3,037,040	3,037,040	3,037,040	CS0009031166
2. Reserve funds	CZK thousand	0	0	0	-
3. Retained earnings	CZK thousand	399,411	422,739	434,418	-
EQUITY	CZK thousand	1,696,320	3,881,164	1,731,327	-

Pursuant to a resolution of the General Meeting, the Company's registered capital decreased by CZK 2,161,515,625 to CZK 1,296,909,375. The Company's registered capital decreased by reducing the nominal value per share from CZK 1,000 to CZK 375.

The decrease in the registered capital became effective as of 6 November 2017 when the change in the registered capital was recorded in the Register of Companies.

VI.

Securities



Securities Issued

a) Stock

Issuer:	Severomoravské vodovody a kanalizace Ostrava a.s.
Type of security:	Shares
Class:	Registered share
Total amount:	CZK 1,138,890,000
Number of shares:	3,037,040
Nominal value per share:	CZK 375
Form:	Book-entered; records of holders are maintained by Centrální depozitář cenných papírů, a.s. (Central Depository of Securities)
ISIN:	CS 0009031166

Issuer:	Severomoravské vodovody a kanalizace Ostrava a.s.
Type of security:	Shares
Class:	Bearer share
Total amount:	CZK 158,019,375
Number of shares:	421,385
Nominal value per share:	CZK 375
Form:	Book-entered; records of holders are maintained by Centrální depozitář cenných papírů, a.s. (Central Depository of Securities)
ISIN:	CS 0008435251

The change to the nominal value of shares was made pursuant to recording the change in the Company's registered capital in the Register of Companies. The Company does not hold the Company's shares.

The foregoing securities are traded on the open market organised by RM-SYSTÉM, česká burza cenných papírů a.s. (Czech stock exchange).

Shareholders may exercise their securities-related ownership rights through the following bank:

ING Bank N.V., organisational branch
Českomoravská 2420/15
Libeň, 190 00 Prague 9

Dividend payments:

Payments of dividends in previous years were effected under the rules passed by the respective General Meeting's resolution through Československá obchodní banka, a.s., Radlická 333/150, 150 57 Prague 5.

Instructions for exercising shareholders' rights:

All information pertaining to securities issued by the Company shall be published pursuant to its Articles of Association and applicable legislation in the Register of Companies, the Commercial Bulletin and on the website www.smvak.cz in section Shareholders and Investors/Published Documents.

Shareholders holding at least a 5% interest in the Issuer's registered capital or voting rights as of 31 December 2017:

AQUALIA CZECH S.L.	98.68%
Madrid, Avda. del Camino de Santiago 40	
Kingdom of Spain	

Shareholders from amongst the general public hold the remaining shares, representing a share capital of 1.32%. The Company's shares are fully transferable and bear no first option.

b) Bonds issued on 17 July 2015 maturing on 17 July 2022

Issuer:	Severomoravské vodovody a kanalizace Ostrava a.s.
Type of security:	Bonds
Class:	Book-entered bearer bond
Total amount:	CZK 5,400,000,000
Number of bonds:	1,800
Nominal value:	CZK 3,000,000
Fixed interest yield:	2.625% p.a.
Date of issue:	17 July 2015
ISIN:	CZ 0003512824

The foregoing bond issue was approved by a resolution of the Board of Directors dated 21 April 2015.

The Company issued the bonds in the aggregate nominal amount of CZK 5,400,000,000 (in words: five billion four hundred million Czech crowns) with 2.625% annual fixed interest rate maturing in 2022. The offering circular and the issue conditions were approved by the Czech National Bank on 14 July 2015 under ref. no. 2015/078294/CNB/570.

The Issuer's offering circular is available at www.smvak.cz in section Shareholders and Investors/Bonds.

Effective as of 17 July 2015, the bonds issued were accepted for trading on the Regulated Market based on a resolution of the Managing Director of Burza cenných papírů Praha, a.s. (Prague Stock Exchange) dated 13 July 2015 under ref. no. B/102/2015/KB. The bonds began to be traded on 17 July 2015, when all of 1,800 bonds were sold.

Bond Holders as of 31 December 2017

Number of bonds held by foreign corporate entities	37
Number of bonds held by corporate entities (CZ)	1,652
Number of bonds held by individuals (CZ)	111
Total bonds	1,800

All information pertaining to these securities is available at the Company's registered office.

The services of a fiscal and payment broker with respect to the payment of interest and bonds are provided by Komerční banka, a.s., having its registered office at Na Příkopě 33, 114 07 Prague 1, P. O. BOX 839, the Czech Republic.

Information on the Trade in Shares or Similar Securities Pertaining to the Company Conducted in 2017

In 2017, members of the Board of Directors or the Supervisory Board, the Company's managers and their close relatives did not trade any shares or similar securities pertaining to the Company.

Members of the Board of Directors or the Supervisory Board and the Company's managers received no loans or borrowings, nor did they receive any liability, collateral or performance. The Company's employees do not have an opportunity to hold a share in the Company's registered capital.

The Company did not conclude any contracts with the members of the Board of Directors or the Supervisory Board, the Company's managers and their close relatives.

Auditing Costs for the Relevant Period

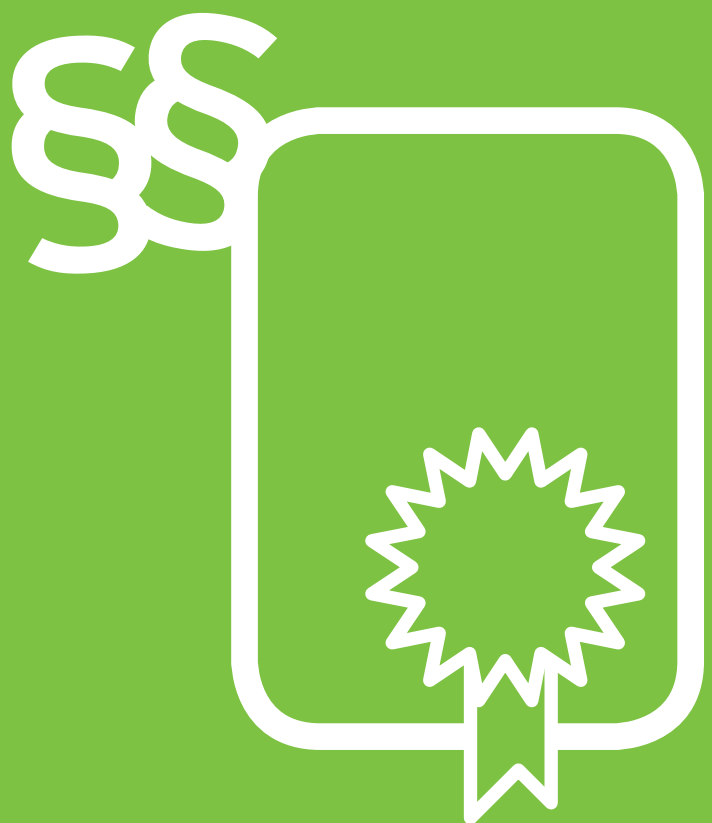
In CZK thousand

Auditor	Amount included in audit costs for 2017	Other services	Other services – Description
Deloitte Audit s.r.o.	885		
Deloitte Advisory s.r.o.		522	Insolvency test
Deloitte Advisory s.r.o.		232	Tax advisory
Deloitte Advisory s.r.o.		2	Training

The Company operates 368 water reservoirs that contain more than 390,000 m³ of drinking water.

VII.

Rights arising from ownership of securities

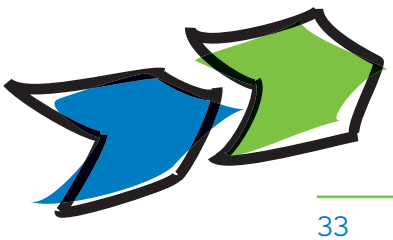


Rights Arising from the Ownership of Shares

The shareholders' rights are governed by Act No. 90/2012 Coll., on Business Corporations, and by the Company's Articles of Association, namely Sections 8, 11 and 12.

Rights Arising from the Ownership of Bonds

The bond holders' rights are governed by generally binding regulations, namely the Act on Business Corporations; Act No. 190/2004 Coll., on Bonds; the terms and conditions of bond issue; and the Issuer's Offering Circular.



T250/150
TP 250/1000
TP
200/1000
6331
T 200/150
TP 80/300
TP 80/200
6315
T 125/125
EPOX

The Company is among leading employers in the Moravian-Silesian Region. In 2017, it gave employments to 860 people.

VIII.

Mandatory information pursuant to the act on capital market undertakings

Corporate Control Instruments

CONTROL PROCEDURES AND AUTHORISATION FOR ACCOUNTING TRANSACTIONS

Pursuant to the provisions of the Accounting Act, separate methodology guidelines, which are part of the ISO standardisation, define specific positions and persons responsible for accounting transactions, persons responsible for their recognition, as well as the payment terms applied.

Payments arising from all accounting documents and their recognition may be approved and signed solely by persons responsible for specific accounting transactions and persons responsible for recognition of the specific accounting transactions.

a) Employees authorised to approve financial transactions reported in accounting documents are responsible for:

- Accuracy, admissibility and efficiency of recognised financial transactions;
- Ensuring control as regards compliance of the data reported in accounting documentation with actual data;
- Correctness, accuracy and completeness (including numerical control) of the financial amounts recognised above;
- Adherence to financial limits determined for respective authorised persons;
- Observing the premise that the limited value of a financial transaction means the sum of all values of specific items that are mutually inter-connected in terms of purpose, contents or personnel.

The authorised employee approves financial transactions by his/her signature which must be identical with the signature specimen.

b) Employees authorised to approve recognition of financial transactions within the Company hold the following positions:

- Head of the Accounting Department; and
- General accountant.

The employees authorised to approve the recognition of financial and accounting transactions are responsible for the following:

- Accounting records comply with the chart of accounts, approved recognition procedures and the valid accounting plan;
- Accounting documentation meets all requirements pursuant to Act No. 563/1991 Coll., in the case of tax documents also the requirements pursuant to Act No. 235/2004 Coll. On Value-Added Tax, as amended;
- Financial transactions reported in the accounting documents have been duly approved by the authorised employees;
- In terms of recognition approval, each accounting document must include two signatures of persons authorised to approve recognition of financial transactions.

Circulation of all accounting documents is ensured to maintain a steady flow of all documents (from issuance, approval and payment to recognition) in a rational and continuous manner and within reasonable deadlines.

SmVaK Ostrava a.s. has appointed and authorised employees responsible for reviewing accuracy, completeness, admissibility and legitimacy of financial transactions and persons authorised to approve accounting (financial) transactions. Their powers are defined in accordance with the amounts/prices determined for specific (separate) financial transactions. For transactions under CZK 3 million net of VAT, two authorised employees jointly approve any such transaction; for transactions between CZK 3 million and CZK 6.5 million net of VAT, three authorised employees and three authorised members of the Company's body (Board of Directors) jointly approve any such transaction; and for transactions exceeding CZK 6.5 million net of VAT, three authorised employees and five authorised members of the Company's body (Board of Directors) jointly approve any such transaction.

A similar procedure is applied to concluding supply contracts and ordering material and services with the exception of authorisations granted by the Company's Board of Directors to senior managers and authorisations arising from the Company's internal policies.

INTERNAL AUDIT

Internal audit within the integrated management system involves an ongoing and systematic review and evaluation of operations of internal organisational units in the areas of quality, energy management, environment, occupational health and safety and fire protection management. Records of internal audits are submitted to Company's management. Control activities focus on compliance employment-related regulations and the Labour Code, binding internal policies and documents, random workplace inspections, reviews of internal accounting records, and reviews of activity progress.

Inspection reports are presented to the Managing Director. In line with the findings (if any), measures are taken by authorised employees to eliminate identified deficiencies.

PAYMENT CONTROL

The Company ensures control of all payments executed by authorised employees within the Economic Information System (EIS) in terms of legitimacy of specific financial transactions and the amount of payment.

The employees executing payments print out a list of payment orders from the EIS system, review and sign it together with respective tax documents (invoices) and submit the payment orders for review to the authorised employee of the finance department, who checks the data for reconciliation and verifies it by signing the accuracy of the issued payment orders. A protocol is prepared on required payments.

Prior to the execution of payments, a Protocol for Approval of the Financial Transaction is prepared and subsequently submitted for a review and an approval to the authorised employees who permit the execution of the payments by signing the Protocol.

After sending the payment orders to the respective bank, the authorised employee signs a protocol on payment control that is filed with a control copy for a compatible medium, a dispatch label for non-document exchange of data carriers, a protocol on successful completion of data transfer, and a list of payment orders.

ELIMINATION OF POTENTIAL RISKS

The detailed business and financial plan for the current year includes identification of potential risks and their elimination in the given environment. The Company effectively eliminates all risks.

PAYROLL CONTROL MANAGEMENT

Access to the payroll and personnel files is granted by the system administrator, following a consultation with the head of the Human Resources and Payroll department, and an approval by the administration director. The payroll system can be accessed by Human Resources Payroll officers processing the payroll agenda, the head of the Human Resources and Payroll department and the administration director.

All wage modifications are subject to approval of the managing director. Payroll outputs are subject to inspection by the heads of the Human Resources department and the administration director and, subsequently, approved by the economic director and the managing director.

THE MAJORITY SHAREHOLDER'S CONTROL

The Company's majority shareholder is AQUALIA CZECH S.L., which holds 98.68% of share capital and is the entity directly controlling Severomoravské vodovody a kanalizace Ostrava a.s. FCC aqualia S. A. holds 100% of the share capital of AQUALIA CZECH S.L.

Both companies are part of the Group controlled by FOMENTO DE CONSTRUCCTIONES Y CONTRATAS, S.A., with its registered office in Balmes 36, Barcelona, Spain.

More detailed information on the controlled and controlling entities is provided in Section 10 herein; "Overview of the Group's Controlled and Controlling Entities" is included in the Appendix thereto entitled "The Report of the Board of Directors on the Relations between the Controlling Entity and Entities Controlled by the Same Controlling Entity /Report on Relations pursuant to Section 82 of the Business Corporations Act".

The majority shareholder (the controlling party) reviews, through the members of the Board of Directors, the annual business plan and monthly economic results, sets and reviews business goals and objectives in "BSC and OBJETIVOS" segment that are assessed on an ongoing basis and discussed in the event of any discrepancies. In addition, the majority shareholder reviews and approves meeting the targets of the investment plan.

The Company has drafted in-house rules which set forth clearly defined procedures and control mechanisms. These are primarily methodological regulations in the ISO documentation system, which in detail describe procedures of processing common transactions, including fraud prevention rules. The Company's internal audit controls adherence to the relevant rules. The majority shareholder in no way influences or interferes with the Company's internal policies.

No other measures beyond the scope of the statutory obligations have been adopted.

Company Code of Corporate Governance

The Company voluntarily endorses, complies with and performs its activity in line with selected chapters of the Code of Corporate Governance based on the OECD Principles and compiled by the Czech Securities Commission. It fully complies with the requirements of Chapter I of the Code on ensuring the basis for an effective corporate governance framework. The full wording of the Code is available on the Company's Intranet.

The Company also meets the requirements for the corporate governance framework and supports transparent and effective markets. The instruments of internal company standards are consistent with the rule of law and govern the distribution

of responsibilities between oversight authorities (the Supervisory Board, internal auditor, function controls), regulation (pricing laws) and law enforcement (actions of the Company's Board of Directors and management that efficiently implement applicable legislation with regard to the Company's specific conditions).

In accordance with Chapter II of the Code, the rights of shareholders and key ownership functions are fully guaranteed and incorporated in the Articles of Association, which observe the fundamental rights of shareholders pursuant to relevant legislation.

Shareholders have the right and opportunity to participate in General Meetings and vote in compliance with voting procedures that govern General Meetings. Capital structures and arrangements allow shareholders to control the Company to the extent proportionate to their equity ownership. All shareholders are entitled to exercise their ownership rights at the standard level.

Shareholders can discuss problems concerning their fundamental rights during General Meetings.

The applicable Articles of Association stipulate that so as to be able to exert their rights, shareholders may participate in the decision-making of the General Meeting by means of postal or videoconference voting.

All materials and documents relating to the agenda of the General Meeting as well as the voting method are published on www.smvak.cz in section Shareholders and Investors/General Meeting no later than 15 days prior to the General Meeting.

The Company adheres to the principles of fair treatment of all shareholders (Chapter III of the document). Shareholders' rights are stipulated by the Articles of Association whereby no shareholder can be discriminated against or restricted to the detriment of another.

The role of stakeholders in corporate governance in Chapter IV of the aforementioned document is fully supported, the established rights of stakeholders are recognised, and active co-operation is encouraged between the Company and stakeholders in creating wealth, jobs and the sustainability of a financially sound enterprise.

The full contents of Chapter V of the aforementioned document have been implemented, whereby the financial and operating results of the Company, Company objectives, major share ownership and voting rights, remuneration policy for members of its bodies and key executives, including their qualifications, and the process of their designation are disclosed in the Annual Report. The information is prepared and disclosed according to the high-quality IAS/IFRS standards along with other financial and non-financial disclosures.

Responsibilities of the Board of Directors and the Supervisory Board to the shareholders and to third parties are in compliance with Chapter VI of the Code, the Articles of Association and applicable legislation. The Board of Directors and the Supervisory Board are able to exercise objective independent judgment on corporate affairs and the Board members have access to accurate, relevant and timely information.

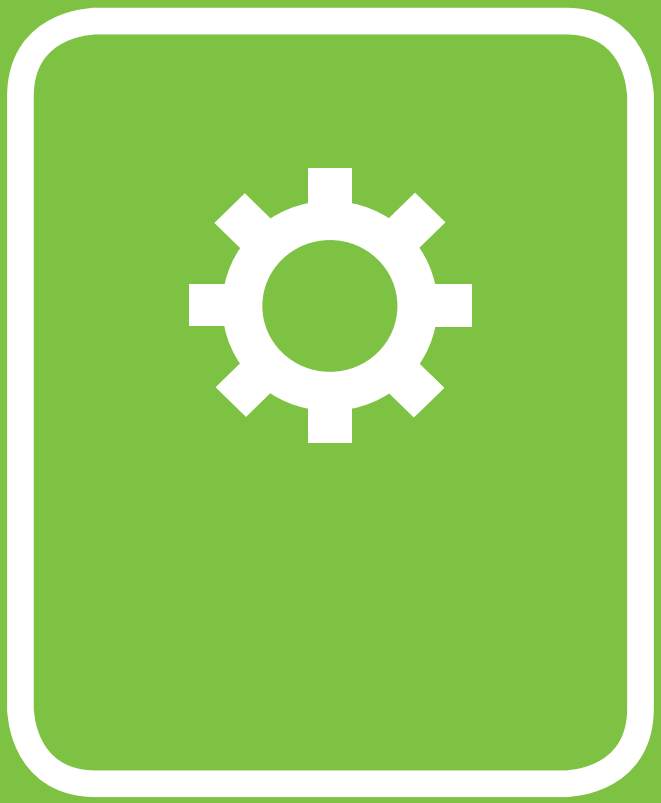
The Company is in full compliance with the Code of Conduct of the FCC Group, of which it forms part, and has implemented the Code into its corporate management system. The full wording of the Code Conduct is available on the Company's Intranet.

Decision-Making Process and Scope of Powers of the General Meeting

The status and power of the General Meeting is defined in Section A - General Meeting in the Company's Articles of Associations.

IX.

Access to the annual report



The Company's Annual Report for 2017 is available as a brochure to be distributed free of charge and available from 20 April 2018 at the Company's registered office on business days from 9:00 a.m. to 3:00 p.m., both in print and on a DVD disc. Appendices to this Annual Report will be enclosed to the printed brochure on a DVD disc. In addition, the Annual Report can be accessed at the registered offices of all parties that are recipients of the Annual Report pursuant to Act No. 256/2004 Coll., specifically Česká národní banka a.s. (Czech National Bank), Burza cenných papírů Praha (Prague Stock Exchange), RM systém, a.s., česká burza cenných papírů (Czech Stock Exchange), and The Royal Bank of Scotland plc, Branch.

As of 20 April 2018, the Annual Report shall be also posted on the Company's website (www.smvak.cz) in the section Shareholders and Investors/Published documents in the pdf format.

X.

The controlled and controlling parties

The overview below shows the controlled and controlling parties within the FCC Group as of 31 December 2017.

1. Controlled party

Severomoravské vodovody a kanalizace Ostrava a.s.
With its registered office at 28. října 1235/169, Mariánské Hory, 709 00 Ostrava
Corporate ID: 45193665
The company is registered in the Register of Companies maintained by the Regional Court in Ostrava,
Section B, File No. 347.

2. Ultimate controlling party of the Group

Fomento de Construcciones y Contratas, S. A.
With its registered office at Balmes 36, Barcelona
Corporate ID: A-28037224
The Company is registered in the Register of Companies in Barcelona,
Section 21.736, File 1, page B-26.947.
The company is not registered in the Register of Companies in the Czech Republic.

3. Directly controlling person

AQUALIA CZECH S.L.
With its registered office at Avda. del Camino de Santiago 40, Madrid, Spain
Corporate ID: B-85794931
The company is registered in the Register of Companies in Madrid, Deed no. M-488820.
The company is not registered in the Register of Companies in the Czech Republic.

4. Other parties within the Group with which the Company had contractual relationships

4.1. Aqualia infraestructuras inženýring, s.r.o.

With its registered office at Slavníkovců 571/21, Mariánské Hory, 709 00 Ostrava-Corporate ID: 64608042
The company is registered in the Register of Companies maintained by the Regional Court in Ostrava, Section C, File 14055.

4.2. Vodotech, spol. s r.o.

With its registered office at Jaselská 220/47, Předměstí, 747 07 Opava
Corporate ID: 64086348
The company is registered in the Register of Companies maintained by the Regional Court in Ostrava, Section C, File 8486.

4.3. Aqualia Intech, S. A.

With its registered office at Avda. del Camino de Santiago 40, Madrid, Spain
Corporate ID: A -28849495
The company is registered in the Register of Companies in Madrid, Deed no. M-59467.
The company is not registered in the Register of Companies in the Czech Republic.

4.4. Tratamiento industrial de aguas, S. A.

With its registered office at Federico Salmón 13, Madrid, Spain
Corporate ID: A 28525723
The company is registered in the Register of Companies in Madrid, Deed no. M – 20467. The company's organisational branch is recorded in the Register of Companies maintained by the Municipal Court in Prague, Section A, File 61073, corporate ID: 28382161.

4.5. FCC AQUALIA, S. A.

With its registered office at Federico Salmón 13, Madrid, Spain
The Company is registered in the Register of Companies in Madrid, Deed no. M-58878.
The company's organisational branch is recorded in the Register of Companies maintained by the Municipal Court in Prague, Section A, File 69960, corporate ID: 27788318.

4.6. FCC Česká republika, s.r.o.

With its registered office at Ďáblická 791/89, Prague 8, postal code 182 00
Corporate ID: 45809712
The Company is registered in the Register of Companies maintained by the Municipal Court in Prague, Section C, File 12401.

4.7. OBSED a.s.

With its registered office at Nemocniční 998/14, Moravská Ostrava, 702 00 Ostrava
Corporate ID: 27454045
The Company is registered in the Register of Companies maintained by the Regional Court in Ostrava, Section B, File 3265.

4.8. HIDROTEC, Tecnología del Agua, S.L.U.

With its registered office at Sevilla, c. Kansas City 9, Kingdom of Spain
Corporate ID: B – 91033621
The company is registered in the Register of Companies in Sevilla, sheet SE 395, section 8, folio 1.
The company is not registered in the Register of Companies in the Czech Republic.

The FCC Group consists of companies the list of which is attached to this Annual Report.

The Report on Relations specifies all members of the Group with whom the controlled party had contractual relations in the reporting period ended 31 December 2017.

The Report on Relations between the Controlling Party and the Controlled Parties and between the Controlled Parties and other Parties Controlled by the Same Controlling Party for the reporting period ended 31 December 2017, prepared pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations, is an integral part of this Annual Report.

The Company declares that it conducts its business operations independently of the other Group companies as its activities are not dependent on any other Group member.

Severomoravské vodovody a kanalizace Ostrava a.s. is the Controlled Party. It is directly controlled by the Controlling Party, particularly through voting rights at the General Meeting, and as part of business management through the Board of Directors and executive management.

The Company is not a Controlling Party or a partner in any other FCC Group member firm.

The level of the Company's compliance with selected chapters of the Code of Corporate Governance, based on the OECD Principles, is subject to regular analyses; application of the principles to the Company's specific conditions is included in the documents related to the preparation of the annual Financial Statements and the Annual Report for 2017.

The Company is not aware of any risk factors arising from its dominant market position in the regions of its operation.

In 2017, more than CZK 212 million were invested into repair and maintenance – the year-to-year increase reaches 35.1%.

XI.

The board of directors report on business operations and the state of its assets

All figures disclosed in this report comply with International Financial Reporting Standards IAS/IFRS (hereinafter "IFRS"), as adopted by the EU.

Key Financial Results for 2017

Severomoravské vodovody a kanalizace Ostrava a.s. generated profit before taxes of CZK 372,783 thousand in 2017.

Water deliveries to water supply systems of third-party water management companies decreased by 5% year-on-year.

The volume of drinking water delivered to households and businesses in 2017 slightly decreased year-on-year by 1.64%, which represents 554 thousand m³.

The volume of drained wastewater (including the meteoric water invoiced) recorded a minor decrease of 0.27%, which represents a year-on-year decrease of 77 thousand m³.

Supplies of drinking water from central and local sources were uninterrupted throughout 2017 and so was the drainage and treatment of waste water.

Total revenues amounted to CZK 2,422,289 thousand, which is CZK 9,115 thousand more than in 2016.

The Company's overall financial performance in 2017 can be described as favourable. The total volume of drinking water sold to final consumers amounted to 33,255 thousand m³, and the volume of drained wastewater for consideration totalled 28,094 thousand m³. A total of 15,229 thousand m³ of drinking water was delivered to the systems of domestic water management companies, and 4,918 thousand m³ was delivered to water supply systems in Poland.

In compliance with applicable legislation and IAS/IFRS as adopted by the EU, the Company's asset stock-taking included special procedures to apply the respective standards (hereinafter "IAS") to the Company's specific conditions (refer to the notes to the annual financial statements).

Revenues

The total revenues amounted to CZK 2,422,289 thousand in 2017, ie by CZK 9,115 thousand more than in 2016.

Revenues, Expenses and Profit/Loss in CZK thousand

Indicator	2015	2016	2017
Revenues related to water and sewer rates	2,312,198	2,343,578	2,342,469
Other operating income	58,949	69,570	79,630
Interest and other financial income	28	26	190
Total income	2,371,175	2,413,174	2,422,289
Profit before taxes	495,843	448,445	372,783
Profit after taxes	399,411	362,254	298,728

Information on Key Business Operations

Indicator	2015	2016	2017
Billed water (thousand m³)	34,246	33,809	33,255
Supplied water (thousand m³)	22,462	21,310	20,147
Wastewater drainage (thousand m³)	28,046	28,171	28,094

A total of 4,918 thousand m³ of supplied water in the amount of CZK 40,278 thousand was delivered to consumers outside the territory of the Czech Republic. The volume of water supplied to the City of Ostrava amounted to 10,659 thousand m³. A total of 2,084 thousand m³ of drinking water was supplied to Vodovody a kanalizace Přerov a.s. A total of 2,486 thousand m³ of water was delivered to third-party customers.

Expenses

The total recognised expenses including taxes amounted to CZK 2,123,561 thousand in 2017.

Expenses in CZK thousand

Indicator	2015	2016	2017
Material and energy consumption	458,137	447,427	451,967
Personnel expenses	430,614	434,892	458,445

Depreciation/amortisation	473,724	481,856	497,376
Other operating expenses	360,904	418,537	505,304
Net provisions and allowances	-11,915	26,306	-19,397
Interest and other financial expenses	163,868	155,711	155,811
Income tax	96,432	86,191	74,055
Total expenses	1,971,764	2,050,920	2,123,561

Profit/loss

Profit before taxes	
2015	CZK 495,843 thousand
2016	CZK 448,445 thousand
2017	CZK 372,783 thousand
Profit after income tax payable and deferred	
2015	CZK 399,411 thousand
2016	CZK 362,254 thousand
2017	CZK 298,728 thousand

The decrease in profits arises from a change in the pricing regulation concerning water lines and sewerage systems.

Financing

As one of the key goals of successful financial management, the Company's financial assets, cash security and settlement of liabilities (hereinafter "liquidity") were managed in the optimum manner throughout the entire reporting period.

No movable or immovable assets of the Company were pledged as of 31 December 2017.

Loans

To ensure financial stability for the coming years, in 2015, the Company entered into a framework loan agreement for CZK 120,000 thousand with ING Bank N.V., a joint stock company incorporated under the laws of the Netherlands, with its registered office at Bijlmerplein 888, 1102 MG under no. 33031431, represented in the Czech Republic through ING Bank N.V., branch Prague, with its registered office at Českomoravská 2420/15, Libeň, 19000 Praha 9, the Czech Republic, corporate ID: 492 79 866. The loan is secured by a promissory note ("blank bill").

An agreement on a revolving loan facility in the total amount of CZK 150,000 thousand was entered into with ING Bank N.V., a joint stock company incorporated under the laws of the Netherlands, with its registered office at Bijlmerplein 888, 1102 MG under no. 33031431, represented in the Czech Republic by ING Bank N.V., branch Prague, with its registered office at Českomoravská 2420/15, Libeň, 19000 Praha 9, the Czech Republic, corporate ID: 492 79 866. Through this credit line, the SmVaK Ostrava can use funds for the corporation's general purposes and working capital in the normal course of business. It was not used in 2017.

Within the scope of licensing tenders for operating the water supply infrastructure by selected cities and municipalities, the following bank guarantees were provided as security:

Date of issue	Issued to the benefit of	Purpose of issue	Valid from - to	Bank guarantee amount
8 Sep 2015	Třinec	Operation of water supply infrastructure of the town of Třinec within the scope of the Olše basin revitalisation project	8 Sep 2015 – 31 Dec 2017	CZK 75,500
8 Sep 2015	Návsí	Operation of water supply infrastructure of the Návsí municipality within the scope of the Olše basin revitalisation	8 Sep 2015 – 31 Dec 2017	CZK 35,000
8 Sep 2015	Těrlicko	Operation of water supply infrastructure of the Těrlicko municipality within the scope of the Olše basin revitalisation project	8 Sep 2015 – 31 Dec 2017	CZK 46,000
8 Sep 2015	Jablunkov	Operation of water supply infrastructure of the town of Jablunkov within the scope of the Olše basin revitalisation project	8 Sep 2015 – 31 Dec 2017	CZK 55,000
8 Sep 2015	Český Těšín	Operation of water supply infrastructure of the town of Český Těšín within the scope of the Olše basin revitalisation project	8 Sep 2015 – 31 Dec 2017	CZK 69,000
8 Sep 2015	Svazek obcí regionu Novojičínska	Operation of water supply infrastructure – sewage systems of the Associated municipalities of the Nový Jičín region	8 Sep 2015 – 7 Sep 2020	CZK 675,000
8 Sep 2015	Štramberk	Operation of water supply infrastructure – sewage system of the town of Štramberk	8 Sep 2015 – 7 Sep 2020	CZK 50,000
8 Sep 2015	Příbor	Operation of the sewage system at Hukvaldská and Myslbekova streets	8 Sep 2015 – 7 Sep 2020	CZK 50,000
8 Sep 2015	Horní Suchá	Selection of an operator for water supply assets of the Horní Suchá municipality	8 Sep 2015 – 7 Sep 2020	CZK 150,000
8 Sep 2015	Orlová	Operation of the infrastructure of the town of Orlová	8 Sep 2015 – 7 Sep 2020	CZK 100,000
8 Sep 2015	Albrechtice	Operation of water supply assets of the Albrechtice municipality	2 Sep 2014 – 7 Sept 2020	CZK 36,000
22 Dec 2015	Vratimov	Operation of water supply assets of the town of Vratimov	8 Sep 2015 – 7 Sep 2020	CZK 75,000
22 Dec 2015	Velké Losiny	Operation of wastewater drainage and a public water treatment plant in Velké Losiny and the Maršíkov and Bukovice districts	1 Jan 2016 – 20 Dec 2020	CZK 850,000
17 August 2016	Dolní Lutyně	Due fulfilment of the operator's obligations arising from a contract	1 Sep 2016 – 31 Dec 2020	CZK 350,000

Liabilities as of 31 December 2017 in CZK thousand

Text	2015	2016	2017
Long-term liabilities and deferred income, of which	5,883,985	5,904,660	5,933,787
Banks loans and bonds payable	5,323,619	5,334,550	5,345,797
Deferred tax liability	527,099	529,041	541,632
Trade payables and other liabilities	0	0	0
Financial lease liabilities	16,126	23,057	28,126
Provisions	17,141	18,012	18,232
Current liabilities and deferred income, of which	650,504	553,441	749,658
Bank loans and bonds payable	64,575	64,575	64,575
Trade payables and other liabilities	542,492	426,655	643,878
Financial lease liabilities	5,184	7,426	9,406
Tax liability to the state	19,202	14,871	13,061
Provisions	19,051	39,914	18,738

In 2017, the Company settled all its liabilities in a due and timely manner.

Organisational Matters and Human Resources

Labour relations in the Company were governed by the Labour Code and the Collective Agreement signed for 2017. The Company has not set up any Remuneration Committee.

The Company strictly adheres to the principle of equal opportunities (diversity policy) in hiring new employees as well as in their day-to-day activity, evaluation and subsequent remuneration of work results. None of the Company's employees is discriminated against in any manner due to their sex, race, age, political or religious belief. All employees will be treated equally.

Number of employees

	2015	2016	2017
Total headcount, adjusted, of which	863	868	860
Water supply system employees	403	404	402
Sewage system employees	306	308	309
Other employees	154	156	149

Profit/loss, Dividend per Share

	2015	2016	2017
Profit/loss per share in CZK	115.49	104.75	86.38
Dividend per share in CZK	98.00	83.00	To be decided by the General Meeting

The dividend policy is subject to decisions of the General Meeting of the Company in relation to distribution of profits generated in the respective year.

Anti-corruption and Anti-bribery Measures

Measures against corruption and bribery are defined in the Company's internal documents – the Working Rules. Each employee must acquaint themselves with the Working Rules upon employment commencement and confirm their understanding by appending their signature. This issue is also addressed by the Code of Ethics of the FCC Group of which employees are informed and which is available on the Company's intranet.

Court, Administrative and Arbitration Proceedings

In 2017, the Company was involved in two legal disputes as a defendant, following a legal action of minority shareholders challenging the resolutions of the Company's General Meetings.

On 22 August 2016, minority shareholder Miroslav Frank filed a legal action for the invalidity of the resolution of the General Meeting held on 26 May 2016. The legal action challenged the accuracy of the ordinary financial statements for the year ended 31 December 2015, including the follow-up resolution of the General Meeting on distributing the 2015 profit and retained earnings brought forward. Mr Frank opines that the resolution adopted by the General Meeting is contrary to Section 350 (2) of Act No. 90/2012 Coll., on Business Corporations.

The resolution of 16 June 2017 adopted by the Regional Court in Ostrava dismissed the action in full, including the below-listed facts in the reasoning of the judgment:

The resolution of the General Meeting on distributing the 2015 profit and the retained earnings brought forward was not contrary to Section 350 (2) of Act No. 90/2012 Coll., on Business Corporations. The judgment was based on the ordinary financial statements for the year ended 31 December 2015 as a whole, including the notes.

Mr Frank's protest against this matter filed at the General Meeting was considered insufficient by the Court as the applicable legal regulation and judgments stipulate that the protest must be specific, exactly defining the grounds for being filed. The protest must also be substantiated, stating specific provisions of the law or Articles of Association that were subject to the breach by the General Meeting. On the basis of an audio recording, it is presumed that the protests were solely formal and general and may only be qualified as objections rather than protests.

With respect to Mr Frank's objection that no insolvency test was supplied at the General Meeting whereby, in his opinion, the Company breached Section 40 (1) of Act No. 90/2012 Coll., in Business Corporations, the court states that the section referred to above was not breached by the Company as the test in question is a supporting document for the Board of Directions to take decision on the payment of profit shares. This document is thus intended for the Board of Directors which is held fully responsible for the decision in this matter. Therefore, the document does not fall within the competence of the General Meeting.

Mr Frank filed an appeal against this resolution to the High Court in Olomouc, stating that the court judgment is based on an inaccurate legal assessment of the case. This assertion builds on the ordinary financial statements prepared for the year ended 31 December 2015 whereby Mr Frank has inferred that the General Meeting adopted a resolution on distributing the profit in an amount that does not correspond to the ordinary financial statements and that the General Meeting's resolution on profit distribution was adopted contrary to Section 350 of Act No. 90/2012 Coll., on Business Corporations.

Furthermore, Mr Frank has challenged the information disclosed in the financial statements, reproaching the court for issuing its judgment on the basis of unproven and unassessable results of the evidence procedure. Following a call by the court, the Company prepared an opinion on the appeal in question, specifying the key reasons for its disapproval of the individual items of the appeal in question; namely that the financial statements for the year ended 31 December 2015 were prepared in compliance with International Financial Reporting Standards ("IFRS"). This duty arises for the Company from Section 19a of Act No. 563/1991 Coll., on Accounting, given that the Company is an issuer of investment securities accepted for trading on the European regulated market. The financial statements were audited by an auditor that issued its report thereon containing an unqualified opinion. What is more, the General Meeting decided on distributing an amount which, pursuant to the audited financial statements for the year ended 31 December 2015, does not exceed the amount of the operating profit of the latest completed reporting period increased by retained earnings brought forward. As of the date of this Annual Report, the judgment concerning Mr Frank's appeal was not yet issued by the High Court in Olomouc.

On 18 August 2017, minority shareholders Miroslav Frank and EBN SEENA s. r. o. filed a legal action for the invalidity of the resolution of the General Meeting held on 25 May 2017 with the Regional Court in Ostrava. The subject matter of the legal action was an assertion that the resolution of the General Meeting on distributing the 2016 profit, where a part of the profit is to be distributed among shareholders as a dividend, may cause the Company's insolvency, with reference to Section 40 of Act No. 90/2012 Coll., in Business Corporations as well as the issued bonds. From the plaintiffs' perspective, another reason for the General Meeting's resolution to be invalid is that a decrease in the registered capital allegedly indicates financial assistance; on those grounds, they consider the resolution in question invalid and against good morals.

The Company noted in its opinion on the legal action that the General Meeting's resolution is in line with applicable legislation and proposed that the legal action be dismissed in full.

After evidence has been submitted, the Regional Court in Ostrava issued a resolution of 4 December 2017 that the resolution of the Company's General meeting held on 25 May 2017 on distributing the 2016 profit and decreasing the registered capital is invalid as it was adopted contrary to the applicable legislation. In the reasoning, the Court noted that if the General Meeting is to adopt a decision on profit distribution, the Company's Board of Directors must substantiate why the profit, or only a part thereof, is distributed; that the resolution of the General Meeting on profit distribution is subject to Section 40 of the Business Corporations Act (the insolvency test); and that where shareholders decide on profit distribution, they are entitled to know why and whether the respective profit distribution will not cause the Company's insolvency. The Court believes that the absence of this information is a breach of law. With respect to the General Meeting's resolution on a decrease in the registered capital, the Court noted that the majority shareholder acted contrary to the loyalty duty under Section 212 of the Civil Code, in that the shareholder's financial need is not, pursuant to the Court's interpretation, a legitimate reason for decreasing the registered capital. Therefore, the Court considers the majority shareholder's voting to be contrary with the Company's interests and misuse of its dominant position.

The Company disagrees with the judgment of the Regional Court. Therefore, on 12 January 2018, an appeal with the High Court in Olomouc was filed by the Company. This is mainly because the Court disregarded facts asserted and proven by the Company which could have resulted in an inaccurate judgment in the case. Contrary to the judgments of the Supreme Court of the Czech Republic, the Regional Court examined the validity of the General Meeting's resolution for reasons other than specified in the application. The identification of facts by the Court was incomplete as it did not produce the proposed evidence to demonstrate the relevant facts. Therefore, the Court arrived at incorrect conclusions on the basis of the evidence produced in that the resolution in question lies in an incorrect legal assessment of the case.

At the date of the Annual Report, the Company's appeal has not yet been heard by the Court.

Legal Disputes where the Company Acts as a Defendant as of 31 December 2017

1. Bankruptcy and insolvency proceedings	150
2. Legal actions filed, of which	233
Enforcement of a judgment by a licensed enforcement agent	148
Inheritance proceedings	32
3. Liquidation proceedings	5
4. Cases pending prior to filing a lawsuit – attempts to settle before filing a lawsuit	175
Total cases pending:	563

The litigations outlined above relate to the recovery of trade receivables.

Distribution of the Company's Accounting Profit for 2017

	Amount in CZK
Accounting profit	298,727,616.24
Proposed distribution of the Company's profit	
Net profit to be determined by the General Meeting	298,727,616.24

Business Operations

Business operations are carried out by five customer centres (in Ostrava, Frýdek-Místek, Karviná, Nový Jičín and Opava) and ten points of sale (in Bílovec, Bohumín, Český Těšín, Havířov, Orlová, Třinec, Vítkov, Jasenná, Bruntál and Velké Losiny). As a result of entering into new licence contracts, operations at customer centres and points of sale are expanded as required.

In customer centres, customers may conclude contracts and amendments to contracts for supplying drinking tap water and wastewater drainage services, make changes relating to water and sewage charges, solve invoicing matters, request payment schedules in the event of inability to pay financial liabilities arising from drinking water supplies and waste water drainage, make complaints, request statements on potential conflicts with the Company's engineering networks, request establishing water and sewage lines, order construction or renovation of a line, order special services, such as septic tank pumping or delivery of drinking water in a tank.

Priority activities of customer centres include making contracts with customers for water supply and wastewater drainage services.

As of 1 October 2016, the Company took another step towards increasing the quality of its customer services by turning the customer and emergency line numbers, which had been previously subject to a charge, into free hotlines. As of 1 January 2017, the operation time of the customer line was extended by two additional hours to 8 p.m.

As of 1 November 2017, a new application was launched at www.smvak.cz, allowing clients to order almost forty types of service in seven basic areas without having to visit the Company's customer centres or plants in person.

In order to discover the opinions of household, municipality and business customers on the services and activities provided by SmVak Ostrava, the Company had a customer satisfaction survey prepared in autumn 2017 in all these three segments. The results are gradually transposed into the Company's operations where useful.

Pursuant to Act No. 274/2001 Coll., Implementing Decree No. 428/2001 Coll., and the Business Terms and Conditions of Water Supply from the Water Supply Network and Drainage of Wastewater through the Sewage System, the Company enters into contracts with customers for supply of drinking water from public water supply networks and provision of services pertaining to drainage of wastewater through public sewage networks. Pursuant to an amendment to Act No. 274/2001 Coll. and the Civil Code, Act No. 89/2012 Coll., contracts for public water supply and wastewater drainage concluded with customers meet the requirements of the aforementioned amendment. At the same time, the Company has started the process of making the existing customer contracts compliant with the valid legislation.

A total of 128,020 contracts were concluded as of 31 December 2017, which accounts for 99.16% of the total number of customers amounting to 129,108.

As part of its comprehensive approach to customer relations, the Company continues to expand the scope of provided services.

Overview of customers and contracts in force in 2017

	Number of customers	Number of contracts in force	Contracts in force/total number of customers ratio
Households	117,131	116,265	99.26%
Corporate customers	11,977	11,755	98.15%
Total	129,108	128,020	99.16%

Provision of opinions

The Company has reported a continuous growth in the number of requests for an opinion on construction plans of investors (existence of networks, project documentation, zoning and analytical documentation, etc.) in recent years. This fact was confirmed in 2017 and it is due to the construction activities in the region comprising construction of municipal sewage systems, individual housing development, creation of new areas suitable for housing in the zoning plans of cities and municipalities, or development of industrial zones and completion of transport infrastructure.

Number of settled requests and the year-on-year growth

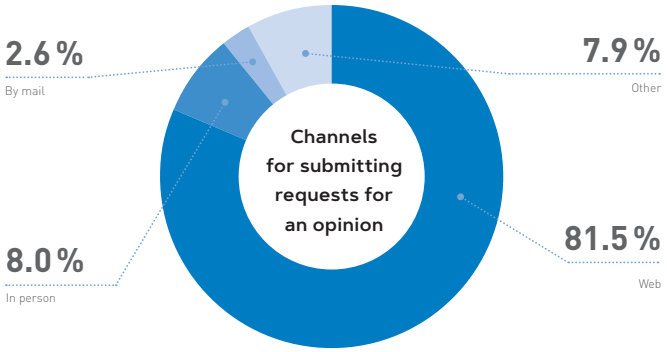
Year	Processed number	Year-on-year growth %
2015	19,631	2.9
2016	25,674	30.8
2017	31,875	24.1

Similar to other utility organisations, the Company's web site allows for submitting requests for an opinion. More than 81% of all requests lodged in 2017 were filed in this manner.

In 2017, 40% of all requests for an opinion on the existence of networks was processed via the automatic system launched in 2016. Thanks to this system, the opinion department was able to process all requests in the legally required 30-day period.

Projected Business Development and Financial Position in 2018

The Company plans to spend CZK 530 million on investment projects in 2018. Similarly to prior years, the Company aims to base its investment policy on the need for the ongoing improvement and development of business activities. It focuses primarily on renewal, upgrades and reconstruction of water supply and sewage networks and implementation of projects aimed at compliance with legislative requirements for both drinking water purification and wastewater drainage and treatment. The Company will continue to support and finance development projects pertaining to water supply infrastructure in the municipalities of the region in which the Company operates. All investments planned for 2018 will be financed using the Company's own resources.



Year-on-year, an increase of CZK 24,518 thousand is planned for 2018 in respect of the costs of water and sewage system repairs and repairs of drinking water and wastewater treatment technological units.

The Company will deepen its activities and react to opportunities for boosting its further growth, in particular through acquisitions of target water management companies and tenders for the operation of water management infrastructure in the individual parts of the Czech Republic.

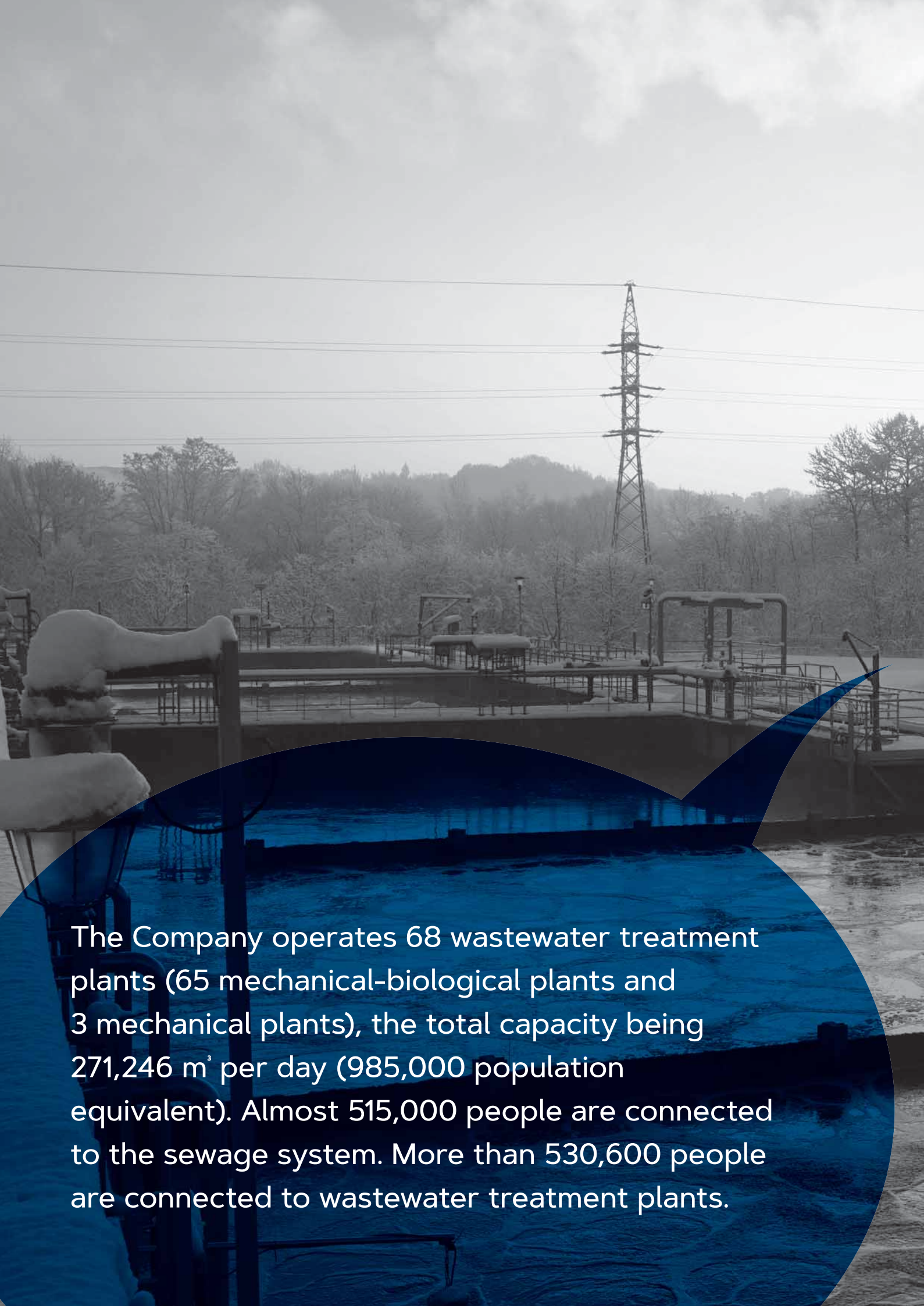
In 2018, total expenses are planned to amount to CZK 2,110,987 thousand, income to CZK 2,464,150 thousand and profit before tax to CZK 353,163 thousand. The 2018 plan of total expenses is based on the anticipated needs and price development.

The draft business plan stipulates the following volume units for 2018: 33,165 thousand m³ of drinking water, 28,198 thousand m³ of drained water and CZK 20,066 thousand m³ of water delivered to other water management companies for further distribution.

The Company's long-term research and development activities in 2018 will include testing the corrosive effects of treated water and the development of technological processes for wastewater treatment.

A memorandum was concluded with NAFIGATE Corporation on the subject of the testing of a membrane nanofilter. The cooperation is set to continue in 2018.

The Company has no knowledge of any risk factors arising from its dominant market position in the regions in which it operates.



The Company operates 68 wastewater treatment plants (65 mechanical-biological plants and 3 mechanical plants), the total capacity being 271,246 m^3 per day (985,000 population equivalent). Almost 515,000 people are connected to the sewage system. More than 530,600 people are connected to wastewater treatment plants.

XII.

Principal activities

Water Resources

95% of the Company's production of drinking water is ensured by the treatment of raw water that comes from central sources – the Kružberk, Šance and Morávka water reservoirs managed by the state-owned Povodí Odry ("Odra Basin") enterprise.

The water reservoir on the Moravice River by Kružberk at the foothills of the Jeseníky Mountains was built as the first valley dam in the Odra basin in 1948-1955. Following the completion of the higher-lying Slezská Harta reservoir, which Kružberk closely cooperates with as part of the cascade, its tasks are to ensure the supply of raw water for the Podhradí Water Treatment Plant, to enhance watercourse flow rates and to enable industrial offtake from them. An important function of the cascade is flood protection.

The Šance valley dam on the Ostravice River above the town of the same name was built in 1964-1969 according to the original notions about the need for flood protection, which was later supplemented with a plan to supply the region with drinking water. It supplies untreated water to the Nová Ves Water Treatment Plant.

The valley dam on the Morávka River was, as a water source, built in 1961-1967 due to the growing requirements to ensure the supply of drinking water. Besides enhancing flow rates below the dam, reducing flood flow rates and the continuous use of the flow for energy purposes, the purpose of the facility was namely to supply drinking water. It supplies untreated water to the Vyšní Lhoty Water Treatment Plant.

Pursuant to the current reservoir water quality, the manager may choose to offtake raw water for treatment to produce drinking water out of several offtake altitudes, which ensures the optimum set-up of the treatment process. Turbines thanks to which the available energy potential of the transported water may be exploited are placed at the inflow to each of the three main water treatment plants. In order to protect the quality and safety of raw water, water resource protection zones are demarcated in the catchment areas of all reservoirs, where special conditions apply to business and the performance of possible activities so that the quality and capacity of water in water reservoirs are not compromised.

Drinking Water Production

The majority of the production takes place at water treatment plants in Podhradí by the town of Vítkov, Nová Ves by the town of Frýdlant nad Ostravicí and Vyšní Lhoty close to the town of Frýdek-Místek. The remaining part of drinking water production takes place at another 43 local sources of ground and surface water.

Three central water treatment plants are interconnected by means of a system of feeder mains, creating a backbone production and distribution system of the Ostrava Area Water Supply System, which is operated mainly as a gravitational one with large-capacity accumulations of drinking water. This, together with the possibility to interconnect and substitute central sources, ensures a highly-reliable and continuous supply of drinking water to the consumption points supplied.

The drinking water production process and product quality are monitored in compliance with valid legislation and in the frequency and scope necessary for reviewing the correct set-up of technology processes. Besides laboratory sample analyses, the quality of drinking water is monitored using a number of continuous analysers, with the health limits thereon set by Decree No. 252/2005 Coll., which stipulates the safety requirements for drinking water and hot water, including the frequency and scope of reviews.

Legislative water samples are analysed in an accredited laboratory, with analyses of operational water tests provided by operational laboratories at the Podhradí Water Treatment Plant and the Nová Ves Water Treatment Plant. In the long term, the Company has succeeded in maintaining a high quality of drinking water supplies.

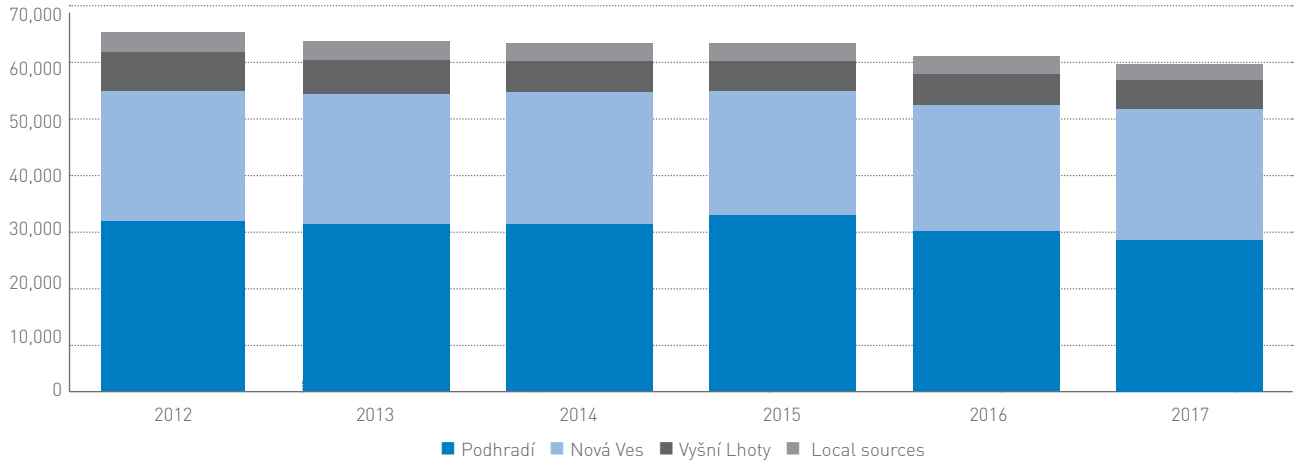
Water quality in central water treatment plants

		2017	Podhradí Water Treatment Plant	Nová Ves Water Treatment Plant	Vyšní Lhoty Water Treatment Plant
Water quality	**Unit of measurement**	**Limit value pursuant to Act No. 258/2000 Coll. and Decree No. 252/2004 Coll.**	**Treated water Average value**	**Treated water Average value**	**Treated water Average value**
pH		6.5 – 9.5	8.01	7.85	8.01
$KNK_{4,5}$	$mmol.l^{-1}$	-	0.97	0.70	0.60
$ZNK_{8,3}$	$mmol.l^{-1}$	-	0.010	0.011	0.001
Colour	$mg.l^{-1}$ Pt	20	2.21	1.02	0.06
Opacity	ZF	5	0.13	0.006	< 0.5
$CHSK_{Mn}$	$mg.l^{-1}$	3	1.71	0.94	0.52
Iron	$mg.l^{-1}$	0.2	< 0.05	< 0.05	< 0.05

		2017	Podhradí Water Treatment Plant	Nová Ves Water Treatment Plant	Vyšní Lhoty Water Treatment Plant
Manganese	$mg.l^{-1}$	0.05	< 0.025	< 0.025	< 0.025
Nitrates	$mg.l^{-1}$	50	6.01	2.57	3.10
Nitrites	$mg.l^{-1}$	0.5	< 0.01	< 0.01	< 0.01
Ammonia ions	$mg.l^{-1}$	0.5	< 0.05	< 0.05	< 0.05
Dissolved oxygen	$mg.l^{-1}$	-	13.16	12.41	11.95
Aluminium	$mg.l^{-1}$	0.2	0.02	0.02	0.01
Antimony	$mg.l^{-1}$	0.005	< 0.0020	< 0.0020	< 0.0020
Arsenic	$mg.l^{-1}$	0.01	< 0.0025	< 0.0025	< 0.0025
Copper	$mg.l^{-1}$	1.0	< 0.005	< 0.005	< 0.005
Chromium	$mg.l^{-1}$	0.05	< 0.025	< 0.025	< 0.025
Nickel	$mg.l^{-1}$	0.02	< 0.015	< 0.015	< 0.015
Selenium	$mg.l^{-1}$	0.01	< 0.0025	< 0.0025	< 0.0025
Lead	$mg.l^{-1}$	0.01	< 0.005	< 0.005	< 0.005
Cadmium	$mg.l^{-1}$	0.005	< 0.001	< 0.001	< 0.001
Mercury	$mg.l^{-1}$	0.001	< 0.0002	< 0.0002	< 0.0002

The volume of drinking water production in 2017 follows the trend of the preceding period. During the year, the Company produced 60,406 m³ of drinking water, which represents a minor year-on-year decrease.

Production of drinking water by SmVaK Ostrava - development over time



Drinking water production volume – development over time

Water treatment plants – water production in thousands of cubic metres per year	2012	2013	2014	2015	2016	2017
Podhradí	31,831	30,990	30,903	32,614,	29,723	27,468
Nová Ves	24,498	24,031	24,426	22,941	23,273	24,043
Vyšní Lhoty	7,174	6,232	5,901	5,694	5,800	5,705
Local sources	3,862	3,603	3,303	3,198	3,240	3,190
Total	67,365	64,855	64,533	64,448	62,036	60,406

Operation of water supply networks

Throughout 2017, the Company was able to ensure smooth supplies of drinking water. Based on experience from previous years, new policies were issued as part of the Company's management documentation, stipulating guidelines for the provision of reliable drinking water supplies in the periods of below-average rainfall.

As of 31 December 2017, the Company operated a 5,061-km water supply network, including 133,322 water service connections, 368 water tanks and 217 pumping stations. The supply of top quality drinking water, which ranks among the best in the Czech Republic, is among the Company's long-term goals that it has succeeded in meeting.

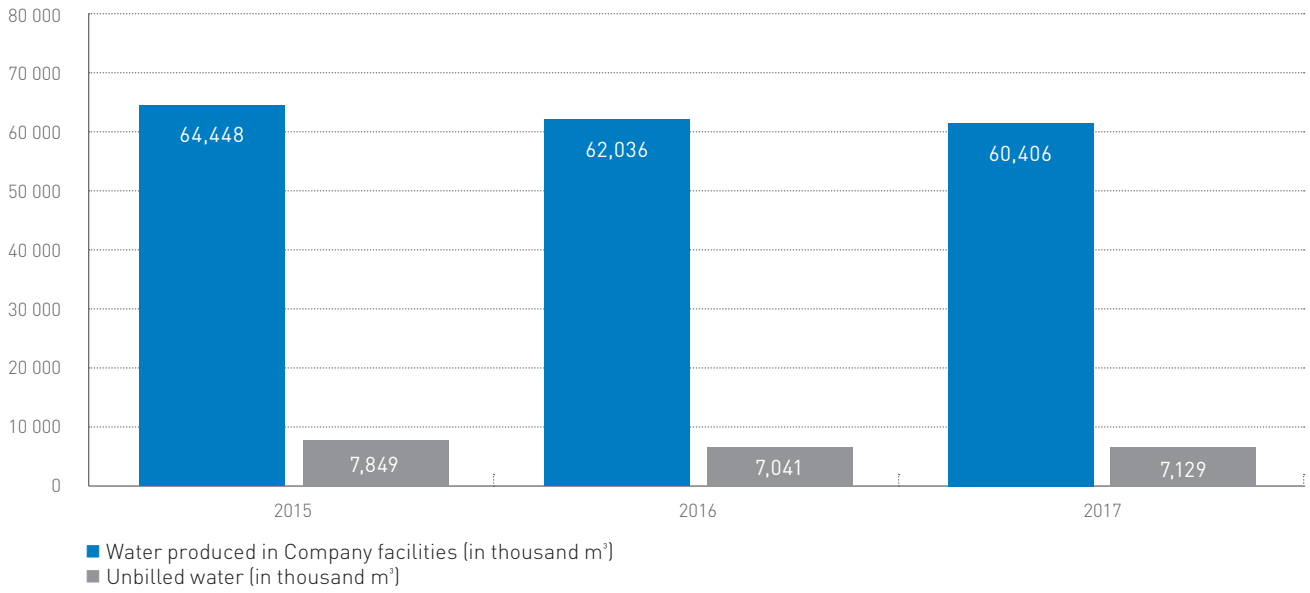
Like in 2016, consumption of drinking water in 2017 decreased in households (by 282 thousand m³ year-on-year) as well as for other customers (by 272 thousand m³ year-on-year). The amount of water supplied to third-party water management organisations dropped by 1,163 thousand m³ compared to 2016. A total of 22,920 thousand m³ of drinking water was delivered to households, and 10,335 thousand m³ to other customers.

Water production and supply in units of volume

Indicator	Unit	2015	2016	2017
Water produced in Company facilities	thousand m³	64,448	62,036	60,406
Water from third-party water management organisations	thousand m³	109	124	125
Water supplied to third-party water management organisations	thousand m³	22,462	21,310	20,147
Water produced for use by final consumers	thousand m³	42,095	40,850	40,384
Billed water	thousand m³	34,246	33,809	33,255
of which: households other	thousand m³ thousand m³	23 349 10 897	23 202 10 607	22 920 10 335

Water Production and Related Indicators

The volume of unbilled water increased slightly from 7,041 thousand m³ to 7,129 thousand m³, by 88 thousand m³.



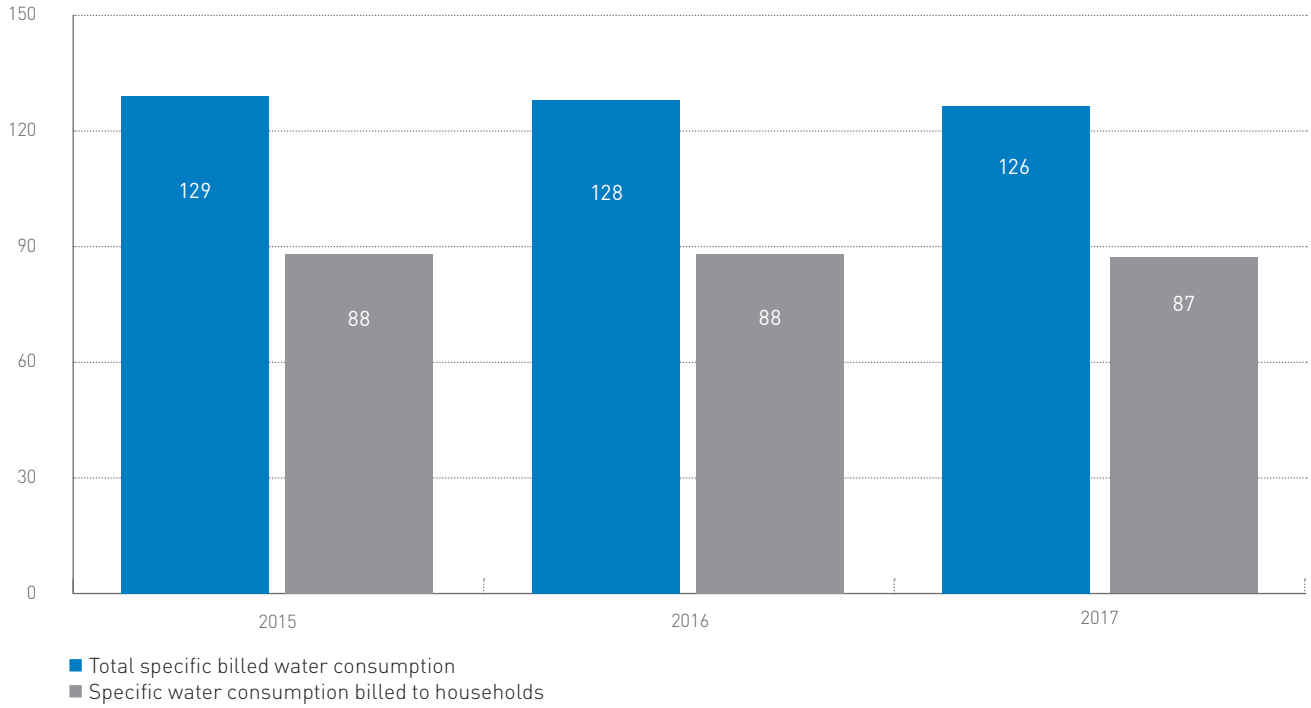
The year 2017 was marked by increased efforts in respect of the construction and assembly activities provided by the Central Emergency Service and individual emergency centres. Year-on-year, the sector recorded a turnover increase from CZK 45,936 thousand to CZK 54,280 thousand, ie of CZK 8,344 thousand. The level was achieved despite a drop in the number of relocations implemented in the region, which had been brought about the year before primarily by the extension of the transport infrastructure network.

Basic Information on Water Supply Networks

Indicator	2015	2016	2017
Number of inhabitants connected to the system	729,360	727,580	725,892
Number of water supply networks for public consumption of which: group pipelines	128 55	128 55	128 55
Length of water supply network (km)	5,054	5,054	5,061

Number of water service connections	130,303	131,819	133,322
Length of water service connections (km)	771	771	771
Number of installed water meters	132,098	133,638	135,147
Number of replaced water meters /year	21,521	20,196	23,241
Number of fixed-tariff water off-takes	1,832	1,793	1,761
Number of pumping and re-pumping stations	217	217	219
Number of water treatment plants	39	39	46
Number of water tanks	379	370	368
Volume of water tanks (m^3)	390,113	388,671	390,534

Specific water consumption (in litres per capita/day)



Specific water consumption per capita/day in 2017 amounted to 126 litres for total billed water and 87 litres for billed water supplied to households. This represents a slight year-on-year decrease in water consumption indicators.

Operation of Sewage Systems

In 2017, the Company operated sewage networks in 80 municipalities in the total length of 1,844 km. A total of 514,386 inhabitants were connected to the network through sewage service connections. Their number decreases due to the continuing long-term trend of the decrease in the number of inhabitants of the Moravian-Silesian region. The sewage network included 157 pumping stations transporting wastewater from low areas to gravitation sewage pipelines fitted with wastewater treatment plants at the end of each pipeline. In 2017, a total of 28,094 thousand m^3 of wastewater was drained (including billed rainwater drainage) in the towns and municipalities within the Company's scope of operation.

Wastewater treatment operations were carried out in 68 plants, of which 65 are mechanical/biological wastewater treatment plants, and 3 mechanical wastewater treatment plants. Their overall capacity is 271,246 $m^3.d^{-1}$ and 984,628 population equivalents (PE).

The operation of new sewage systems resulted in a slight increase in the quantity of wastewater drainage from households, while there was a slight decrease in the amount of industry wastewater. The proportion of wastewater treated in sufficient efficiency facilities did not change substantially. During the reviewed period, a total of 53,950 thousand m^3 of wastewater was treated in all wastewater treatments plants, of which 53,872 thousand m^3 was in sufficient efficiency facilities.

Throughout 2017, the operation of the sewage systems and wastewater treatment plants was trouble-free with no major interruptions or failures.

During 2017, a number of reconstructions were performed on sewage networks. The most significant are as follows:

- Brušperk, K Šištotu Street - sewage system reconstruction
- Vratimov, Na Hermaně Street - sewage system reconstruction
- Petřvald, Hnědá and Červená Streets - reconstruction of sewers "AI" and "AIa"
- Karviná, U Bažantnice, Brožíkova Streets - sewage system reconstruction
- Karviná - Město, Družby – reconstruction of sewer "BII"
- Havířov, Úzká Street – disposal of sewage outfall
- Český Těšín, Karvinská and Viaduktová Streets - reconstruction of sewers in road II/468
- Odry, třída Osvobození - sewage system reconstruction
- Bílovec, Puškinova, Sv. Čecha Streets - sewage system reconstruction
- Bílovec, Svobodova Street - sewage system reconstruction
- Opava, Husova Street, Denisovo náměstí - sewage system reconstruction
- Opava, Těšínská and Polanova Streets – sewage system reconstruction
- Opava, Wolkerova Street - sewage system reconstruction
- Opava, Polanova, Polní Streets - sewage system reconstruction
- Opava, Mlčochova Street - sewage system reconstruction
- Opava, Zborovská Street - sewage system reconstruction

The projects implemented in the area of wastewater treatment in 2017 that helped renovate facilities, enhance the optimisation of technology processes and reduce the discharge of residual waste were as follows:

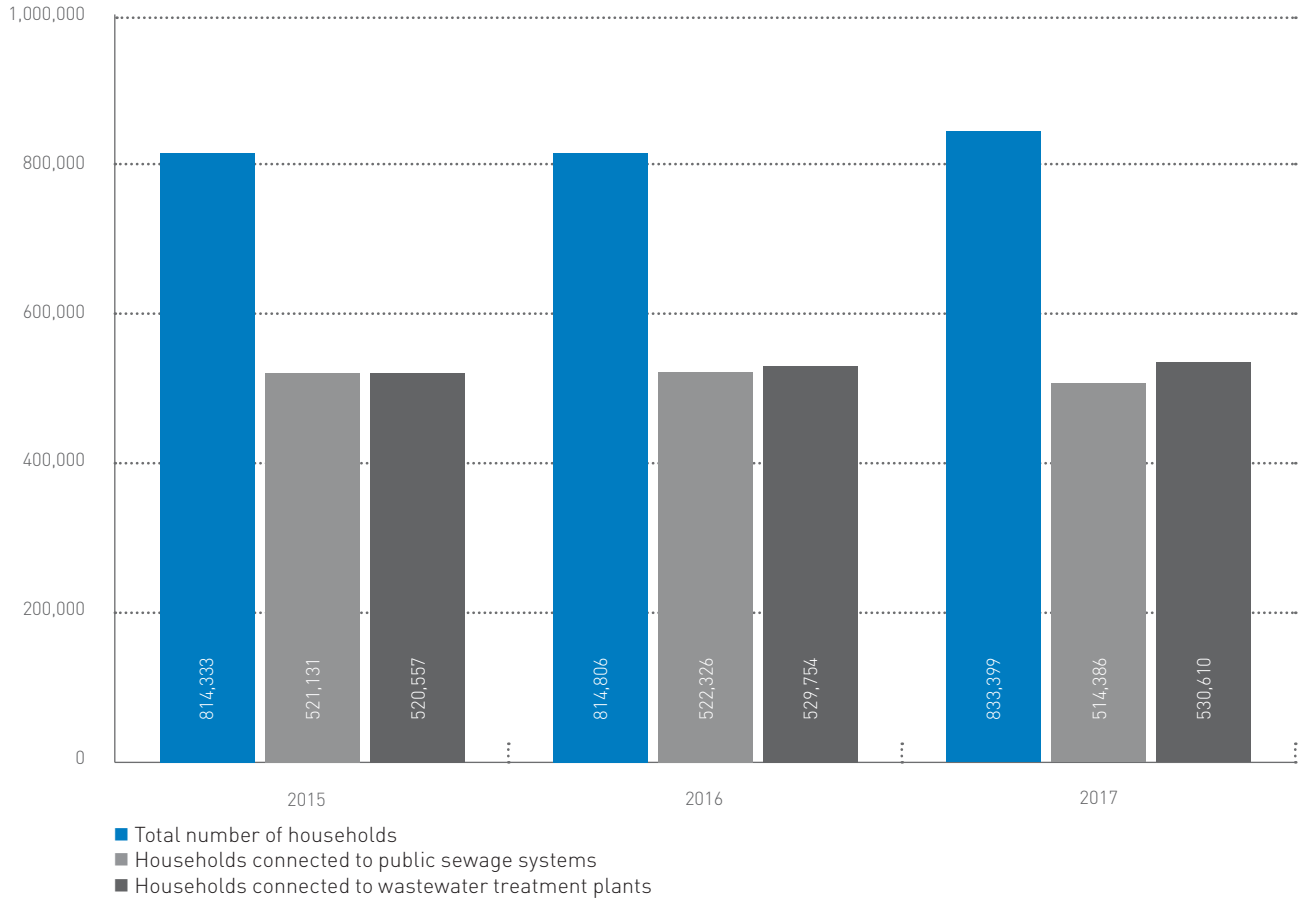
- Frýdek Místek WWTP – rainwater tank reconstruction
- Brušperk WWTP – rough pre-purification reconstruction
- Havířov WWTP – drainage reconstruction
- Karviná WWTP – post-denitrification additions
- Bohumín WWTP – reconstruction of technological process management systems
- Tichá WWTP – renewal of technologies and construction areas
- Nový Jičín WWTP – construction of a rainwater tank and reconstruction of rough purification premises
- Nový Jičín WWTP – reconstruction of the entry pumping station technology
- Odry WWTP – chemical phosphorus precipitation
- Háj ve Slezsku WWTP – expansion of the technological line
- Dolní Benešov WWTP – biological section reconstruction

All mechanical/biological wastewater treatment plants owned by the Company comply with the requirements of the EU and Government Regulation No. 401/2015 Coll.

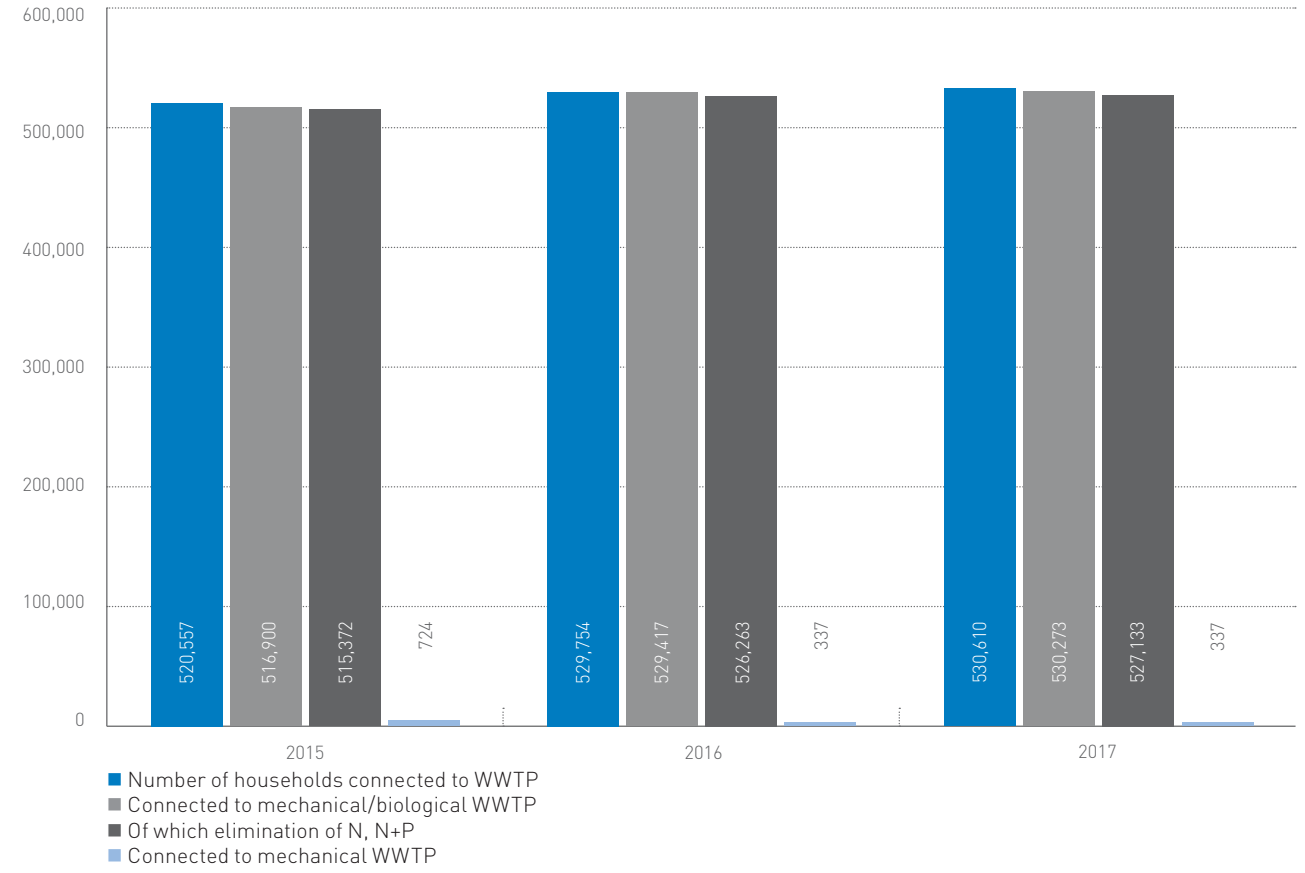
Key technical data on sewage networks and wastewater treatment plants

Indicator	Unit	2015	2016	2017
Households connected to public sewage system	number	521,131	522,326	514,386
Municipalities with public sewage systems	number	76	80	80
Wastewater treatment plants	number	65	67	68
Capacity of wastewater treatment plants	$m^3.d^{-1}$	268,680	271,169	271,246
Length of the sewage system	km	1,774	1,837	1,844
Sewage service connections	number	52,171	54,105	54,938
Wastewater discharged into public sewage systems (excl. billed rainwater drainage)	thousand m^3	24,095	24,225	24,139
of which treated	thousand m^3	24,015	24,141	24,061
Treated wastewater (incl. rainwater)	thousand m^3	45,865	52,661	53,950
Sludge produced in wastewater treatment plants (in 100% dry mass)	$t.r^{-1}$	9,606	9,646	9,341

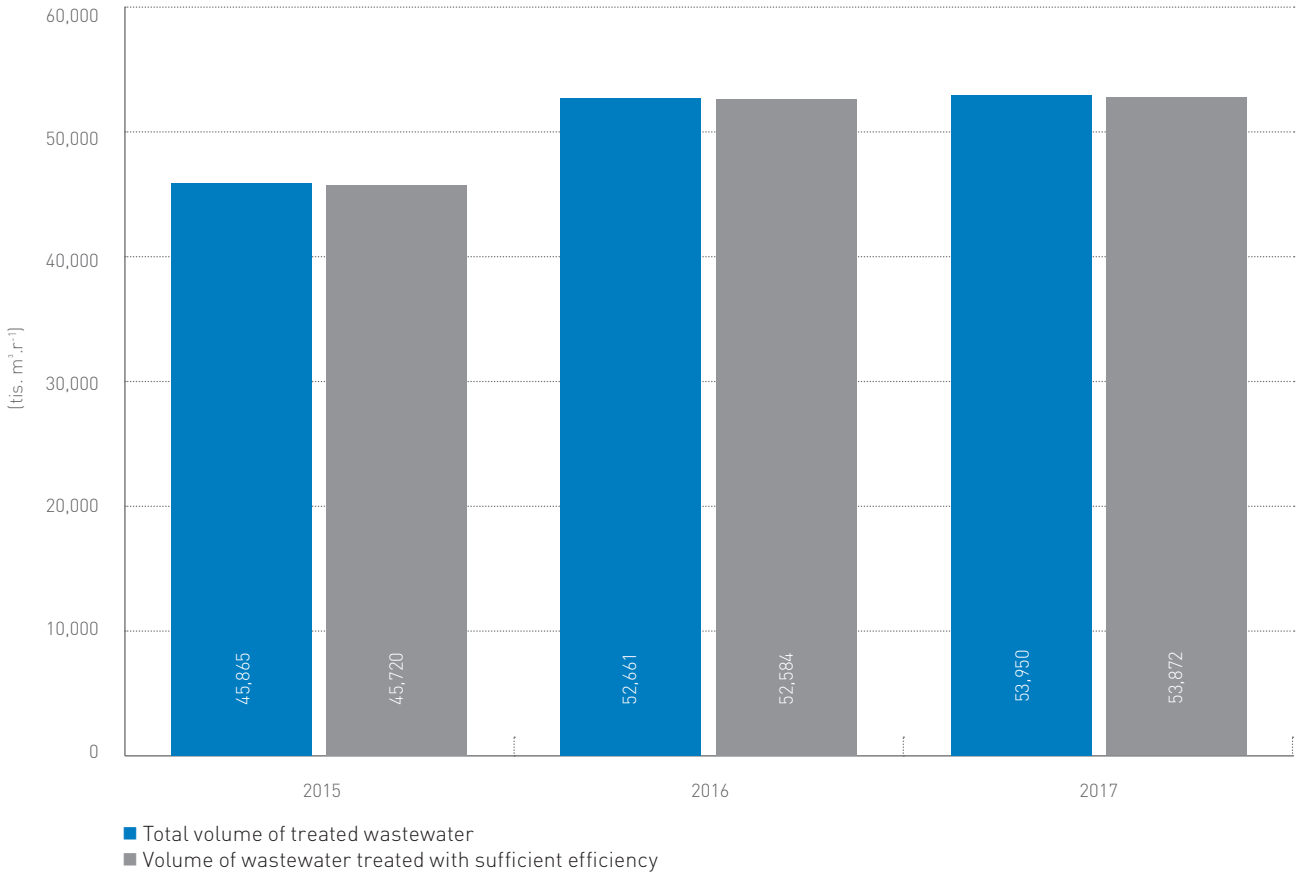
Households connected to public sewerage systems and wastewater treatment plants



Households connected to wastewater treatment plants broken down by treatment level



Volume of wastewater treated with sufficient efficiency

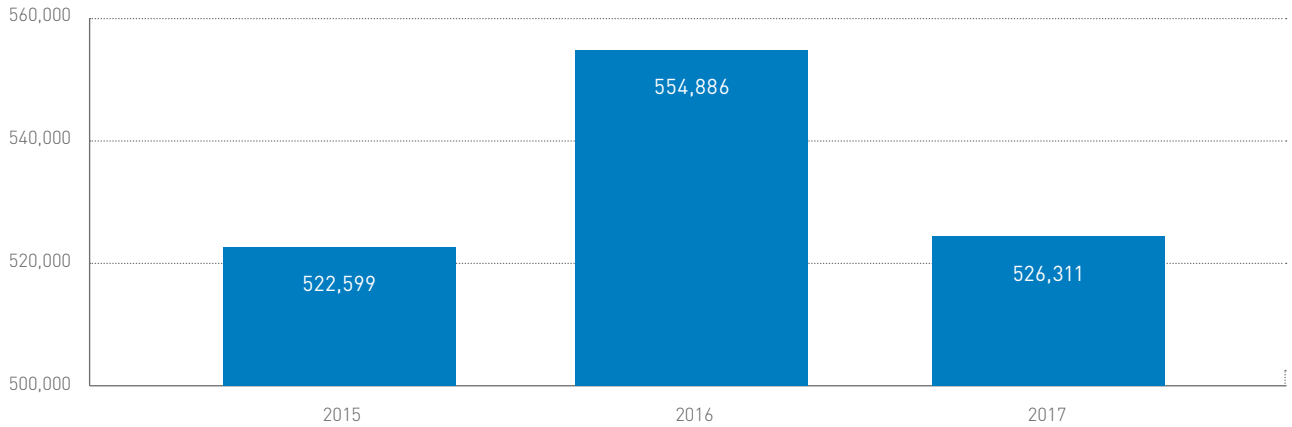


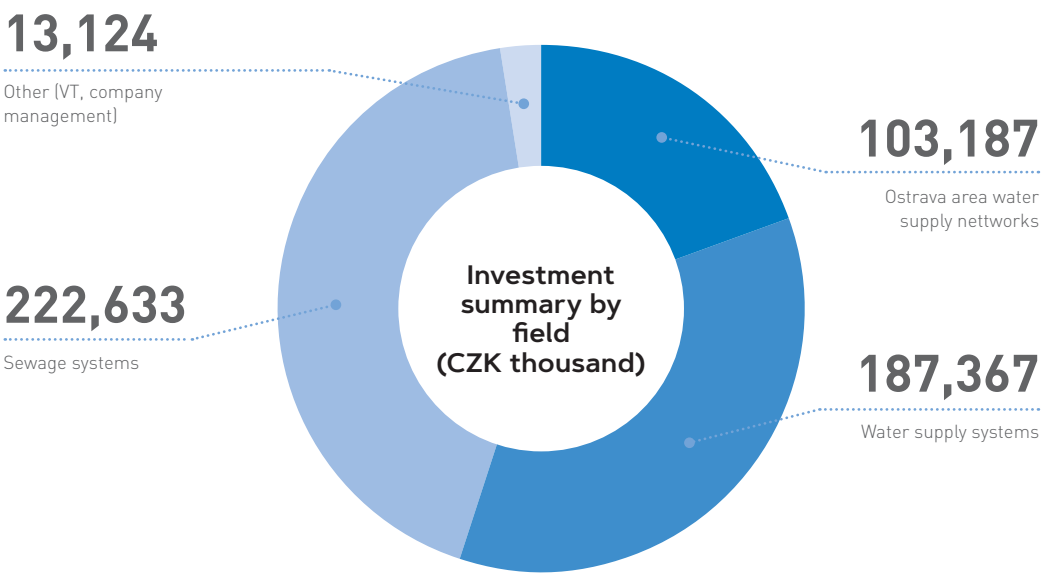
Investment Projects and Repairs of Tangible Assets

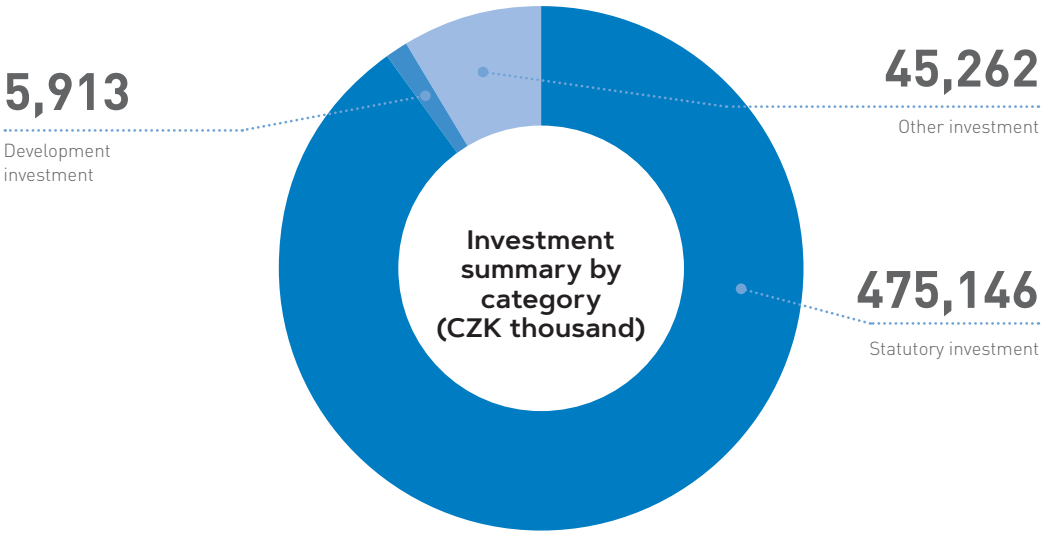
The volume of investment projects and deliveries incurred in 2017 totalled CZK 526 million.

Summary and structure of investment in 2017

Volume of investment spending (CZK thousand) over time







Major investment projects implemented and completed in 2017

Investment name	Total costs in 2017 in CZK thousand
Ženklava – reconstruction of the feeding mains to the municipality	7,263
Brušperk, U Tří lip, Zahradní, Nábřeží streets – reconstruction of the water pipes and sewage system	9,387
Oldřichovice, Lanovka – reconstitution of the water pipes and automatic pressure station	6,203
Havířov - Město, Chopinova, Třeneckého, Sadová, Šmeralova streets – reconstruction of water mains	7,037
Modernisation of the central control room	7,261
Vratimov, Na Hermaně street – reconstruction of the sewage system	11,853
Brušperk, Street K Šištotu – reconstruction of the sewage system	10,227
Havířov WTTP – drainage reconstrution	7,741
Karviná - Město, U Bažantnice 1096 - 1100 Brožíkova street – reconstruction of the water pipes and sewage system	12,669
Nový Jičín WTTP – rainwater tank construction an reconstruction of rough purification premises	18,133
Odry, třída Osvobození – reconstruction of the water pipes and sewage system	9,304

Opava, Husova street, Denis Square – reconstruction of the sewage system	7,666
Český Těšín, Karvinská, Viaduktová street – reconstruction of sewers in road II/468	9,200
Opava, streets Těšínská a Polanova – reconstruction of the sewage system	8,103

Major investment projects commenced in 2017

Investment name	Total in CZK thousand	2017 in CZK thousand	2018 onwards in CZK thousand
Feeder DN 500 Záhumenice – Bělá – reconstruction of feeder mains 1st stage, emergency solution for river Oder crossing	42,568	20,082	22,486
Nová Ves WTP– reconstruction of sludge management	51,399	47,368	4,031
Háj ve Slezsku WWTP – expansion of the technological line	11,070	9,918	1,152
Dolní Lhota – upper pressure zone, water pipes reconstruction	18,716	7,067	11,649
Vítkov WTTP – secondary settling tank reconstruction	9,109	5,927	3,182

Investments in operating assets in 2017

Investment name	Investment in 2015 in CZK thousand	Investment in 2016 in CZK thousand	Investment in 2017 in CZK thousand
Automobiles – passenger, trucks (incl. leased vehicles)	5,348	6,340	12,411
Automobiles - special, accessories	8,780	17,426	2,548
Pumps	1,829	3,894	4,507
Hand tools	724	1,281	1,798
Machinery	5,034	5,794	9,941
Water meters	2,881	1,721	1,407
Computing technology	4,545	13,894	11,445
Localisation for GIS	500	791	1,205
Other	794	3,380	

Major investments in past years

Major projects commenced or completed in 2015

A significant investment project of 2015 was the start of the reconstruction of the Podhradí water treatment plant, scheduled for completion in 2016. The machinery and technology of the facility underwent a major reconstruction – the first of this scope in the almost sixty years of the plant's reliable operation. A significant investment in the segment of drinking water supply to households was the start of the "Replacement of the Source Balance in the Jablunkov Region" project that addressed the tense situation related to the supply of drinking water from local sources that occurs during periods of low rainfall.

Major investment projects in the segment of wastewater drainage and treatment comprised the launch of the reconstruction of a sludge digestion tank at the Opava wastewater treatment plant, and for example the reconstruction of sewers in Bílovec at Sokolovská Street and in Karviná at Řecká Street.

Major projects commenced or completed in 2016

A significant investment in 2016 was the completion of the reconstruction of the mechanical and technological equipment at the Podhradí water treatment plant and the resolution of the inadequate situation in respect of drinking water supply in the Jablunkov region.

Another significant investment related to drinking water supply comprised e.g. the completion of the reconstruction of the water pipeline in Ostravská and Padlých hrdinů Streets in Frýdlant nad Ostravicí and in 9. května and Trnková Streets in Nový Bohumín, and the remediation of the Třinec Sosna and Oldřichovice škola water towers.

Significant investments in respect of wastewater drainage and treatment included the construction of a new sludge digestion tank at the Opava water treatment plant or the reconstruction of the sewage system in Vratimov and in tř. Družby, Preissové and U Bažantnice Streets in Karviná.

Major projects commenced or completed in 2017

The most significant construction of 2017 was the beginning of the reconstruction of the feeder mains of the 1st stage of the feeder DN 500 Záhumenice – Bělá - emergency solution for river Oder crossing.

A significant investment related to wastewater drainage and treatment included the construction of the rainwater tank and reconstruction of the rough purification premises in the Nový Jičín wastewater treatment plant with the objective of eliminating the risk of emergencies on a weak streamflow especially in periods of heavy torrential rain.

A significant investment in the area of drinking water supply was, for example, the reconstruction of the 1,188-metre-long feeder main to the municipality of Ženklava in the Nový Jičín region. The construction included various partial measures that should lead to the elimination of the unsatisfactory situation of drinking water supply in this area.

Investment strategy and long-term investment plan

Ostrava Area Water Supply Network

The long-term investment plan for the 2018-2023 period is supported by projects that are ready design-wise or the design solution of which is currently still being worked on.

In 2018, the first stage of reconstruction of the Záhumenice – Bělá DN 500 feeder main will be completed. Reconstruction will be completed in respect of sludge management at the Nová Ves water treatment plant, as part of which a new sludge dewatering technology will be introduced.

In the subsequent years, the reconstruction of the Záhumenice – Bělá feeder main will be followed up by the second stage. After the completion of the sludge management reconstruction in the Nová Ves water treatment plant, reconstruction will commence with respect to its technological part and the automated management system.

Water supply system

Major resources are directed at the restoration of the water supply network. In the 2018-2023 period, the length of the water supply network under restoration is planned to be gradually increased. Further resources will be put into the reconstruction of water tank facilities or pumping stations, including the technological equipment or management system.

Sewage system and wastewater treatment plants

In the next period, most of the resources will be directed at the restoration of the sewage network, including the liquidation of sewer outlets without treatment facilities. Further significant resources will be allocated to the reconstruction of the technological equipment of wastewater treatment plants.

Repairs of tangible assets

Similarly to preceding years, ongoing repairs of water supply and sewage networks were performed throughout 2017 in accordance with the approved repair schedule, with special focus on repairs of water supply and sewage facilities. Repairs were carried out on water supply facilities (water treatment plants, water tanks, pumping stations, wastewater treatment plants), and on water supply and sewage networks. All failures of systems were resolved in a prompt and efficient manner. The volume of repair and maintenance work performed by subcontractors amounted to CZK 212,273 thousand in 2017, which represents a year-on-year increase of 35.1%.

Key repairs performed in 2017

Repair	Costs in 2017 in CZK thousand
Smolkov water tower – repair of the construction part of the accumulation chamber – repair part	5,709
Třinec – Nebory water tower – repair and treatment of accumulation chambers – repair part	7,454
Hradec n. M. – Písecká, Bezručova, Fučíkova, Komenského streets – construction adjustments to water pipes	8,916
Těrlicko – Školní, Májová, Nábřežní streets – construction adjustments to water mains	7,275

Immovable assets

The Company owns immovable assets in the following amounts:

(in CZK thousand)	2015	2016	2017
Net structures	6,203,046	6,210,595	6,289,780
Land	153,823	154,476	155,367

Most structures owned by the Company represent tangible fixed assets of a water management infrastructure nature, which primarily serve for production operations, the supply of drinking water to customers, and the drainage and treatment of wastewater.

XIII.
Information technologies

The primary objective of the 2017 projects was to increase security and reliability of information technologies. New information systems and technologies were implemented, with the most significant ones being, for example, the information system supporting the maintenance of the technological facilities of wastewater treatment plants, water leakage monitoring system or the first stage of improving the efficiency of order monitoring.

Current information systems and technologies were modernised, e.g. the expansion of the GIS system, modernisation of the central controlling of the Ostrava area water supply network or the modernisation of local controlling of drinking water distribution and wastewater treatment.

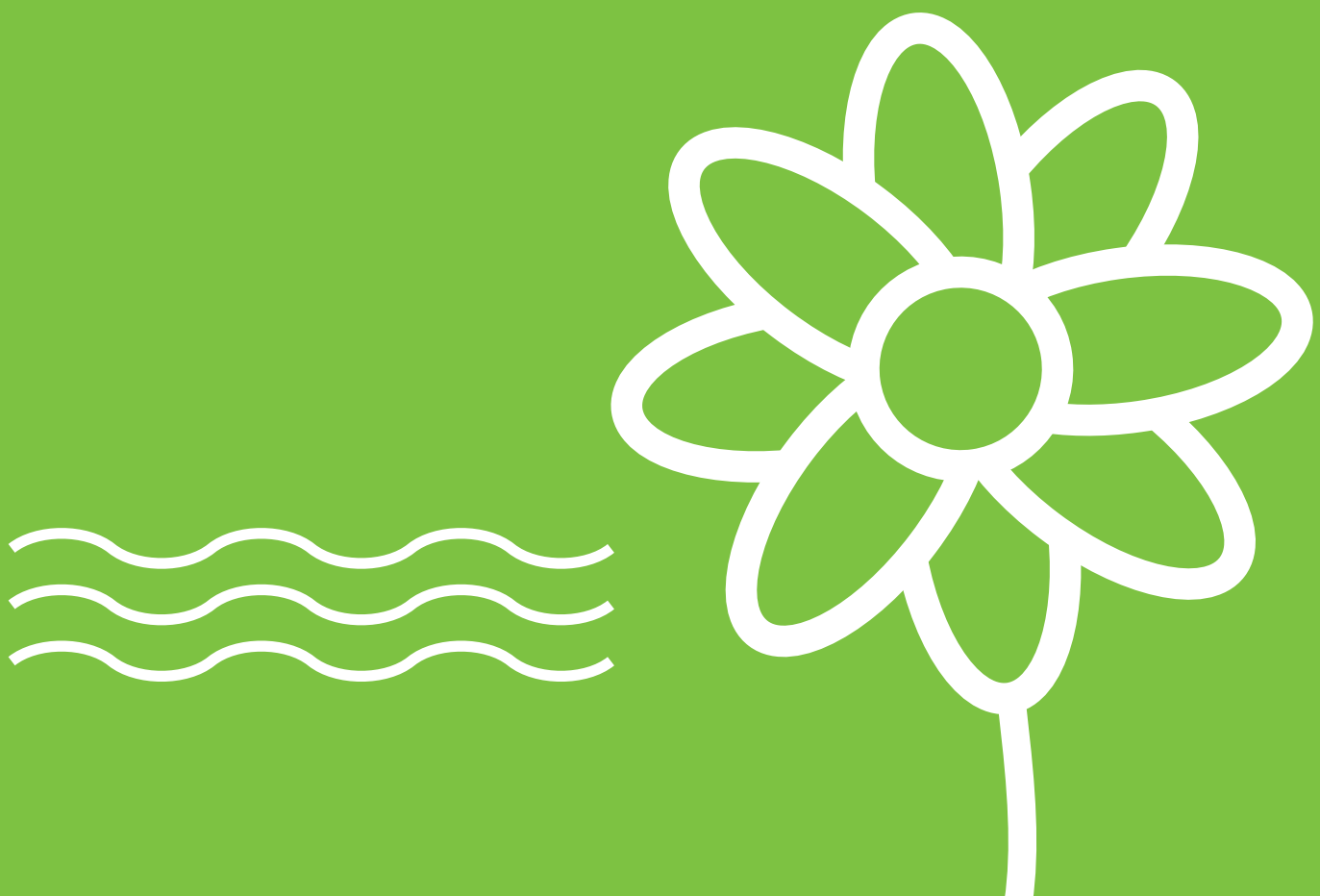
The key task for the following period will be to continue increasing the security and reliability of information technologies and ensuring compliance with international security standards, especially the General Data Protection Regulation EU 2016/679.

The Company intends to implement a system of remote administration and protection of mobile communication devices (phones, tablets). It will continue to implement the new customer information system. The implementation of a system for electronic document management (DMS) will be launched.

The key system for production and distribution of drinking water in the Moravian-Silesian Region is the Ostrava Area Water Network. It is 504 km long and its water treatment plants deliver 5,470 litres of water per second. 113 water reservoirs have the capacity to contain 302,638 m^3 of drinking water.

XIV.

Sustainable development



With respect to its activities, the Company influences the lives of the majority of the people in the region, be it through its customers to whom it supplies drinking water and provides wastewater drainage, its employees or suppliers of material, technologies and services.

The Company is fully aware of its responsibility for the region in which it operates and has thus incorporated the principles of social responsibility and sustainable growth into all its activities. The Company's philosophy is based on four pillars, namely Corporate Governance, People, the Environment and the Region.

Corporate Governance

The Company voluntarily abides by the selected Chapters of the Code of Corporate Governance based on the OECD principles compiled by the Czech Securities Commission.

Being a member of the FCC Group, the Company has also adopted the FCC Group Code of Ethics which it implemented and adjusted in line with its specific conditions.

The Company is a holder of five quality management certificates, namely:

ČSN EN ISO 9001: 2016 (quality management system)
ČSN EN ISO 14001: 2016 (environmental management system)
ČSN OHSAS 18001: 2008 (occupational safety and health protection management system)
ČSN ISO 50001 (energy management system)
ČSN ISO 14064-1 (measuring and reporting greenhouse gas emissions – carbon footprint)

In November 2017, the Company successfully completed a re-certification audit extending the validity of three certificates until November 2018 (occupational safety and health protection management system, quality management system and environmental management system).

In June 2017 the Company underwent an external supervisory audit of the energy management system.

Human Resources

As the Company fully realises the significance of qualified and motivated employees for its operation and further development, it pays appropriate attention to human resources. In 2017, labour relations were in compliance with the Labour Code and the applicable collective bargaining agreement, which is concluded on a yearly basis. The Company has not established a special remuneration committee.

	2012	2013	2014	2015	2016	2017
Manual workers	562	560	556	553	555	555
Technical operations managers	307	308	310	310	313	305
Total	869	868	866	863	868	860

Occupational Safety

The Company continuously pays great attention to its occupational safety and health protection management system in all aspects of its operation. In line with the ISO standards, it has therefore implemented an integrated occupational safety and health protection management system under ČSN OHSAS 18001. In November 2017, the Company successfully completed supervisory audit and together with quality management and environmental protection succeeded in extending the validity of the certificate under the OHSAS standard.

As a result of implementing this standard, the entire Company employs occupational health and safety and fire safety standards with the objective to enhance the level of health and safety of the Company's employees. New risks are being identified and implemented in the risk register, and effective measures are adopted to mitigate the potential impact on employees' health, such as modifying personal protection aids and replacing personal protection aids with collective protection aids.

The implementation of the management system affects all areas of occupational health and safety, such as compliance with safe work procedures in the operation and maintenance of water management facilities; performing employee tasks on roads and movement thereon; contractual relations with suppliers; issuing of entry permits within the Company's facilities; worksite supervision; worksite sanitation standards; continuous use of personal protection aids; provision of prophylactic drinks, prevention of occupational injuries, etc.

In 2017, 13 light occupational injuries were recorded, none of them resulting in permanent health damage. The investigation of their causes did not identify any violation of the applicable regulations on the employer's part. In view of the demanding and versatile nature of jobs performed by Company employees and the impact of climatic conditions, this record testifies to the permanent positive effect of the OHSAS standard implementation and continuous improvement of occupational health and safety across the Company.

In 2017, inspections were carried out in the Company by the Fire Brigade of the Moravian Silesian Region and the Regional Public Health Authority of the Moravian Silesian Region. The identified inadequacies will be removed within the given periods in cooperation with the Fire Brigade. No sanctions were imposed on the Company.

In 2017, the Company introduced a health and safety at work project focused on the culture of prevention which includes four tools for mutual communication between employees and the employer. They include management visits at the worksites, refresher employee training, observation of performed activities from the perspective of occupational health and safety and talks with employees on this topic. The purpose of these tools is to incorporate this area in the employees' daily activities and to ensure closer communication with the management of the Company.

Further Education and Training

The training system is based on the relevant regulations and laws related to individual activities. For each year, a training plan is prepared and approved in line with the methodology instruction. The training plan is based on the records of work activities and health checks. It is possible to assign training in the human resources information system. The system subsequently evaluates, whether the prerequisites for the performance of a specific activity are met, ie whether the training or relevant health checks have been realised. The system also informs the relevant department heads and human resources officers about any training or health checks, whose due date is approaching.

The training sessions are organised by the relevant department heads and human resources officers based on the nature, location of the operation and the number of employees signed up for the training. In line with the program of Integrated Management System, the employees may choose to be vaccinated against hepatitis and tick encephalitis.

In 2017, the Company provided 5,695 hours of training, which represents approximately 6.6 hours of training per employee per year.

Benefits

The Company provides its employees with a number of benefits, such as meal vouchers for employees working at least four and a half work hours a day. The Company covers 60% of the value of the employee meal vouchers. Providing that certain criteria are met, the employees are also entitled to vouchers for cultural, sports and social events.

Employees in possession of company mobile phones may use them for private purposes, provided they comply with the given conditions. In cooperation with O2 Family, the Company arranged the possibility for employees and their families to obtain more advantageous plans in this operator's programme. By the end of 2017 this offer was used by several dozens of employees or their family members.

In compliance with Section 212 of the Labour Code, all employees have an additional week of vacation. Employees who are engaged in particularly hard work (eg in the sewage system operation and wastewater treatment plants) are entitled to another additional week of vacation. Other social benefits that the Company offers to its employees include the possibility to use the Company's recreation facilities and contributions to employees and their family members for child camps, package tours, medical and wellness therapies in line with the regulations approved in the collective bargaining agreement.

In extreme cases of social need, the Company offers employees (or their bereaved family members) a one-off non-repayable benefit amounting to CZK 15,000. Upon a written request, the Company may provide a re-payable interest-free loan amounting to CZK 20,000/CZK 50,000 as appropriate. The Company's employees receive gifts on special work and life anniversaries, or merit rewards (eg Jánský medal or commemorative crosses for blood donors).

Employees who meet certain criteria receive contributions to pension funds.

On the occasion of the 25th anniversary of SmVaK Ostrava's modern history, the Company organised a family day for the employees and their families in June in the leisure grounds of the gravel pit in Hlučín. The event was attended by approximately two thousand people.

A new experience portal www.zazitkysvodou.cz for employees and their families was launched in November, allowing the employees of the water company to order services and products at a reduced price. The portal will continue to be developed to make sure that the offer corresponds to the employee's interests and at the same time reflects the interests of the Company particularly in the area of maintaining the employee's health and fitness.

Environment

The ongoing objective of the Company's operations is to ensure long-term protection of the environment in regions where the Company conducts business, with an increased focus on sustainable development. Investments in wastewater drainage and treatment aim primarily to renovate the existing obsolete sewage networks and upgrade the facilities housing sewage pumping stations and wastewater treatment plants. The Company was awarded the ČSN EN ISO 14001: 2016 certification.

Investments in wastewater drainage and treatment focus primarily on the renovation of the existing sewage networks and upgrade of the facilities housing sewage pumping stations and wastewater treatment plants.

The Company continued to expand and improve services provided to municipalities in the operation of sewage systems and wastewater treatment plants and in meeting related legislative environmental requirements, including advisory services, particularly in respect of projects co-funded from EU grants or from the Czech Ministry of Agriculture. The Company operates sewage systems and wastewater treatment plant facilities in numerous municipalities and cities under license contracts concluded with these entities and also provides related professional technical support.

Carbon footprint monitoring

The Company decided to carry out a comprehensive analysis of how its activities affect the surrounding environment in terms of greenhouse gas emissions. For this reason, it described its carbon footprint in great detail in line with the ČSN ISO 14064-1 standard. Its calculation entailed creating a methodology, the correctness and completeness of which was verified by an independent audit company. Simultaneously, the calculation of the Company's carbon footprint in 2014 was verified, which was selected to be the reference year. Therefore, it will serve as a benchmark for comparing the carbon footprint in the subsequent years. The Company intends to continue in the activities leading to the reduction of its carbon footprint. The measures implemented so far have proved to be effective.

System for energy efficiency improvement

In 2016, the Company became the second water management company in the Czech Republic to implement the ČSN ISO 50001 standard. In 2017, the Company also successfully underwent the supervisory audit. The implementation of this standard entails monitoring energy handling with a view to improving the energy efficiency of operations. Measurable objectives and targets have been set as to what savings may be achieved in handling energies and in which areas. The introduction of the ISO 50001 system represents an addition to and expansion of the existing integrated management system, which will consequently lead to a gradual optimisation of the use of energy in the Company.

Small hydroelectric power plants and cogeneration units

In addition to producing drinking water and facilitating wastewater treatment, modern water management facilities use their capacity to generate clean electricity. In 2017, the Company's facilities using renewable energy sources generated 8,874 MWh of electricity.

Small hydroelectric power plants installed within the Ostrava Area Water Supply Networks generated 4,357 MWh, of which 1,521 MWh were sold to the ČEZ Distribuce distribution network and the Pražská energetika trader, and the remaining 2,807 MWh were used to operate the technological equipment of the Ostrava Area Water Supply Networks. Transmission losses (low/high voltage) amounted to 29 MWh.

Co-generation units in the wastewater treatment plants generated 4,517 MWh of electricity, of which 4,205 MWh were allocated for powering the operation of technological equipment, 70 MWh were supplied to the ČEZ Distribuce network, and 242 MWh were consumed by the operation of the co-generation units.

The methodology guidelines for waste management, chemical substances management, air protection and wastewater discharge were updated to comply with the relevant legislative changes and reflect the actual conditions in respective Company centres.

Region

The Company supports activities of non-profit organisations working with children, teenagers, people with disabilities and the elderly. The Company is partner to numerous cultural, social and educational events organised in the region, organised principally by local towns and municipalities.

The Company is a major employer in the region. Given that its annual investments in the renovation of the water management infrastructure amount to more than half a billion CZK, the Company indirectly provides jobs for hundreds of employees of its contractors.

We are in this together! (Plaveme v tom spolu!)

In 2017, the second year of the grant programme for active employees entitled "We are in this together" saw support provided to 19 projects of the non-profit organisations in which the Company's employees are involved in their free time and generally free-of-charge. The total support to projects amounted to approximately CZK 199.5 thousand.

Thanks to this, events with a total budget of CZK 1.7 million were implemented. The programme sparked interest among employees and the required amount substantially exceeded the budget for the given year, with the employees requesting support of CZK 430 thousand. Assistance was directed at events for people with disabilities, cultural events, projects for the conservation of the environment, children's events or activities of sports clubs and voluntary fire brigades.

The Company continues to run the successful programme – in January it announced a grant call for projects to be implemented in 2018.

Education

There has been a long-term cooperation between the Company and Technical University Ostrava, namely the Faculty of Mining and Geology. Thanks to this, a number of the university's alumni specialising in water management have found employment in the Company. Both institutions have also cooperated in the field of scientific research over the long term.

In cooperation with experts on modern and innovative forms of education, the Company prepared a programme for secondary school pupils entitled The Tree of Life (Strom života). The project has been implemented in schools since April 2016. Using an experience-based approach, the educational programme explains the significance of water for humans and the environment. As a game that addresses the issue in a comprehensive way, it is the first of its kind in the Czech Republic.

In 2017, 25 schools of the Moravian-Silesian region participated in the programme, 50 realisations took place and approximately 800 primary school students were involved. The programme gained popularity among schools, students and parents to such an extent that its capacity for the following school year is now fully booked. SmVaK Ostrava cooperates with the project authors on an innovated version that would reflect the economic and social aspects of water management.

Persons Responsible for the Audit of the Financial Statements:

In 2015:	Deloitte Audit s.r.o. Karolinská 654/2, 186 00, Prague
Auditor's Name:	Petr Michalík
Auditor's Certificate No.:	2020
Audit Date:	2015 Financial Statements, 24 February 2016
In 2016:	Deloitte Audit s.r.o. Karolinská 654/2, 186 00, Prague
Auditor's Name:	Petr Michalík
Auditor's Certificate No.:	2020
Audit Date:	2016 Financial Statements, 24 February 2017
In 2017:	Deloitte Audit s.r.o. Karolinská 654/2, 186 00, Prague
Auditor's Name:	Petr Michalík
Auditor's Certificate No.:	2020
Audit Date:	2017 Financial Statements, 28 February 2018

The auditor was appointed by the Company's General Meeting held on 25 May 2017 pursuant to Section 17 of Act No. 93/2009 Coll.

Closing Statement

We hereby declare that to the best of our knowledge the Annual Report gives a true and fair view of the financial position, business activities and results of operations of the Company for the past reporting period and of the projected financial position, business activities and results of operations.

In Ostrava on 28 February 2018

Miroslav Kyncl
Vice-Chairman of the Board of Directors

Václav Holeček
Member of the Board of Directors

aqualia
SmVaK

XV.

Report of the supervisory board

The Supervisory Board's statement with respect to the regular financial statements for the accounting year 2017, Annual Report for the accounting period 2017 and results of the review of the Report on Relations for the accounting year 2017

In accordance with Clause 24 (2) (a) and (b) in the Articles of Association the Supervisory Board reviewed the regular financial statements for the accounting period 2017. Results of the review were discussed by the Supervisory Board at its meeting on 2 March 2018.

The Supervisory Board confirms the following:

1. The Supervisory Board discussed and reviewed the regular financial statements for the accounting period 2017. No facts have been revealed when reviewing the regular financial statements which would suggest that some data included in the financial statements for the accounting period 2017 might be incorrect or incomplete.
2. No conflict has been revealed between SmVaK's activities and generally binding legal regulations, Articles of Associations and/or resolutions adopted by the General Meeting.
3. The Supervisory Board has not identified any case where the Board of Directors would be acting contrary to law, Articles of Association or resolutions adopted at the General Meeting.
4. The Report on Relations was correctly drafted and signed and is in line with provisions of the Act on Business Corporations (§ 82). Information in the Report is based on information about the related persons which is a part of the regular financial statements for the accounting period 2017.
5. The auditor, Deloitte Audit s.r.o., has audited the financial statements and the conclusion is that the financial statements give in all major aspects true and reliable information about assets, liabilities and financial standing of Severomoravské vodovody a kanalizace Ostrava a.s. as of 31 December 2017 as well as cash flow and economic figures for the period beginning 1 January 2017 and ending 31 December 2017 in accordance with the International Financial Reporting Standards ("IFRS") adopted in law of the European Union.

Considering the findings above, the Supervisory Board submits at the General Meeting this statement and recommends that the General Meeting should approve the regular final financial statements for the accounting period 2017.

Lukáš Ženatý
Chairman of the Supervisory Board

XVI.
Auditor's report

Deloitte.

Deloitte Audit s.r.o.
Nile House
Karolinská 654/2
186 00 Prague 8 - Karlín
Czech Republic

Tel: +420 246 042 500
Fax: +420 246 042 555
DeloitteCZ@deloitteCE.com
www.deloitte.cz

Registered by the Municipal Court
in Prague, Section C, File 24349
ID. No.: 49620592
Tax ID. No.: CZ49620592

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Severomoravské vodovody a kanalizace Ostrava a.s.

Having its registered office at: 28. října 1235/169, Mariánské Hory, 709 00 Ostrava

Audit Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Severomoravské vodovody a kanalizace Ostrava a.s. (hereinafter also the "Company") prepared on the basis of International Financial Reporting Standards as adopted by the EU, which comprise the statement of financial position as of 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Severomoravské vodovody a kanalizace Ostrava a.s. as of 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 8 to the financial statements which states, inter alia, that minority shareholders filed a legal dispute with the Regional Court in Ostrava challenging the validity of the resolution of the general meeting held on 25 May 2017, specifically the resolution on the allocation of the 2016 profit and the resolution on the share capital decrease. After evidence had been submitted, the Regional Court in Ostrava issued a ruling of 4 December 2017 that the resolution of the Company's General meeting held on 25 May 2017 on allocating the 2016 profit and decreasing the share capital is invalid. The Company filed an appeal against this ruling with the High Court in Olomouc on 12 January 2018. At the time of preparation of the financial statements, the Company's appeal has not yet been heard by the court. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/cz/about for a more detailed description of DTTL and its member firms.

Key Audit Matter	How it was addressed
Income relating to water and sewage charges and estimated receivables (unbilled water and sewage charges)	
The key audit matter is the Company's income relating to water and sewage charges (Note 4.10 to the financial statements) billed to final customers and companies. Water and sewage charges are billed based on concluded contracts. Contracts are predominantly concluded for an indefinite period and the charges are determined based on the effective price list updated annually and approved by the Company's Board of Directors. A key step is also the determination of estimated receivables, ie unbilled water and sewage charges representing unbilled income of a given month. Revenues are significantly impacted by estimates (Note 4.2.3 to the financial statements), which are calculated based on the prior period's real consumption. We have identified a risk in an erroneous determination of prices, or possible erroneous assignment of prices from the price list to customers. There is also a risk that an incorrect amount of consumed water may be assigned. For these reasons, income related to water and sewage charges and related estimated balances are considered to be a key audit matter.	In addressing this key audit matter we performed a combination of tests of internal controls and substantive testing. Testing of internal controls We tested the design and operating effectiveness of the key internal controls relating to the income from water and sewage charges. Our procedures included testing: • System-based controls over the amount of consumed water as input in the system during the measurement and whether it is actually used for invoicing; • Controls over the prices which are based on the effective price list as approved by the Company's Board of Directors and that the price list is used to generate invoices for final customers; and • Testing controls related to Information Technology (IT) over access rights and change management of relevant IT applications with assistance from our IT specialists. Substantive testing We performed an analytical test in which we used from the system the total amount of consumed water for individual categories and multiplied it by the effective price and compared it with the amount presented in the accounting records. On a sample basis, we tested the calculation of the final price to confirm that the Ministry of Finance's decree was not violated. We tested whether invoices were recognised in the relevant reporting periods and whether income was not misstated through reporting in an incorrect period. On a sample basis, we selected invoices recorded around the year-end and based on supporting documents related to these invoices we assessed if the revenue was recorded in the correct period. We examined the year-on-year development of estimated receivables. We broke down the balance recognised for water and sewage charges and performed tests on a sample basis of the groups, comparing the data with the latest available issued invoices and calculating the estimate with the accuracy expressed in days. We also tested completeness and accuracy of estimates and focused on the assessment of the impact of estimated receivables of the prior year on the current reporting period.

Key Audit Matter	How it was addressed
	No exceptions were noted in internal controls and our substantive testing which may result in significant misstatements in revenue recorded in the year.
Capitalisation of property, plant and equipment	
The Company annually incurs significant expenditure in acquiring property, plant and equipment as stated in Note 4.1.2 to the financial statements. Given the significant balance of the acquired assets it is necessary to consider the nature of capitalised costs to ensure that property, plant and equipment meet the specific recognition criteria in IAS 16 'Property, Plant and Equipment', specifically in relation to assets constructed by related parties. Based on the application of its judgement, management also assigns appropriate useful economic lives to assets. As a result, this was noted as a key audit matter.	Our audit procedures, on a sample basis, included, among others: • Our audit work included assessing the nature of property, plant and equipment capitalised by the Company to test the validity of amounts capitalised and evaluating whether assets capitalised meet the recognition criteria set out in IAS 16 'Property, Plant and Equipment'. • Our audit work considered whether capitalisation of assets ceased when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by the Company. • Furthermore, we challenged the useful economic lives assigned with reference to the Company's historical experience and our understanding of the future utilisation of assets by the Company. The capitalisation of assets was assessed to be appropriate. We concluded that the useful economic lives assigned to these assets are appropriate based on the evidence obtained.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Board of Directors, Supervisory Board and Audit Committee for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 25 May 2017 and our uninterrupted engagement has lasted for three years.

Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 22 February 2018 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. In addition, there are no other non-audit services which were provided by us to the Company and which have not been disclosed in the financial statements.

In addition, in accordance with Section 32i of Act No. 593/1991 Coll., on Accounting, we checked that the Company prepared non-financial information and disclosed it in the annual report.

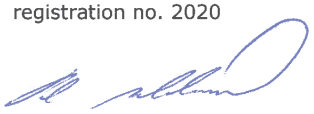
In Prague on 28 February 2018

Audit firm:

Deloitte Audit s.r.o.
registration no. 079

Statutory auditor:

Petr Michalík
registration no. 2020



XVII.

Post balance sheet events

No events occurred subsequent to the balance sheet date that would be material for fulfilling the purpose of the annual report.

High quality of water is maintained thanks to the central sources, treatment processes and water distribution processes. Quality of water has improved in past years thanks to improvements in the environment (higher quality of raw water) and thanks to advanced methods introduced into water treatment processes.

XVIII.

Approval of the financial statements

The financial statements were approved by the Board of Directors for publication on 20 February 2018

Miroslav Kyncl
Vice-Chairman of the Board of Directors

Václav Holeček
Member of the Board of Directors

STATEMENT OF FINANCIAL POSITION INCLUDING AN ATTACHEMENT

2017

aqualia

SmVaK

1. STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2017

	Note	As of 31 December 2017 In CZK thousands	As of 31 December 2016 In CZK thousands
Assets (in CZK thousands)			
TOTAL ASSETS		8,414,772	10,339,265
Non-current assets		7,336,909	7,306,047
Intangible assets	4.1.1.	38,004	28,275
Property, plant and equipment	4.1.2.	7,298,905	7,277,772
Current assets		1,077,863	3,033,218
Inventories	4.2.1.	12,784	12,108
Other receivables	4.2.2.	40,587	43,935
Income tax receivable	4.8.	23,843	0
Unbilled water and sewage charges	4.2.3.	217,088	210,812
Trade receivables	4.2.4.	131,431	123,000
Receivable from a loan to the parent company	4.2.6.	51,530	0
Receivables for subscribed share capital	4.3.	0	2,161,474
Cash and bank	4.2.5.	600,600	481,889

	Note	As of 31 December 2017 In CZK thousands	As of 31 December 2016 In CZK thousands
EQUITY & LIABILITIES (in CZK thousands)			
TOTAL EQUITY & LIABILITIES		8,414,772	10,339,265
Equity		1,731,327	3,881,164
Share capital	4.3.	1,296,909	3,458,425
Retained earnings		434,418	422,739
Non-current liabilities		5,933,787	5,904,660
Provisions	4.4.	18,232	18,012
Finance lease liabilities	4.6.	28,126	23,057
Bank loans and bonds issued	4.7.	5,345,797	5,334,550
Deferred tax liability	4.8.2.	541,632	529,041
Current liabilities and deferred income		749,658	553,441
Provisions	4.4.	18,738	39,914
Trade and other payables	4.5.	643,878	426,655
Finance lease liabilities	4.6.	9,406	7,426
Bank loans and bonds issued	4.7.	64,575	64,575
Value-added tax liability	4.9.	13,061	14,604
Income tax liability	4.8.	0	267

2. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Year ended 31 December 2017 In CZK thousands	Year ended 31 December 2016 In CZK thousands
Sales from water and sewage charges	4.10.	2,342,469	2,343,578
Other operating income	4.11.	79,630	69,570
Consumed materials and energy	4.12.	-451,967	-447,427
Personnel expenses	4.13.	-458,445	-434,892
Depreciation and amortisation	4.1.1 and 4.1.2.	-497,376	-481,856
Other operating expenses	4.14.	-505,304	-418,537
Charge for and release of provisions and allowances	4.15.	19,397	-26,306
Income from operating activities		528,404	604,130
Interest and other financial income	4.16.	190	26
Interest and other finance costs	4.16.	-155,811	-155,711
Loss on financial transactions	4.16.	-155,621	-155,685
Income before income taxes		372,783	448,445
Income taxes	4.8.	-74,055	-86,191
Net income		298,728	362,254
Comprehensive income, net of tax, attributable to the Company's owners		298,728	362,254
Earnings per share (CZK):	3.17.		
Basic		86.38	104.75
Diluted		86.38	104.75

3. STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2017

	Share capital In CZK thousands	Retained earnings In CZK thousands	Total equity In CZK thousands
31 December 2015	1,296,909	399,411	1,696,320
Increase in the share capital	2,161,516	0	2,161,516
Payment of dividends pursuant to the General Meeting's decision of	0	362,254	362,254
26 May 2016	0	-338,926	-338,926
Profit for 2016	0	362,254	362,254
Comprehensive income for 2016	0	362,254	362,254
31 December 2016	3,458,425	422,739	3,881,164
Decrease in the share capital	-2,161,516	0	-2,161,516
Payment of dividends pursuant to the General Meeting's decision of			
25 May 2017	0	-287,049	-287,049
Profit for 2017	0	298,728	298,728
Comprehensive income for 2017	0	298,728	298,728
31 December 2017	1,296,909	434,418	1,731,327

4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Year ended 31 December 2017 In CZK thousands	Year ended 31 December 2016 In CZK thousands
Cash as of 1 January	481,889	631,210
Cash flows from principal profit-making (operating) activity		
Profit on ordinary activities before taxation	372,783	448,445
Non-cash adjustments	632,064	662,537
Depreciation and amortisation	497,376	481,856
Changes in allowances and provisions	-19,397	26,306
(Profit)/ Loss on disposal of property, plant and equipment	-340	-1,594
Interest expense and interest income	142,673	142,772
Adjustments for other non-cash transactions	11,752	13,197
Net cash from operating activities before changes in working capital	1,004,847	1,110,982
Change in working capital	74,026	-3,225
Change in receivables and in prepaid expenses and unbilled revenue	-12,291	-28,192
Change in payables and in accruals and deferred income	86,969	26,158
Change in inventories	-652	-1,191
Net cash from operating activities before taxation	1,078,873	1,107,757
Interest paid	-142,852	-142,777
Interest received	179	5
Income tax paid on ordinary activities	-85,574	-89,067
Net cash flows from operating activities	850,626	875,918
Purchase of property, plant and equipment	-393,867	-678,914
Proceeds from sale of property, plant and equipment	417	2,510
Borrowings and loans to related parties	-51,530	
Net cash flows used in investing activities	-444,980	-676,404
Cash flows from financing activities		
Proceeds of issued bonds	0	0
Effects of changes in equity	-286,935	-348,835
Dividends paid	-286,935	-337,458
Changes in share capital	0	-11,377
Net cash flows used in financing activities	-286,935	-348,835
Net increase/(decrease) in cash	118,711	-149,321
Cash as of 31 December	600,600	481,889

Content

1. GENERAL INFORMATION 6
1.1. Formation and description of the company 6
1.2. COMPANY ORGANISATIONAL STRUCTURE 6
1.3. Group structure 6

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS 6

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 8
3.1. INTANGIBLE ASSETS 8
3.2. PROPERTY, PLANT AND EQUIPMENT 8
3.3. NON-CURRENT ASSETS HELD FOR SALE 9
3.4. CASH AND CASH EQUIVALENTS 9
3.5. INVENTORIES 9
3.6. RECEIVABLES 9
3.7. TRADE PAYABLES 9
3.8. BONDS 9
3.9. PROVISIONS 9
3.10. TRANSLATION OF FOREIGN CURRENCIES 9
3.11. FINANCE AND OPERATING LEASES 10
3.12. TAXATION 10
3.13. REVENUE RECOGNITION 10
3.14. SEGMENT REPORTING 10
3.15. FAIR VALUE OF FINANCIAL INSTRUMENTS 11
3.16. BORROWING COSTS 11
3.17. EARNINGS PER SHARE AND AMOUNT OF SHARE IN PROFIT 11
3.18. SIGNIFICANT ACCOUNTING ESTIMATES 11

4. ADDITIONAL INFORMATION ON THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME 12
4.1. NON-CURRENT ASSETS 12
4.2. CURRENT ASSETS 15
4.3. EQUITY 16
4.4. PROVISIONS 17
4.5. TRADE AND OTHER PAYABLES 18
4.6. FINANCE LEASE LIABILITIES 18
4.7. BANK LOANS AND BONDS ISSUED 18
4.8. INCOME TAXES 19
4.9. VALUE-ADDED TAX LIABILITY 20
4.10. SALES FROM WATER AND SEWAGE CHARGES 20
4.11. Other operating income 20
4.12. CONSUMED MATERIAL AND ENERGY 21
4.13. PERSONNEL EXPENSES 21
4.14. OTHER OPERATING EXPENSES 22
4.15. COST OF AUDIT FOR THE RELEVANT PERIOD 23
4.16. CHARGE FOR PROVISIONS AND ALLOWANCES 23
4.17. FINANCE INCOME AND COSTS 23
4.18. RELATED PARTY TRANSACTIONS 23

5. FINANCIAL STATEMENTS RISKS 26

6. SENSITIVITY ANALYSIS 26

7. COMMITMENTS AND CONTINGENCIES 26

8. LEGAL DISPUTES 27

9. SUBSEQUENT EVENTS 29

10. FINANCIAL STATEMENTS AUTHORISATION 29

1. GENERAL INFORMATION

1.1. Formation and description of the company

Severomoravské vodovody a kanalizace Ostrava a.s. (hereinafter the "Company") was incorporated on 1 May 1992. The Business Registration Number of the Company is 45193665. The Company has the legal status of a joint stock company.

The Company is primarily engaged in the following activities:

- Production and distribution of potable and industrial water;
- Discharge and cleaning of waste water; and
- Civil engineering.

The Company's shares are traded on the free market as organised by the RM System, the Czech Stock Exchange, a.s. Bonds issued by the Company are traded on the main market of the Prague Stock Exchange (a regulated market).

The Company's registered office is located in Ostrava, 28. října 1235/169, Mariánské Hory, post code 709 00, the Czech Republic.

The Company's shareholders as of 31 December 2017 were as follows:

Shareholder	Ownership interest
AQUALIA CZECH S.L.	98.68 %
Other shareholders	1.32 %
Total	**100 %**

These financial statements are presented in thousands of Czech crowns (CZK thousand), with the exception of earnings per share that are presented in Czech crowns.

1.2. COMPANY ORGANISATIONAL STRUCTURE

The Company is organised into four internal organisational units as follows:

1. Company management
1.1. Managing Director
1.2. Finance Director
1.3. Technological Manager
1.4. Organisational and Administration Manager
1.5. International Development
2. Water Supply Manager
3. Sewerage Manager
4. Manager of "Ostravský oblastní vodovod, OOV" (Ostrava Regional Water Supply)

1.3. Group structure

Entity exercising direct control over the Company:

- AQUALIA CZECH, S.L.

The Company held no equity investments in any other company as of 31 December 2017.

2. Adoption of new and revised international financial reporting standards

In 2017, the Company used all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) which apply to its business, are effective for the period beginning on 1 January 2017 and have been adopted by the European Union.

Standards and interpretations effective in the current period

The following amendments to the current standards issued by the IASB and adopted by the EU are effective in the current period:

- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017);

- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017); and
- **Amendments to IFRS 12 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017).

The adoption of these amendments to the current standards did not result in any changes to the Company's accounting policies.

New standards issued and amendments to existing standards not yet applied by the Company

At the balance sheet date, the following new standards, amendments to existing standards and new interpretation were issued but not yet effective.

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018);
- **IFRS 15 "Revenue from Contracts with Customers"** and further amendments (effective for annual periods beginning on or after 1 January 2018);
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019);
- **IFRS 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2021);
- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018);
- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),
- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019);
- **Amendments to IFRS 10 "Consolidated Financial Statements"** and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded);
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019);
- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018);
- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018);
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015-2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019);
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (effective for annual periods beginning on or after 1 January 2018); and
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** (effective for annual periods beginning on or after 1 January 2019).

The Company has elected not to adopt these new standards, amendments to existing standards and new interpretation in advance of their effective dates. Based on the Company's estimates and analyses, the adoption of these standards, amendments to existing standards and new interpretation will have no material impact on the financial statements of the Company in the period of initial application (primarily IFRS 15 "Revenue from Contracts with Customers"), the only exception being IFRS 16 "Leases".

Under IFRS 16 a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. In the case of IFRS 16's predecessor, IAS 17, lessors classify leases as operating or finance in nature.

The Company has not yet assessed the impact of adopting IFRS 16.

3.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) under the historical cost convention.

The financial statements comply with the relevant regulations of the Czech Republic and were authorised by the Board of Directors on 20 February 2018.

3.1. INTANGIBLE ASSETS

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis

If the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is written down to the recoverable value through the recognition of an allowance.

Amortisation of intangible fixed assets is recorded on a straight line basis over their estimated useful lives as follows:

	%
Software	25
Patents and similar rights	10 – 20

3.2. PROPERTY, PLANT AND EQUIPMENT

Property and plant intended for use in providing services or for administrative purposes are stated at cost, including costs of acquisition, less accumulated depreciation and any recognised impairment loss.

The Company's assets primarily comprise the equipment of water treatment plants, water pipelines, wastewater treatment plants and sewerage networks.

Depreciation is charged so as to write off the cost of assets, other than land and assets under construction, over their estimated useful lives, using the straight line method, on the following basis:

	%
Buildings	1 – 5.15
Manufacturing machinery – machines and equipment	4 – 25
Computers	17 – 25
Motor vehicles	4 – 25
Furniture and fixtures	4 – 12
Tangible fixed assets with a cost between CZK 10,000 and CZK 40,000	25
Water meters	17 – 25

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset at the transaction date and is recognised in profit or loss.

The carrying amount of assets and their useful life are assessed as part of stocktaking under IAS 36 Impairment of Assets. In line with IAS 36, the Company split its assets into the following groups which can be considered as independent cash generating units: water supply, sewerage and other. These groups of assets were reviewed for impairment based on the following criteria:

- External indications: reduction in the market value of a group of assets, negative changes in the market environment, changes in the market interest rates, imbalance between the market capitalisation at the stock exchange and the net assets value in the books; and
- Internal indications: obsolescence or physical damage, assets intended to disposal, assets held for sale, assets not generating sufficient benefits, redundant assets, the method of utilising assets changed.

The conducted review did not identify any indications of impairment with a group of assets. Only internal indications of impairment of individual assets were identified. The impairment of such assets is determined as the difference between the carrying amount of an asset and its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and its value in use. This impairment of assets is recognised in the books through the recognition of an allowance.

3.3. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are reported at the lower of their carrying amount and fair value less costs to sell.

An asset is classified as "held for sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is considered fulfilled only if the sale of the asset is highly probable and the asset is available for immediate sale in its present condition.

3.4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents principally consist of cash on hand and on bank accounts. Cash and cash equivalents are easily convertible into cash in an amount agreed in advance and carry a negligible risk of changes in value. The fair value of cash and cash equivalents does not differ from their carrying amount.

3.5. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present condition and location. Inventory consumption is calculated using the weighted arithmetic average method. The net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.6. RECEIVABLES

Upon origination, receivables are stated at their fair value as subsequently reduced by appropriate provisions for doubtful and bad debts. Irrecoverable receivables are written off only after the completion of the debtor's composition proceedings. The fair value of receivables approximates their carrying amount due to their short maturity.

Bad debt allowances are created based on the ageing analysis of receivables; to determine the amount of allowance, a recoverability test is used.

Receivables past due less than 180 days, from 180 to 365 days and by more than 365 days are allowed for at 1% (2016: 1%), 14% (2016: 20%) and 96% (2016: 94%) of the nominal value of the receivable, respectively.

The allowance is created on the above basis because the differences between the credit risk associated with individual receivables is minimal. Receivables associated with a specific credit risk (e.g. the debtor is bankrupt) are provided for based on an individual assessment.

3.7. TRADE PAYABLES

Trade payables are recognised at their fair value. The fair value of payables approximates their carrying amount due to their short maturity.

3.8. BONDS

The Company issued dematerialised bearer bonds. Bonds issued by the Company are traded on the main market of the Prague Stock Exchange. The bond issue is initially recognised at fair value less transaction costs within non-current payables.

Subsequent to initial recognition, the Company measures its issued bonds at amortised cost using the effective interest rate.

Accrued interest due in 2018 is recognised in current payables.

3.9. PROVISIONS

The Company recognises a provision when it has a present obligation as a result of a past event and it is probable that the settlement of the obligation will cause an outflow of economic benefits. The Company recognises provisions for anticipated removal of environmental damage, payment of future employee benefits (e.g. upon personal anniversaries or retirement), for material incentives, organisational changes and other provisions. Provisions are recorded in the amount of estimated costs on the disposal based on the best estimate of the Company's management of expenses incurred in settling the Company's liability.

Provisions are classified as long-term and short-term. Long-term provisions are restated to their present value.

3.10. TRANSLATION OF FOREIGN CURRENCIES

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (CZK).

Accounting transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, cash, receivables and payables denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-financial items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising from the translation are included in the statement of comprehensive income for the period.

3.11. FINANCE AND OPERATING LEASES

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

Assets held under finance leases are recognised as assets of the Company at their fair value at the acquisition date or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease liability. Finance charges representing the difference between the aggregate lease instalments and the fair value of acquired assets are amortised over the lease term so as to achieve a constant rate of interest on the liability balance for each period.

Operating lease charges are recognised as an expense on an accrual basis over the lease period.

3.12. TAXATION

The resulting tax amount presented in the statement of comprehensive income includes the current tax payable and the change in the deferred tax balance.

The tax currently payable is based on taxable profit and the tax base. The tax base differs from the net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the tax rate that has been enacted by the reporting date.

Deferred tax liabilities and assets arising on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases of these assets and liabilities used in the computation of taxable profit are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Like in the previous year, in 2017 deferred tax was recalculated using the tax rate of 19% applicable in 2018 for all temporary differences. Deferred tax is charged or credited to the statement of comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax office and the Company intends to settle its current tax assets and liabilities on a net basis.

3.13. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or accrued and represents amounts for sales of goods and services provided in the normal course of the Company's business, net of discounts, value added tax and other sales related taxes.

Income from water and sewage charges are recognised when potable water is delivered through pipelines or waste water is drained. Solidarity prices of water and sewage charges were set in accordance with the valid Assessment of the Ministry of Finance No. 01/2017 dated 25 November 2016.

Interest income is accrued on a time basis, by reference to the outstanding principal and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Unbilled revenues relating to charges for the water supplies which were performed in 2017 and will be invoiced in 2018 were established by reference to the results of average meter readings for the previous billing period per one day multiplied by the number of days when the water supplies were provided from the last meter reading to 31 December 2017, taking into consideration lower potable water consumption in Q4. These estimated receivables are reported in the line "Unbilled water and sewage charges" in the statement of financial position.

3.14. SEGMENT REPORTING

The Company treats its operations as one segment in line with IFRS 8 – Operating Segments. Other operations represent a negligible portion of sale revenues and are treated as support activities. In terms of geographic segments, the Company operates in one region, namely the Moravian-Silesian Region. For sales monitoring purposes, the region also includes cross-border areas in Poland where the Company supplies potable water to the Jastrzębie-Zdrój and Ustroń water conduits and also to Zebrzydowice. Water supplies to Poland represent 1.7% of total revenues related to water and sewage service charges and to supplied water. None of the Company's customers account for more than 10% of sales.

3.15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company does not own any financial instruments to be measured at fair value after the initial recognition. The fair value of financial instruments approximates their carrying amount, unless disclosed otherwise.

3.16. BORROWING COSTS

In general, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Any other borrowing costs are recognised as an expense in the statement of comprehensive income as incurred. No portion of borrowing costs is currently attributable to the acquisition of property, plant and equipment and, accordingly, no such costs are eligible for capitalisation.

3.17. EARNINGS PER SHARE AND AMOUNT OF SHARE IN PROFIT

The calculated values of the basic and diluted earnings per share are equal. The earnings per share were calculated as follows:

(CZK thousands, earnings per share and amount of dividend in CZK)

	2017	2016
Profit for the period	298,728	362,254
Average number of shares for the period	3,458,425	3,458,425
Earnings per share (both basic and diluted)	86.38	104.75
Dividend per share	**To be decided by the General Meeting**	**83.00**

The dividend policy is subject to decisions of the Company's bodies as part of the allocation of the Company's profit for the particular period.

3.18. SIGNIFICANT ACCOUNTING ESTIMATES

In the application of the accounting policies the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Unbilled water and sewerage charges are estimated based on measurements made in prior periods and other factors that are considered to be relevant. The real values may differ from the estimates of water and sewerage charges. Estimates and assumptions are reviewed on a regular basis.

4. ADDITIONAL INFORMATION ON THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME

4.1. NON-CURRENT ASSETS

4.1.1. Intangible assets

	Software (CZK thousands)	Patents and similar rights (CZK thousands)	Intangibles in progress (CZK thousands)	Total (CZK thousands)
COST				
31 December 2015	204,959	12,883	1,028	218,870
Additions	4,915	3,762	17,514	26,191
Disposals	**-3**	**0**	**-8,677**	**-8,680**
31 December 2016	209,871	16,645	9,865	236,381
Additions	6,120	4,675	17,760	28,555
Disposals	**-254**	**0**	**-10,794**	**-11,048**
31 December 2017	**215,737**	**21,320**	**16,831**	**253,888**
ACCUMULATED AMORTISATION				
31 December 2015	-194,016	-5,337	0	-199,353
Amortisation during the year	**-7,063**	**-1,693**	**0**	**-8,756**
Eliminated upon disposal	3	0	0	3
31 December 2016	-201,076	-7,030	0	-208,106
Amortisation for the year	**-7,022**	**-1,011**	**0**	**-8,033**
Eliminated upon disposal	**255**	**0**	**0**	**255**
31 December 2017	**-207,843**	**-8,041**	**0**	**-215,884**
NET BOOK VALUE				
31 December 2015	**10,943**	**7,546**	**1,028**	**19,517**
31 December 2016	**8,795**	**9,615**	**9,865**	**28,275**
31 December 2017	**7,894**	**13,279**	**16,831**	**38,004**

In 2017 and 2016, the Company purchased intangible assets charged to expenses totalling CZK 333 thousand and CZK 231 thousand, respectively.

The increase in the value of intangible assets resulted primarily from the acquisition of new software, namely the "Network Work Management", "Data Transfer System", "Geographic Information System", and operating system licences.

In 2017 and 2016, the Company recognised amortisation charges of CZK 8,033 thousand and CZK 8,756 thousand, respectively, in the statement of comprehensive income.

No allowances were created against intangible assets as of 31 December 2017.

4.1.2. Property, plant and equipment

	Land (CZK thousands)	Buildings	Machinery and equipment (CZK thousands)	Other assets (CZK thousands)	Tangibles in progress including advances (CZK thousands)	Total (CZK thousands)
COST						
31 December 2015	154,049	12,354,068	2,233,059	867	375,377	15,117,420
Additions	731	384,579	82,758	0	524,411	992,479
Disposals	**-107**	**-5,605**	**-23,910**	**0**	**-452,943**	**-482,565**
31 December 2016	154,673	12,733,042	2,291,907	867	446,845	15,627,334
Additions	891	469,229	157,316	0	508,602	1,136,038
Disposals	**0**	**-35,951**	**-50,611**	**0**	**-623,485**	**-710,047**
31 December 2017	**155,564**	**13,166,320**	**2,398,612**	**867**	**331,962**	**16,053,325**
ACCUMULATED DEPRECIATION INCLUDING IMPAIRMENT						
31 December 2015	0	-6,136,725	-1,750,804	0	0	-7,887,529
Depreciation during the year	**0**	**-373,955**	**-99,145**	**0**	**0**	**-473,100**
Eliminated upon disposal	0	4,575	23,608	0	0	28,183
31 December 2016	0	-6,506,105	-1,826,341	0	0	-8,332,446
Depreciation during the year	**0**	**-387,910**	**-101,433**	**0**	**0**	**-489,343**
Eliminated upon disposal	**0**	**35,134**	**50,534**	**0**	**0**	**85,668**
31 December 2017	0	-6,858,881	-1,877,240	0	0	-8,736,121
Allowances as of 31 December 2015	**-226**	**-14,297**	**-623**	**0**	**-570**	**-15,716**
Additions	0	-2,045	0	0	0	-2,045
Use	29	0	46	0	570	645
Allowances as of 31 December 2016	**-197**	**-16,342**	**-577**	**0**	**0**	**-17,116**
Additions	**0**	**-1,317**	**0**	**0**	**0**	**-1,317**
Use	**0**	**0**	**134**	**0**	**0**	**134**
Allowances as of 31 December 2017	**-197**	**-17,659**	**-443**	**0**	**0**	**-18,299**
NET BOOK VALUE						
31 December 2015	**153,823**	**6,203,046**	**481,632**	**867**	**374,807**	**7,214,175**
31 December 2016	**154,476**	**6,210,595**	**464,989**	**867**	**446,845**	**7,277,772**
31 December 2017	**155,367**	**6,289,780**	**520,929**	**867**	**331,962**	**7,298,905**

As of 31 December 2017 and 2016, the Company reported advances of CZK 6,367 thousand and CZK 6,033 thousand, respectively, for the acquisition of property, plant and equipment.

As of 31 December 2017 and 2016, the Company recognised allowances of CZK 18,299 thousand and CZK 17,116 thousand, respectively, for idle property, plant and equipment which cannot be used in the future. These allowances, which were created mainly for buildings, reduce the value of assets in the relevant asset group.

The change in allowances is presented in the net charge for provisions and allowances in the statement of comprehensive income.

In 2017 and 2016, property, plant and equipment charged to expenses totalled CZK 6,115 thousand and CZK 3,229 thousand, respectively. Such assets consist of low value tangible assets, i.e. other movables and sets of movables with a useful life greater than one year which are not included in property, plant and equipment.

In 2017 and 2016, the Company recognised depreciation charges of CZK 489,343 thousand and CZK 473,100 thousand, respectively, in the statement of comprehensive income.

The increase in the balance of property, plant and equipment resulted primarily from the acquisition of new assets as part of water main and sewer system line reconstructions, renovation of premises and from new technologies for water treatment plants.

The net book value of property, plant and equipment as of 31 December 2017 and 2016 also includes the net book value of CZK 263,223 thousand and CZK 277,936 thousand, respectively, of assets contributed by municipalities to the Company's equity (in 1998 and 1999).

All the Company's applications for the entry of ownership rights in the real estate register were duly registered as of 31 December 2017.

Assets held under operating lease

The Company uses part of an administrative building under an operating lease.

The payments made under the operating lease agreement are expensed evenly and presented in 'Rental charges' within other operating expenses in the statement of comprehensive income.

Effective 1 November 2012, the annual rent was contracted at CZK 11,549 thousand. During the lease-term, the rent will be increased on 1 January of each calendar year to reflect increases in the consumer price index as promulgated by the Czech Statistical Office for the previous calendar year.

The annual rental charges amounted to CZK 12,746 thousand and CZK 12,444 thousand in 2017 and 2016, respectively.

The values of future lease payments shown in the below table do not include any increase in the consumer price index.

Total future lease payments are as follows:

(CZK thousands)

	Minimum lease payment	
	As of 31 December 2017	As of 31 December 2016
Due within one year	11,549	11,549
Due from 2 to 5 years inclusive	46,196	46,196
Due after 5 years	32,722	44,271
Total	90,467	102,016

Assets held under finance leases

The Company acquired 25 new cars under finance lease in 2017, with the lease term of 72 months. The cars were initially recognised at cost, which was CZK 14,957 thousand. As of 31 December 2017, the Company used a total of 95 cars under finance leases; the carrying amount presented in the statement of financial position totalled 35,132 CZK thousand and CZK 27,493 thousand as of 31 December 2017 and 2016, respectively.

Assets held under finance lease agreements also include infrastructure assets that are used by the Company under operations contracts and for which letters of intent were concluded at the same time. Such assets are presented in the statement of financial position as of 31 December 2017 and 2016 at a carrying amount of CZK 25,411 thousand and CZK 29,338 thousand, respectively

Grants received

In 2017 the Company received no grants to finance the acquisition of non-current assets. Grants received in the past are presented as a reduction of the acquisition price of the Company's assets. Depreciation charges in 2017 are lower with respect to the lowered acquisition cost due to the received grant in the amount of CZK 9,440 thousand (2016: CZK 9,440 thousand).

Non-current assets pledged as security

The Company did not have any assets pledged as security as of 31 December 2017.

4.1.3. Non-current assets held for sale

The Company did not have any non-current assets classified as held for sale as of 31 December 2017.

4.2. CURRENT ASSETS

4.2.1. Inventories

In 2017 and 2016, allowances for idle inventories totalled CZK 65 thousand and CZK 89 thousand, respectively. Inventories are principally composed of chemical products and low value water supply parts in stock. Consumed inventories for 2017 and 2016 presented within consumed materials and energy (including water and chemicals) were CZK 111,101 thousand and CZK 99,216 thousand, respectively

4.2.2. Other receivables

(CZK thousands)

	31 December 2017	31 December 2016
Other receivables	,	,
Other receivables	27,493	29,745
Prepaid expenses	13,094	14,190
Total current receivables	**40,587**	**43,935**

Other receivables primarily include prepayments made for the consumption of underground water, discharge of waste water, and advances for rental charges relating to the operation of leased infrastructure assets.

4.2.3. Unbilled water and sewage charges

The policy for calculating these balances (which totalled CZK 217,088 thousand and CZK 210,812 thousand as of 31 December 2017 and 2016, respectively) is disclosed in Note 3.13.

4.2.4. Aging structure of trade receivables

(CZK thousands)

Year	Category	Before due	Overdue					Total past due	Total
			0 - 90 days	91 - 180 days	181 – 360 days	1 - 2 years	2 years and more		
31 Dec 2017	Gross	109,572	20,766	503	368	6,325	4,454	32,416	**141,988**
	Allowance	0	-207	-5	-50	-6,033	-4,262	-10,557	**-10,557**
	Net	109,572	20,559	498	318	292	192	21,859	**131,431**
31 Dec 2016	Gross	102,857	18,457	550	454	7,137	3,701	30,299	**133,156**
	Allowance	0	-173	-5	-90	-6,702	-3,186	-10,156	**-10,156**
	Net	102,857	18,284	545	364	435	515	20,143	**123,000**
2017	Change in allowances	0	-34	0	40	669	-1,076	-401	**-401**

Overdue receivables are provided for based on a recoverability test as follows:
(CZK thousands)

Receivables past due	31 December 2017		31 December 2016	
	Rate	Allowance	Rate	Allowance
More than 365 days	96%	10,295	94%	9,888
From 180 to 365 days	14%	50	20%	90
Less than 180 days	1%	212	1%	178
Total		10,557		10,156

4.2.5. Cash and cash equivalents

(CZK thousands)

	31 December 2017	31 December 2016
Cash and cash equivalents		
Cash in hand	465	361
Cash at bank	600,135	481,528
Total current financial assets	600,600	481,889

The above balances of current financial assets are presented as the closing balances of cash and cash equivalents in the cash flow statement.

4.2.6. Receivable from a Loan to the Parent Company

In the year ended 31 December 2017, the Company provided a loan to AQUALIA CZECH S.L. in the amount of CZK 51,530 thousand. The loan bears interest at 1.576% p.a. and falls due on 31 May 2018.

4.3. EQUITY

Equity consists of share capital and retained earnings.

The Company's fully paid share capital of CZK 1,296,909 thousand is composed of 3,037,040 registered shares with a nominal value of CZK 375 and 421,385 bearer shares with a nominal value of CZK 375.

Based on the decision of the General Meeting held on 25 May 2017, the Company's share capital was decreased by CZK 2,161,515,625 to CZK 1,296,909,375. The decrease in share capital was performed by decreasing the nominal value of all Company shares by CZK 625 to CZK 375. After the recording of the change in share capital in the Register of Companies, with the effective date of the decrease being 6 November 2017, the amount corresponding to the decrease in share capital was proportionately distributed among the Company's shareholders and paid out.

The reason for decreasing the share capital was to release available funds of the Company to the shareholders. The inclusion of the matter in the agenda of the General Meeting was requested by qualified shareholder AQUALIA CZECH S. L citing the Company's surplus of working capital that could be used to pay out the amount corresponding to the decrease in the share capital to the Company's shareholders.

The 2016 profit after tax totalling CZK 362,254 thousand was approved and distributed by the General Meeting on 25 May 2017 as follows:

(CZK thousands)

	2017
Profit for 2016	**362,254**
Shares in profit	-287,049
Profit added to retained earnings	**75,205**

The Company monitors its capital structure using the total debt ratio set as net debt to the sum of equity reflecting the share capital recorded as of 31 December 2017 and net debt. As of 31 December 2017 and 2016, the total debt ratio was 76% and 76%, respectively, as disclosed in the table below.

(CZK thousand)

	31 December 2017	31 December 2016
Bank loans and bonds issued (4.7)	5,410,372	5,399,125
Trade and other payables (4.5 and 4.6)	681,410	457,138
Cash on hand and in bank (4.2.5.)	-600,600	-481,889
Net debt	**5,491,182**	**5,374,374**
Equity	**1,731,327**	**1,719,648**
Equity + net debt	**7,222,509**	**7,094,022**
Total debt ratio	**76.03%**	**75.76%**

4.4. PROVISIONS

(CZK thousands)

	Provision for employee benefits	Other provisions	Total provisions
Balance as of	**21,141**	**15,051**	**36,192**
31 December 2015	21,141	15,051	36,192
Additions	5,272	24,200	29,472
Use	**-4,401**	**-3,337**	**-7,738**
Balance as of	7,436	0	7,436
31 December 2016	22,012	35,914	57,926
Additions	**7,436**	**0**	**7,436**
Use	**-3,619**	**-24,773**	**-28,392**
Balance at			
31 December 2017	**25,829**	**11,141**	**36,970**

The provision for employee benefits is created for retirement and anniversary bonuses. The amount of the provision is determined with reference to the Collective Agreement and respects the age structure of employees, the likelihood of the drawing of these benefits for individual employees or groups of employees, and reflects the time value of money.

Other provisions are created for likely expenses related to the use of energy sources in the wastewater treatment plants.

The provisions are classified as long-term and short-term in the accompanying statement of financial position based upon the anticipated period of their realisation.

(CZK thousands)

	Provision for employee benefits	Other provisions	Total provisions
Balance at	**22,012**	**35,914**	**57,926**
31 December 2016	22,012	35,914	57,926
Short-term portion	4,000	35,914	39,914
Long-term portion	18,012	0	18,012

(CZK thousands)

	Provision for employee benefits	Other provisions	Total provisions
Balance at	**25 829**	**11 141**	**36,970**
31 December 2017	25,829	11,141	36,970
Short-term portion	7,597	11,141	18,738
Long-term portion	18,232	0	18,232

4.5. TRADE AND OTHER PAYABLES

(CZK thousands)

	31 December 2017	31 December 2016
Current trade and other payables		
Trade balances	561,028	347,067
Payables to employees	39,663	37,049
Payables related to social security and health insurance premiums	12,835	13,123
Other current payables	30,352	29,416
Total current trade and other payables	**643,878**	**426,655**

The Company reported no overdue trade payables as of 31 December 2017 (as of 31 December 2016: CZK 0).

Other current payables as of 31 December 2017 and 2016 include particularly payables related to fees for the consumption of underground water and fees for pollution of waste water in the aggregate amount of CZK 11,397 thousand and CZK 11,392 thousand, respectively. As of 31 December 2017, other current payables include unpaid shares in the 2015 profit and payables arising from a decrease in the registered capital in the amount of CZK 6 million (CZK 6 million as of 31 December 2016).

4.6. FINANCE LEASE LIABILITIES

(CZK thousand)

	Minimum lease payment		Present value of minimum lease payment	
	As of 31 Dec 2017	As of 31 Dec 2016	As of 31 Dec 2017	As of 31 Dec 2016
Due within one year	10,333	8,500	9,406	7,426
Due from 2 to 5 years	26,947	22,610	24,657	21,073
Due after 5 years	3,106	2,013	3,469	1,984
Total	**40,386**	**33,123**	**37,532**	**30,483**
Less outstanding financial liabilities (interest)	**2,854**	**2,640**	**0**	**0**
Less payables due within one year (presented within short-term payables)	**9,406**	**7,426**	**9,406**	**7,426**
Payables due after one year	**28,126**	**23,057**	**28,126**	**23,057**
Present value	**37,532**	**30,483**	**37,532**	**30,483**

In 2017, the Company recorded liabilities arising from finance leases acquired on the basis of operations contracts for water management assets of municipalities, and liabilities arising from lease contracts entered into in connection with the acquisition of new cars.

The present value of liabilities arising from operations contracts for water management assets of municipalities was CZK 1,473 thousand and CZK 2,102 thousand as of 31 December 2017 and 2016, respectively.

The present value of liabilities arising from contracts entered into with lease companies was CZK 36,060 thousand and CZK 28,382 thousand as at 31 December 2017 and 2016, respectively.

4.7. BANK LOANS AND BONDS ISSUED

The Company did not report any payables from loans as of 31 December 2017.

On 17 July 2015, the Company issued bonds of CZK 5,400,000 thousand which were accepted for trading on the principal market of the Prague Stock Exchange. The bond issue is recognised at amortised cost. The costs associated with the issue settled during 2015 in the amount of CZK 81,258 thousand are included in the effective interest rate of 2.865% p.a. The bonds bear fixed interest at 2.625% p.a. The expenses relating to the issue are included in the effective interest rate.

As of 31 December 2017, the amortised cost of the bonds reported under long-term payables amounts to CZK 5,345,797 thousand (31 December 2016: CZK 5,334,550 thousand).

The fair value of bonds using the model of the coupon-free yield curve and interest rate risk mark-up is CZK 5,376,007 thousand and CZK 5,647,876 thousand as of 31 December 2017 and 2016, respectively.

Current payables from bank loans and bonds issued include interest on bonds of CZK 64,575 thousand which relates to 2017 but is due in 2018 (in 2016: CZK 64,575 thousand).

4.7.1. Analysis of financial liabilities maturity

The following table details the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Company can be required to pay. The table includes both interest and principal cash flows.

(CZK thousands)

As of 31 Dec 2017	Interest rate	Less than 1 year	2 – 5 years	Over 5 years
Trade and other payables	0	643,878	0	0
Tax payables	0	13,061	0	0
Finance lease payables	6.5 %	9,406	24,658	3,469
Bonds in the nominal value of CZK 5.4 billion with the effective interest rate of	**2.865 %**	**141,750**	**567,000**	**5,400,000**
Total		**808,095**	**591,658**	**5,403,469**

Fair value measurement

Bonds are classified in Level 3 in the fair value hierarchy, the reason being that their fair value is calculated using a valuation model. The fair value is calculated as equal to the present value of future cash flows arising from the holding of the bond. The discount rates included in the calculation are derived from a market coupon-free yield curve adjusted for the credit spread for the issuer's credit risk.

As of 31 December 2017, the Company did not hold any financial instruments with fair value not corresponding to their carrying value, except for bonds described in Note 4.7. above.

4.8. INCOME TAXES

(CZK thousand)

	31 December 2017	31 December 2016
Income tax due	61,464	84,250
Income tax deferred	12,591	1,941
Total	**74,055**	**86,191**

The tax payable as of 31 December 2017 amounts to CZK 61,464 thousand (31 December 2016: CZK 84,250 thousand). Prepayments for 2017 amounted to CZK 85,307 thousand (prepayments for 2016: CZK 83,983 thousand). As of 31 December 2017, the Company records an income tax receivable in the amount of CZK 23,843 thousand (as of 31 December 2016: an income tax payable of CZK 267 thousand).

4.8.1. Tax payable

The annual tax liability can be reconciled to income as per the statement of comprehensive income as follows:

(CZK thousands)

	Year 2017	Year 2016
Profit before tax	372,783	448,445
Current year tax rate	**19%**	**19%**
Tax based on the Czech Republic's statutory income tax rate	70,829	85,205
Tax non-deductible expense and income (net)	**3,250**	**2,111**
Current period income tax	74,079	87,316
Income tax of prior years	**-24**	**-1,125**
Total income tax	**74,055**	**86,191**
Effective tax rate	**19.87%**	**19.22%**

4.8.2. Deferred tax

As of 31 December 2017, deferred tax was determined in compliance with the Income Taxes Act, reflecting the applicable tax rates. The deferred tax liability is calculated from all temporary differences arising between the carrying amounts and tax values of assets and liabilities at the rate of 19%. In 2016, deferred tax was also calculated using the 19% rate.

Deferred tax recorded in the statement of comprehensive income amounted to CZK 12,591 thousand and CZK 1,941 thousand in the years ended 31 December 2017 and 2016, respectively.

The deferred tax liability is analysed as follows:

Deferred tax arising from:

(CZK thousands)

	31 December 2017		31 December 2016	
		Rate in %		Rate in %
Difference between tax and carrying amounts of non-current assets	-547,444	19,0	-539,366	19.0
Allowances for non-current assets	3,477	19,0	3,252	19.0
Allowance for inventories	12	19,0	17	19.0
Allowance for receivables	56	19,0	82	19.0
Outstanding insurance premium	150	19,0	150	19.0
Provisions	2117	19,0	6,824	19.0
Total	**-541,632**		**-529,041**	

4.9. VALUE-ADDED TAX LIABILITY

The Company recorded an amount due to the government of CZK 13,061 thousand and CZK 14,604 thousand as of 31 December 2017 and 2016, respectively.

4.10. SALES FROM WATER AND SEWAGE CHARGES

(CZK thousand)

	Year ended 31 December 2017			Year ended 31 December 2016		
	In-country	Cross-border	Total	In-country	Cross-border	Total
Production and distribution of potable water	1,391,877	40,278	1,432,155	1,390,424	40,337	1,430,761
Draining and cleaning of waste water	890,228	0	890,228	890,523	0	890,523
Related services	20,086	0	20,086	22,294	0	22,294
Total	**2,302,191**	**40,278**	**2,342,469**	**2,303,241**	**40,337**	**2,343,578**

4.11. Other operating income

(CZK thousands)

	Year ended 31 December 2017	Year ended 31 December 2016
Income from construction work	59,051	50,448
Rental income	10,667	10,527
Gains from the sale of assets and materials, net	**532**	**1,712**
Other operating income		
(compensation from insurance companies, compensation for mining damage, etc.)	**9,380**	**6,883**
Total	**79,630**	**69,570**

4.12. CONSUMED MATERIAL AND ENERGY

(CZK thousand)

	Year ended 31 December 2017	Year ended 31 December 2016
Consumption of water, materials and chemicals	402,362	389,137
Gas, electricity and heat	**66,036**	**74,258**
"Green bonus" – support of electricity production	**-16,431**	**-15,968**
Total	**451,967**	**447,427**

The Company uses renewable sources for the production of electricity from biogas in waste water treatment plants. In 2008, the Company concluded a contract with the distributor of energy, ČEZ Distribuce a.s., for the support to the production of electricity without the use of the distribution network of the operator, based on which the Company receives a green bonus for the produced amount of electricity. The green bonus amounted to CZK 16,431 thousand and CZK 15,968 thousand in the years ended 31 December 2017 and 2016, respectively, and was recognised in the statement of comprehensive income as a decrease in the costs of energy consumption.

4.13. PERSONNEL EXPENSES

2017

(CZK thousands)

	Headcount	Payroll costs	Social security and health insurance	Other costs	Total personnel expenses
Staff	853	312,414	106,769	15,673	434,856
Management	7	15,781	3,840	121	19,742
Total	**860**	**328,195**	**110,609**	**15,794**	**454,598**
Board of Directors and Supervisory Board members	27	0	976	2,871	3,847
Total	**887**	**328,195**	**111,585**	**18,665**	**458,445**

2016

(CZK thousands)

	Headcount	Payroll costs	Social security and health insurance	Other costs	Total personnel expenses
Staff	861	297,068	101,779	16,098	414,945
Management	7	12,840	3,425	151	16,416
Total	**868**	**309,908**	**105,204**	**16,249**	**431,361**
Board of Directors and Supervisory Board members	27	0	896	2,635	3,531
Total	**895**	**309,908**	**106,100**	**18,884**	**434,892**

Other costs also include expenses of pension insurance of employees, the substance of which represents a retirement benefit scheme with a fixed contribution. Except for the due contributions, no other obligations arise for the Company from the scheme.

Loans, borrowings and other benefits provided

In 2017, members of the Board of Directors, Supervisory Board and management received the following bonuses and other remuneration reported as other personnel costs in excess of their basic salaries:

2017

(CZK thousands)

	Board of Directors	Supervisory Board	Management
Remuneration for Board positions	1,188	1,683	0
In-kind and other income (bonuses on the basis of collective bargaining agreement, company cars used for private purposes)	0	404	812

2016

(CZK thousands)

	Board of Directors	Supervisory Board	Management
Remuneration for Board positions	1,188	1,447	0
In-kind and other income (bonuses on the basis of collective bargaining agreement, company cars used for private purposes)	0	358	666

4.14. OTHER OPERATING EXPENSES

(CZK thousands)

	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Repairs	212,273	157,110
Travel expenses	5,267	4,939
Representation, promotion	2,401	1,888
Transport	901	730
Telecommunication	7,902	7,508
Postal charges	6,529	6,497
Advisory, legal services	3,754	10,206
Waste treatment and sludge disposal	29,098	26,973
Rental charges	51,375	51,991
Cleaning, security guards	13,019	12,999
Lab work, expert reports	31,933	29,248
IT services	19,126	16,716
Technical improvement	4,221	7,379
Training	1,941	1,937
Taxes and fees	3,984	4,184
Fines	0	3,224
Write-off of receivables	490	2,262
Write-off of investments in assets	64	19
Damage compensation	275	694
Pollution charges	5,571	5,530
Insurance premium	4,692	4,373
Deductions, call centre	29,521	28,017
Work and services of having material content	40,450	2,281
Other operating expenses	30,517	31,832
(e.g. other purchased work, sub-deliveries)	**30,517**	**31,832**
Total	**505,304**	**418,537**

4.15. COST OF AUDIT FOR THE RELEVANT PERIOD

Auditor	Reported under the Cost of audit in 2017 (CZK '000)	Other services	Other services - description
Deloitte Audit s.r.o.	885		
Deloitte Advisory s.r.o.		522	Insolvency test
Deloitte Advisory s.r.o.		232	Tax advisory
Deloitte Advisory s.r.o.		2	Training

4.16. CHARGE FOR PROVISIONS AND ALLOWANCES

(CZK thousands)

	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Provisions – year-to-year change	-20,956	21,734
Allowances for inventories – year-to-year change	-24	3
Allowances for assets - year-to-year change	**1,183**	**1,400**
Allowances for receivables – year-to-year change	**400**	**3,169**
Total change in provisions and allowances	**-19,397**	**26,306**

4.17. FINANCE INCOME AND COSTS

(CZK thousands)

	Year ended 31 Dec 2017	Year ended 31 Dec 2016
Interest paid	-142,852	-142,777
Bank fees paid, exchange rate losses	-12,959	-12,934
Total expenses	-155,811	-155,711
Interest received and other finance income	**190**	**26**
Total income	**190**	**26**
Total, net	**-155,621**	**-155,685**

4.18. RELATED PARTY TRANSACTIONS

Group companies:

Fomento de Construcciones y Contratas, S.A. is the ultimate controlling person of the FCC Group.

- aqualia infraestructuras, S.A.
- Aqualia infraestructuras inženýring, s.r.o. (a subsidiary of aqualia infraestructuras, S.A)
- Vodotech, spol. s r.o. (a subsidiary of aqualia infraestructuras, S.A)
- tratamiento industrial de aguas, S.A. - branch (provides CALL CENTER services to the Company)
- FCC AQUALIA, S.A. (change of name, aqualia gestión integral del agua, S.A. until 2 May 2014)
- AQUALIA NEW EUROPE B.V.
- FCC Česká republika, s r.o.
- OBSED a.s.
- HIDROTEC, Tecnologia del Agua, S.L.U.

Related party transactions carried out in 2017 and 2016 are presented in the tables below. These transactions were made on an arm's length basis.

All the above companies are included in the FCC Group.

Income generated with related parties

2017
(CZK thousands)

Entity	Relation to the Company	Services	Interest	Total
Vodotech, spol. s r.o.	Group company	632	0	632
Aqualia infraestructuras inženýring, s r.o.	Group company	5,078	0	5,078
FCC Česká republika (formerly A.S.A. spol. s r.o.)	Group company	546	0	546
AQUALIA CZECH, S.L.	Parent Company	0	169	169
Total		**6,256**	**169**	**6,425**

2016
(CZK thousands)

Entity	Relation to the Company	Services	Other income	Total
Vodotech, spol. s r.o.	Group company	442	0	442
Aqualia infraestructuras inženýring, s r.o.	Group company	2,536	0	2,536
tratamiento industral de aguas, S.A.	Group company	161	0	161
FCC Česká republika (formerly .A.S.A. spol. s r.o.)	Group company	427	0	427
Total		**3,566**	**0**	**3,566**

Purchases from related parties

2017
(CZK thousands)

Entity	Relation to the Company	Services	Other expenses	Total
Vodotech, spol. s r.o.	Group company	32,046	0	32,046
Aqualia infraestructuras inženýring, s r.o.	Group company	188,652	0	188,652
tratamiento industral de aguas, S.A..	Group company	6	0	6
AQUALIA CZECH, S.L.	Parent company	7,835	0	7,835
Fomento de Contrucciones y Contracta, S.A.	Group company	10,017	0	10,017
FCC Česká republika (formerly .A.S.A. spol. s r.o.)	Group company	3,109	0	3,109
OBSED a.s.	Group company	20,617	0	20,617
Total		**262,282**	**0**	**262,282**

2016

(CZK thousands)

Entity	Relation to the Company	Services	Other expenses	Total
Ovod, spol. s r.o.	Group company	27,009	26	27,035
Aqualia infraestructuras inženýring, s r.o.	Group company	109,062	0	109,062
tratamiento industral de aguas, S.A..	Group company	3,048	0	3,048
AQUALIA CZECH, S.L.	Parent company	7,614	0	7,614
FCC AQUALIA, S.A.	Group company	979	0	979
Fomento de Contrucciones y Contracta, S.A.	Group company	8,535	0	8,535

FCC Česká republika (formerly.A.S.A. spol. s r.o.)	Group company	2,864	0	2,864
OBSED a.s.	Group company	21,974	0	21,974
Total		**181,085**	**26**	**181,111**

Investments made with related parties

(CZK thousands)

Entity	Relation to the Company	2017	2016
Vodotech, spol. s r.o.	Group company	4,313	0
Aqualia infraestructuras inženýring, s r.o.	Group company	458,247	487,261
FCC AQUALIA, S.A., organizační složka, cz	Group company	4,998	5,001
Total		**467,558**	**492,262**

Receivables from related parties

(CZK thousands)

Entity	31 December 2017	31 December 2016
Trade receivables		
Vodotech, spol. s r.o.	108	1
Aqualia infraestructuras inženýring, s r.o.	53	1,560
FCC AQUALIA, S.A.,organizační složka, cz	39	33
FCC Česká republika (formerly .A.S.A. spol. s r.o.)	208	50
Receivables arising from the loan provided		
AQUALIA CZECH, S.L.	51,530	0
Receivables for subscribed share capital		
AQUALIA CZECH, S.L.	0	2,132,953
Total	**51,938**	**2,134,597**

Payables to related parties

(CZK thousands)

Entity	31 December 2017	31 December 2016
Trade payables		
Vodotech, spol. s r.o.	3,150	109
Aqualia infraestructuras inženýring, s r.o.	269,502	103,142
Fomento de Contrucciones y Contracta, S.A.	1,853	87
FCC Česká republika (formerly .A.S.A. spol. s r.o.)	377	257
OBSED a.s.	2,685	2,592
Total trade payables	**277,567**	**106,187**

Related party transactions were conducted at arm's length prices charged at the location of the supply's provision and for commercial transactions.

Outstanding amounts have not been collateralised and will be settled via bank transfer. No guarantees were provided or received. No allowance was made for receivables from related parties.

5.FINANCIAL STATEMENTS RISKS

The Company manages its capital structure so as to achieve a long-term stable financial position while maximising long-term returns for its shareholders.

The nature of the Company's operations exposes the Company to credit, liquidity and market risks. The market risks are further associated with the currency and interest rate risks.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company management has adopted a policy of credit risk management and the level of the risk is monitored. The structure of trade receivables is highly diversified and the Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

Currency risk

The Company conducts substantially all of its transactions in Czech crowns and hence is not exposed to any significant foreign currency risk.

Interest rate risk

The Company's principal liability bears a fixed interest rate. The risk of a change in the fair value is not hedged.

Liquidity risk

The Company has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding. The Company manages liquidity risk by maintaining adequate reserves and long-term lending facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company meets its obligations as required and on time.

6.SENSITIVITY ANALYSIS

Sensitivity to market changes

The Company as a dominant producer and distributor of potable water and a provider of waste water discharge and treatment services in Northern Moravia periodically monitors and assesses the situation in the market where it operates. Since water and sewerage charges are subject to price regulations and reflect all of the Company's eligible costs, the Company is not significantly sensitive to changes in the market.

Sensitivity to interest rate changes

As a bond issuer, the Company's sensitivity to interest rate changes is as follows. A 1.0 percent increase in the interest rate results in a decrease in the fair value of the payable arising from the bonds issued in the amount of CZK 225,660 thousand; unfavourable development represented by a decrease in the interest rate of 1.0 percent leads to an increase in the fair value of the payable in the amount of CZK 235,943 thousand.

Currency risk sensitivity

As the Company conducts a vast majority of its transactions in Czech crowns, it is not sensitive to currency risks.

7. COMMITMENTS AND CONTINGENCIES

Issued security bills

To ensure financial stability for the coming years, the Company entered into a framework loan agreement for an amount up to CZK 120,000 thousand with ING Bank N.V., a joint-stock company established under laws of the Netherlands with its registered office at Bijlmerplein 888, 1102 MG, no. 33031431, represented in the Czech Republic by ING Bank N.V., branch Prague, with its registered office at Českomoravská 2420/15, Libeň, 19000 Praha 9, the Czech Republic, ID: 492 79 866., in June 2015. The loan is secured with a promissory note (a "blank bill"). In 2017, it was used to issue bank guarantees.

An agreement on a revolving loan facility in the amount totalling CZK 150,000 thousand was concluded with ING Bank N.V., a joint-stock company established under laws of the Netherlands, with its registered office at Bijlmerplein 888, 1102 MG no. 33031431, represented in the Czech Republic by ING Bank N.V., branch Prague, with its registered office at Českomoravská 2420/15, Libeň, 19000 Praha 9, the Czech Republic, ID: 492 79 866. As part of the loan facility, the Company may use funds for general purposes of the corporation and its working capital in the regular course of business. It was not used in 2017.

Issued bank guarantees

As of 31 December 2017, the Company reported bank guarantees totalling CZK 2 616.5 thousand. For details of bank

guarantees, refer to the Loans section in the Annual Report.

Sureties

As of 31 December 2017, the Company records a surety of CZK 100 thousand provided to the Anti-monopoly Office in Brno as part of the public tender "Operation of VST s.r.o. Water Supply Infrastructure". The proceedings on the motion to review the contracting authority's actions have not yet been completed.

Liabilities associated with construction and acquisition of assets (including financial assets)

As of 31 December 2017 and 2016, the Company recorded contingent liabilities of CZK 95,967 thousand and CZK 59,422 thousand, respectively, arising from contracted capital expenditures.

8. LEGAL DISPUTES

At the time of preparation of these financial statements, the Company was involved in two legal disputes as a defendant, following legal actions of a shareholder challenging the resolutions of the Company's General Meetings.

On 22 August 2016, minority shareholder Miroslav Frank filed a legal action for the invalidity of the resolution of the General Meeting held on 26 May 2016. The legal action challenged the accuracy of the ordinary financial statements for the year ended 31 December 2015, including the follow-up resolution of the General Meeting on distributing the 2015 profit and retained earnings brought forward. Mr Frank opines that the resolution adopted by the General Meeting is contrary to Section 350 (2) of Act No. 90/2012 Coll., on Business Corporations.

The resolution of 16 June 2017 adopted by the Regional Court in Ostrava dismissed the action in full, including the below-listed facts in the reasoning of the judgment:

The resolution of the General Meeting on distributing the 2015 profit and the retained earnings brought forward was not contrary to Section 350 (2) of Act No. 90/2012 Coll., on Business Corporations. The judgment was based on the ordinary financial statements for the year ended 31 December 2015 as a whole, including the notes.

Mr Frank's protest against this matter filed at the General Meeting was considered insufficient by the Court as the applicable legal regulation and judgments stipulate that the protest must be specific, exactly defining the grounds for being filed. The protest must also be substantiated, stating specific provisions of the law or Articles of Association that were subject to the breach by the General Meeting. On the basis of an audio recording, it is presumed that the protests were solely formal and general and may only be qualified as objections rather than protests.

With respect to Mr Frank's objection that no insolvency test was supplied at the General Meeting whereby, in his opinion, the Company breached Section 40 (1) of Act No. 90/2012 Coll., in Business Corporations, the court states that the section referred to above was not breached by the Company as the test in question is a supporting document for the Board of Directions to take decision on the payment of profit shares. This document is thus intended for the Board of Directors which is held fully responsible for the decision in this matter. Therefore, the document does not fall within the competence of the General Meeting.

Mr Frank filed an appeal against this resolution to the High Court in Olomouc, stating that the court judgment is based on an inaccurate legal assessment of the case. This assertion builds on the ordinary financial statements prepared for the year ended 31 December 2015 whereby Mr Frank has inferred that the General Meeting adopted a resolution on distributing the profit in an amount that does not correspond to the ordinary financial statements and that the General Meeting's resolution on profit distribution was adopted contrary to Section 350 of Act No. 90/2012 Coll., on Business Corporations. Furthermore, Mr Frank has challenged the information disclosed in the financial statements, reproaching the court for issuing its judgment on the basis of unproven and unassessable results of the evidence procedure. Following a call by the court, the Company prepared an opinion on the appeal in question, specifying the key reasons for its disapproval of the individual items of the appeal in question; namely that the financial statements for the year ended 31 December 2015 were prepared in compliance with International Financial Reporting Standards ("IFRS"). This duty arises for the Company from Section 19a of Act No. 563/1991 Coll., on Accounting, given that the Company is an issuer of investment securities accepted for trading on the European regulated market. The financial statements were audited by an auditor that issued its report thereon containing an unqualified opinion. What is more, the General Meeting decided on distributing an amount which, pursuant to the audited financial statements for the year ended 31 December 2015, does not exceed the amount of the operating profit of the latest completed reporting period increased by retained earnings brought forward.

As of the date of this Annual Report, the judgment concerning Mr Frank's appeal has not yet been issued by the High Court in Olomouc.

On 18 August 2017, minority shareholders Miroslav Frank and EBN SEENA s. r. o. filed a legal action for the invalidity of the resolution of the General Meeting held on 25 May 2017 with the Regional Court in Ostrava.

The subject matter of the legal action was an assertion that the resolution of the General Meeting on distributing the 2016 profit, where a part of the profit is to be distributed among shareholders as a dividend, may cause the Company's insolvency, with reference to Section 40 of Act No. 90/2012 Coll., in Business Corporations as well as the issued bonds. From the plaintiffs' perspective, another reason for the General Meeting's resolution to be invalid is that a decrease in the registered capital allegedly indicates financial assistance; on those grounds, they consider the resolution in question invalid and against good morals.

The Company noted in its opinion on the legal action that the General Meeting's resolution is in line with applicable legislation and proposed that the legal action be dismissed in full.

After evidence has been submitted, the Regional Court in Ostrava issued a resolution of 4 December 2017 that the resolution of the Company's General meeting held on 25 May 2017 on distributing the 2016 profit and decreasing the registered capital is invalid as it was adopted contrary to the applicable legislation. In the reasoning, the Court noted that if the General Meeting is to adopt a decision on profit distribution, the Company's Board of Directors must substantiate why the profit, or only a part thereof, is distributed; that the resolution of the General Meeting on profit distribution is subject to Section 40 of the Business Corporations Act (the insolvency test); and that where shareholders decide on profit distribution, they are entitled to know why and whether the respective profit distribution will not cause the Company's insolvency. The Court believes that the absence of this information is a breach of law. With respect to the General Meeting's resolution on a decrease in the registered capital, the Court noted that the majority shareholder acted contrary to the loyalty duty under Section 212 of the Civil Code, in that the shareholder's financial need is not, pursuant to the Court's interpretation, a legitimate reason for decreasing the registered capital. Therefore, the Court considers the majority shareholder's voting to be contrary with the Company's interests and misuse of its dominant position.

The Company disagrees with the judgment of the Regional Court. Therefore, on 12 January 2018, an appeal with the High Court in Olomouc was filed by the Company. This is mainly because the Court disregarded facts asserted and proven by the Company which could have resulted in an inaccurate judgment in the case. Contrary to the judgments of the Supreme Court of the Czech Republic, the Regional Court examined the validity of the General Meeting's resolution for reasons other than specified in the application. The identification of facts by the Court was incomplete as it did not produce the proposed evidence to demonstrate the relevant facts. Therefore, the Court arrived at incorrect conclusions on the basis of the evidence produced in that the resolution in question lies in an incorrect legal assessment of the case.

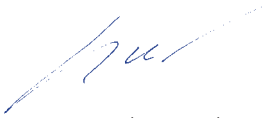
At the time of preparation of the financial statements, the Company's appeal has not yet been heard by the court.

9. SUBSEQUENT EVENTS

No events occurred subsequent to the balance sheet date that would have a significant impact on the financial statements as of 31 December 2017.

10. FINANCIAL STATEMENTS AUTHORISATION

These financial statements were authorised for issue by the Board of Directors on 20 February 2018.

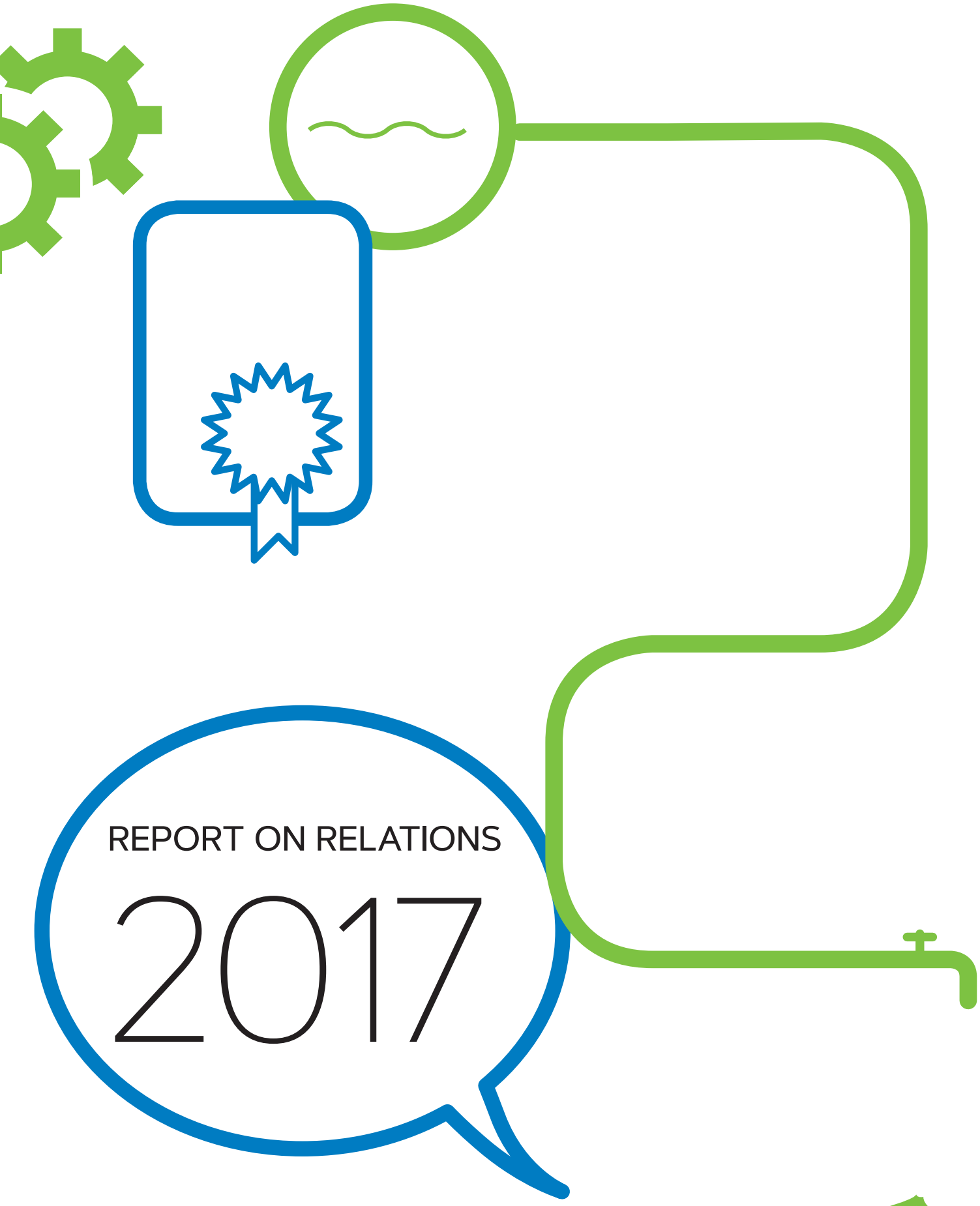


Miroslav Kyncl
Vice-Chairman of the Board of Directors

Anatol Pšenička
Managing Director

Václav Holeček
Member of the Board of Directors

Halina Studničková
Finance Director



REPORT ON RELATIONS 2017

aqualia

SmVaK

REPORT ON RELATIONS 2017
PURSUANT TO

Act No. 256/2004 Coll., on Capital Market Undertakings, as amended
Act No. 563/1991 Coll., on Accounting, as amended
Act No. 90/2012 Coll., on Business Corporations

Severomoravské vodovody a kanalizace Ostrava a.s.
Having its registered office at: 28. října 1235/169,
Mariánské Hory, 709 00 Ostrava
The Company is incorporated in the Register of Companies
maintained by the Regional Court in Ostrava, File B, Insert 347

Date of Incorporation 1 May 1992
Company ID No. 45193665
Tax ID No. CZ45193665
Telephone 800 292 400
E-mail smvak@smvak.cz
Website www.smvak.cz, www.smvak.eu

Content

I.	**PERSONS IN THE GROUP**	**4**
1.	Controlled person	4
2.	Controlling person in the Group	4
3.	Directly controlling person	4
4.	Other persons in the Group with whom the controlled person had any contractual relationship	4
4.1.	Aqualia infraestructuras inženýring, s.r.o.	4
4.2.	Vodotech, spol. s r.o.	4
4.3.	Aqualia Intech, S.A	4
4.4.	tratamiento industrial de aguas, S. A.	4
4.5.	FCC AQUALIA, S. A.	5
4.6.	FCC Česká republika, s. r.o.	5
4.7.	OBSED a.s.	5
4.8.	HIDROTEC, Tecnologia del Agua, S.L.U.	5
II.	**THE STRUCTURE OF RELATIONS AMONG THE PERSONS IN THE GROUP**	**5**
1.	WAY OF CONTROL	5
2.	STRUCTURE OF THE RELATIONS IN THE GROUP	5
3.	POSITION OF THE CONTROLLED PERSON	6
III.		**6**
1.	Sale of products, goods and services	6
2.	Purchase of goods and services	8
3.	Other contractual relations	23
IV.	**OVERVIEW OF AGREEMENTS ENTERED INTO BY AND BETWEEN THE PERSONS IN THE GROUP**	**6**
V.	**OTHER LEGAL ACTS**	**24**
VI.	**OTHER ACTIONS**	**25**
VII.	**SUPPLIES AND CONSIDERATIONS**	**25**
VIII.	**ADVANTAGES, DISADVANTAGES AND RISKS RESULTING FROM THE PERSONS IN THE GROUP**	**25**
IX.	**INFORMATION ABOUT HARM**	**25**
X.	**CONCLUSION**	**25**

The Board of Directors of Severomoravské vodovody a kanalizace Ostrava a.s. prepared pursuant to § 82, Act No. 90/2012 Coll. on Business Corporations the report on relations between the controlling person and the controlled person and on relations between the controlled person and persons controlled by the same controlling person ("the Report on Relations") for the accounting period from 1 January 2017 to 31 December 2017.

I. PERSONS IN THE GROUP

Severomoravské vodovody a kanalizace Ostrava a.s. is a member of FCC Grupo, the controlling person of which is Fomento de Contrucciones y Contratas, A.S. The list of the companies in the Group is attached to this Report as an integral part.

This report lists all members of the Group with whom the controlled person had any contractual relationship or with whom any legal conduct existed from 1 January 2017 until 31 December 2017.

1. Controlled person

Severomoravské vodovody a kanalizace Ostrava a. s.
with the registered office at 28. října 1235/169, Mariánské Hory, 709 00 Ostrava
ID: 45193665
The company is entered in the Commercial Register kept at the Regional Court of Ostrava, Section B, Entry 347

2. Controlling person in the Group

Fomento de Construcciones y Contratas, S. A.
with the registered office in Barcelona, Balmes 36, Kingdom of Spain
ID: A-28037224,
The company is entered in the Commercial Register kept in Barcelona, Section 31.736, Folio 1, Page 26.947.
The company is not entered in the Commercial Register kept in the Czech Republic.

3. Directly controlling person

AQUALIA CZECH S. L.
with the registered office in Madrid, Avda. Camino de Santiago 40, Kingdom of Spain
ID: B-85794931
The company is entered in the Commercial Register kept in Madrid on the page M-488820.
The company is not entered in the Commercial Register kept in the Czech Republic.

4. Other persons in the Group with whom the controlled person had any contractual relationship

4.1. Aqualia infraestructuras inženýring, s.r.o.

with the registered office at Slavníkovců 571/21, Mariánské Hory, 709 00 Ostrava
ID: 64608042
The company is entered in the Commercial Register kept at the Regional Court of Ostrava, Section C, Entry 14055

4.2. Vodotech, spol. s r.o.

with the registered office at Jaselská 220/47, 747 07 Opava
ID: 64086348
The company is entered in the Commercial Register kept at the Regional Court of Ostrava, Section C, Entry 8486

4.3. Aqualia Intech, S.A

with the registered office in Madrid, Avda. Camino de Santiago 40, Kingdom of Spain
ID: A -28849495
The company is entered in the Commercial Register kept in Madrid on the page M-59467.
The company is not entered in the Commercial Register kept in the Czech Republic.

4.4. tratamiento industrial de aguas, S. A.

with the registered office in Madrid, Federico Salmón 13, Kingdom of Spain
ID: A28525723

The company is entered in the Commercial Register kept in Madrid on the page M-20467.

The organisational unit of this company is entered in the Commercial Register kept at the Municipal Court of Prague, Section A, Entry 61073.

ID: 28382161

4.5. FCC AQUALIA, S. A.

with the registered office in Madrid, Federico Salmón 13, Kingdom of Spain
The company is entered in the Commercial Register kept in Madrid on the page M-58878.
The organisational unit of this company is entered in the Commercial Register kept at the Municipal Court of Prague, Section A, Entry 69960.
ID: 27788318

4.6. FCC Česká republika, s. r.o.

with the registered office at Ďáblická 791/89, Ďáblice, 182 00 Praha 8
ID: 45809712
The company is entered in the Commercial Register kept at the Municipal Court of Prague, Section C, Entry 12401

4.7. OBSED a.s.

with the registered office at Nemocniční 998/14, Moravská Ostrava, 702 00 Ostrava
ID: 27454045
The company is entered in the Commercial Register kept at the Regional Court of Ostrava, Section B, Entry 3265.

4.8. HIDROTEC, Tecnologia del Agua, S.L.U.

with the registered office in Sevilla, avenida de Kansas City 6, Kingdom of Spain
ID: B-91033621
The company is entered in the Commercial Register kept in Sevilla on page SE 39514, Section 8, Folio 71
The company is not entered in the Commercial Register kept in the Czech Republic.

II. THE STRUCTURE OF RELATIONS AMONG THE PERSONS IN THE GROUP

1. WAY OF CONTROL

AQUALIA CZECH S. L. is the directly controlling person of Severomoravské vodovody a kanalizace Ostrava a.s. On 31 December 2017 it owned 3,412,725 shares of Severomoravské vodovody a kanalizace Ostrava a.s. This represented 98.68% of the registered capital and same share in voting rights.

The controlling is performed by the directly controlling person, in particular by exercising directly the shareholding rights through voting at the General Meeting.

The controlling person is represented by its directors who sit on the Board of Directors and Supervisory Board of the controlled person.

Cooperation between the persons in the Group is based on the length-of-the-arm principles where the Group uses synergies in purchase of supplies and services.

2. STRUCTURE OF THE RELATIONS IN THE GROUP

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. is the controlling person in the entire group named FCC Grupo.

FCC Grupo consists of 5 divisions:

- Energy
- Construction
- Infrastructure Services
- Water Management
- Environment

The list of members of the Group is attached to this Report.

As of 31.12.2017 the 49 % share in the registered capital of AQUALIA CZECH S.L. was owned by Mit Infraestructure Europe limited with the registered office on the 8th Floor, 1st. Martin Le Grand, London EC1A 4AS, United Kingdom, and 51 % share in the registered capital was owned by FCC AQUALIA, S.A. with the registered office at Federico Salmón 13, Kingdom of Spain. On 9 January 2018 the Agreement to Transfer a Share in AQUALIA CZECH, S.L. entered into force. The parties to the Agreement were Mit Infraestructure Europe limitEd as the Transferor and FCC AQUALIA, S.A. as the Transferee.

As of the date when this Report on Relation is prepared, the 100 % share in the registered capital of AQUALIA CZECH S.L. is owned by FCC AQUALIA, S.A. with the registered office in Madrid, Federico Salmón 13, Kingdom of Spain.

Aqualia Intech, S.A. owns 51% in the registered capital of Aqualia infraestructuras inženýring, s.r.o., 100% in the registered

capital of Vodotech, spol. s r.o. and 100% in the registered capital of tratamiento industrial de aguas, S. A.

FCC AQUALIA, S.A. owns 100% in the registered capital of Aqualia Intech, S.A. and, as of the date of preparation of this Report of Relations, it owns 100% share in the registered capital of AQUALIA CZECH S.L. and 49 % in the registered capital of Aqualia infraestructuras inženýring, s.r.o.

100% share in the registered capital of FCC Česká republika s. r.o. is owned by .A.S.A. Internacional Environmental Services GmbH the 100% owner of which is .A.S.A. Abfall Service AG.

FCC Česká republika s. r. o. owns 100% in the registered capital of OBSED a.s.

SmVaK Ostrava a.s. is the controlled person and is not a controlling person or owner in any company which would be a company from FCC Grupo or any other company out of the Group.

3. POSITION OF THE CONTROLLED PERSON

The controlled person is a corporation which runs its own business and such business does not depend on activities performed by other FCC Grupo companies.

The controlled person is an independent and autonomous entity with respect to the controlling and related persons.

III.

The list of conducts performed during the last accounting period upon request or in interest of a controlling person or persons controlled by the controlling person if such conduct was related to property exceeding 10 per cent of the controlled person's registered capital specified in the last financial statements.

The controlling person is a qualified shareholder pursuant to § 365 in Act No. 90/2012 Coll. The controlling person asked the Board of Directors pursuant to § 369 in Act No. 90/2012 Coll. to amend the agenda of the General Meeting on 25 May 2017 and to include there the decision to reduce the registered capital of the Company by reducing the nominal value of each share where the amount corresponding to such reduction of the registered capital, this means CZK 2,161,515,625 will be proportionally distributed among the shareholders. This proposal was approved by the General Meeting.

The decrease in the registered capital as resolved by the General Meeting entered into force on 6 November 2017 pursuant to § 467 (1) in the Act on Business Corporations.. Then, the Board of Directors resolved to carry out a unilateral setoff of the receivable that should be paid by the Company to the controlling person as the amount resulting from the decrease in the registered capital pursuant to the General Meeting resolution of 30 July 2015 that was declared later by the court as invalid against the receivable that should be paid by the controlling person to the Company as the amount from the decreased registered capital in line with the resolution adopted at the General Meeting on 25 May 2017.

Financial amounts in transactions between the related persons are listed in Article X below.

IV. OVERVIEW OF AGREEMENTS ENTERED INTO BY AND BETWEEN THE PERSONS IN THE GROUP

In the accounting period, the controlling person and the controlled person ("SmVaK Ostrava a.s.") and/or persons controlled by the same controlling person and/or other persons in the Group signed the following agreements and/or provided the services/supplies on the basis of new agreements or the agreements signed in the previous periods:

1. Sale of products, goods and services

a) Sale of products

SmVaK Ostrava a. s. sold its products to following parties during the accounting period:

Vodotech, spol. s r.o.

During the accounting period, the contractual relationship continued in accordance with the contract No. 396/95 of 21 August 2008. The subject of the contract and its amendments is the supply of water from water network, removal of wastewater through sewage systems in the headquarters of the related person, and removal of rain water from rented areas. The contract was made pursuant to Act No. 274/2001 Coll. as amended.

During the accounting period, the contractual relationship continued in accordance with the contract of 24 February 2005: the related person was buying back non-functioning and rejected water meters from the controlled person. The contract is concluded for an indefinite period of time with a three month notice period.

b) Sale of services

During the accounting period, SmVaK Ostrava provided its services to the following related persons:

Vodotech, spol. s r.o.

The contractual relationship continued during the accounting period on the basis of the contract of mandate to organise work safety and protection of health during the work and fire protection dated 23 December 2008. The contract is concluded for an indefinite period of time with a three month notice period.

The contractual relationship continued during the accounting period on the basis of the contract to administer and maintain SW and HW (dated 10 August 2009) incl. Amendment No. 1 (dated 30 August 2011). The contract is concluded for an indefinite period of time with a three month notice period.

Aqualia infraestructuras inženýring, s.r.o.

SmVaK Ostrava a.s. being the contractor and the related person being the client entered into the contract for work where the subject was works for the client's construction project for a municipality. In this contract, the price was set on the basis of the budget and SmVaK Ostrava's pricelist of works and services. All works were completed properly and in time and were handed over to the client in accordance with the contract.

FCC Česká republika s. r.o.

On the basis of the contract on wastewater treatment, SmVaK Ostrava a.s. treated during the accounting period the wastewater from septics, cesspools and wastewater from landfills in the wastewater treatment plant in Sviadnov.

c) Provision of other services

SmVaK Ostrava a.s. provided services to following parties:

Vodotech, spol. s r.o.

- The contractual relationship continued during the accounting period on the basis of the agreement to rent movable assets of 31 August 1995 and the amendments No. 1 – 9.
- The contractual relationship continued during the accounting period on the basis of the contract to rent non–residential spaces – the business area and operational areas of 31 August 1995 and the amendments No. 1 – 12.
- During the accounting period, the contractual relation continued on the basis of the agreement to rent the business area of 12 December 2016 where the business area is located at the 28. října 1235/169 in Ostrava-Mariánské Hory. The landlord is SmVaK Ostrava a.s. and the tenant is the related person. The business area is used for operation of a call centre. The rent and price of the rent services were defined in accordance with law and length of arm's principles pursuant to the documentation on transfer prices in transactions made by and between the related persons.

The contracts/agreements were signed for an indefinite period of time where a three month notice of termination should be given. The rent was set on the basis of the length of arm's principle pursuant to the documentation on transfer prices in transactions made by and between the related persons.

- During the accounting period SmVaK Ostrava a.s. arranged for the related person installation of SW Visual Hlenet that was needed for operation of the call centre and arranged the software development for the call centre – the virtual office and the customer account. The price of those activities was defined in accordance with laws in force and length of arms' principle.
- Upon a job order placed by the related person, SmVaK Ostrava a.s. sold the materials at the same price as for third parties.
- Because an extract from the Commercial Registry had been necessary, the related person was charged an administrative fee for the extract.
- On the basis of a job order placed by the related person, SmVaK Ostrava a.s. installed a safe in the business space in the Frýdek-Místek Centre. The price of that work was defined in accordance with laws in force and length of arms' principle.

Aqualia infraestructuras inženýring, s.r.o.

- In the accounting period, the contractual relationships existed on the basis of the following agreements to rent non-residential areas for business purposes:
  - Agreement No. 1/97 in effect since 30 September 1997 and the amendments No. 1 – 28. The subject of the agreement was the non-residential premises at the WTP Vyšní Lhoty, WTP Nová Ves and WTP Podhradí. On 1 February 2017 the amendment No. 29 was signed – it adjusted, based on the inflation rate in 2016, the amount of the rent and fee for services connected with use of the area.
  - Agreement No. 2/97 in effect since 30 September 1997 and the amendments No. 1 – 23. The subject was the rent of the non-residential areas at WWTP Frýdek-Místek and WWTP Třinec. On 1 February 2017 the amendment No. 24 was signed – it adjusted, based on the inflation rate in 2016, the amount of the rent and fee for services connected with use of the area.
  - Agreement No. 3/97 in effect since 30 September 1997 and the amendments No. 1 – 22. The subject was the rent of the non-residential areas at WWTP Havířov. On 1 February 2017 the amendment No. 23 was signed – it adjusted, based on

the inflation rate in 2016, the amount of the rent and fee for services connected with use of the area.
- Agreement No. 4/97 in effect since 30 September 1997 and the amendments No. 1 – 22. The subject was the rent of the non-residential areas at WWTP Šenov u Nového Jičína. On 1 February 2017 the amendment No. 23 was signed – it adjusted, based on the inflation rate in 2016, the amount of the rent and fee for services connected with use of the area.
- Agreement No. 5/97 in effect since 30 September 1997 and the amendments No. 1 – 24. The subject was the rent of the non-residential areas at WWTP Opava. On 1 February 2017 the amendment No. 25 was signed – it adjusted, based on the inflation rate in 2016, the amount of the rent and fee for services connected with use of the area.

- In the accounting period, the contractual relationships existed on the basis of the following contracts to rent the movable property:
  - Contract on rent of movables No. 1/97 of 30 September 1997 and amendments No. 1 - 14. The subject was the rent of movables - laboratory equipment and devices in WTP Vyšní Lhoty, WTP Podhradí, and WTP Nová Ves u Frýdlantu nad Ostravicí.
  - Contract on rent of movables No. 2/97 of 30 September 1997 and amendments No. 1 - 13. The subject was the rent of movables - laboratory equipment and devices in the laboratory. The contract was terminated by agreement.
  - Contract on rent of movables No. 3/97 of 30 September 1997 and amendments No. 1 - 13. The subject was the rent of movables - laboratory equipment and devices in WTP Havířov and Water Operation Centre in Karviná. On 28 February 2017, an amendment No. 14 was signed. It reduced the scope of the subject of rent and adjusted the amount of the rent.
  - Contract on rent of movables No. 4/97 of 30 September 1997 and amendments No. 1 - 11. The subject was the rent of movables - laboratory equipment and devices in WTP Šenov u Nového Jičína. The contract was terminated upon agreement on 30 June 2017.
  - Contract on rent of movables No. 5/97 of 30 September 1997 and amendments No. 1 - 7. The subject was the rent of movables - laboratory equipment and devices in WTP Opava.

The contracts/agreements were signed for an indefinite period of time where a three month notice of termination should be given. The rent was set on the basis of the length of arm's principle pursuant to the documentation on transfer prices in transactions made by and between the related persons. The rent is adjusted each year according to the inflation rate declared by the Czech Statistics Office for the previous calendar year.

- Based on a job order placed by the related person, SmVaK Ostrava a.s. provided an emergency supply of drinking water in a cistern. This was done within a construction project performed by the related person for a third party.
- Based on a job order placed by the related person, SmVaK Ostrava a.s. arranged delivery of documentation to Spain through DHL. The related person was charged the costs of such delivery.

2. Purchase of goods and services

SmVaK purchased the goods, consulting services and other services from the following related persons:

Vodotech, spol. s r.o.

- In the accounting period, the contractual relationship continued under the contract No. 01/2009 of 24 February 2009 where the purpose of the contract was to repair and maintain the water meters for cold water and hot water and to verify whether the water meters are correct. The client was SmVaK Ostrava a.s.. The contract is concluded for an indefinite period of time with a three month notice period. The price for the services was specified in line with the length of arm's principle pursuant to the Documentation on transfer prices in transactions made by and between the related persons. The price is adjusted on the basis of the inflation rate declared by the Czech Statistics Office for the previous calendar year.
- In the accounting period, the contractual relation continued under the contract on provision of services of 27 August 2009 incl. the amendments No. 1 to 9. where the purpose was to arrange the reading of water meters at SmVaK customers, to prepare source data from the read data for billing and to check correctness of water meters on customer sites. The contract is made for an indefinite period of time whereby the three month notice of termination must be given. SmVaK Ostrava being the client may withdraw from the contract. The price for the services was specified in line with the length of arm's principle pursuant to the Documentation on transfer prices in transactions made by and between the related persons. The price is adjusted on the basis of the inflation rate declared by the Czech Statistics Office for the previous calendar year.
- In the accounting period, the contractual relationship continued under the contract on provision of services of 30 June 2008 and the amendments No. 1 - 8. Under the contract, the related person operated a call centre for SmVaK Ostrava a.s.. The contract is concluded for an indefinite period of time with a three month notice period. The price for the supply was set in line with laws and length of arm's principle pursuant to the Documentation on transfer prices in transactions made by and between the related persons.
- During the accounting period, the relationship continued pursuant to the borrowing agreement signed by and between SmVaK Ostrava a.s. as the lender and the related person as the borrower. The subject of the loan was water meters with equipment for remote data transfer.
- The related person sold, on the basis of the controlled person's purchase order, materials necessary for installation of the water meters.
- On 7 June 2017 a framework service agreement was signed with the related person. The subject was provision of

specialised activities, namely, the regular inspection of sites and installation/replacement of water meters including the equipment for remote reading of water meters. The contract is made for an indefinite period of time whereby the three month notice of termination must be given. SmVaK Ostrava being the client may withdraw from the contract. The contract price was fixed upon agreement of the both parties, in compliance with the length of arms' principle as the price typical of that time and that place.

- On 4 April 2017 a contract for work was signed with the related person. The subject was supply and installation of equipment for remote reading of water meters and implementation of SW within a pilot project. The contract price was fixed upon agreement of the both parties, in compliance with the length of arms' principle as the price typical of that time and that place. Supplies under the contract will continue in 2018.
- On 4 August 2017 a contract for work was signed with the related person. The subject was the supply of the pilot project in order to verify the technology used for remote reading of water meters. The supplies under the contract should be carried out in 2 phases and will continue in 2018. The contract price was fixed upon agreement of the both parties, in compliance with the length of arms' principle as the price typical of that time and that place.

Aqualia infraestructuras inženýring, s.r.o.

- On 31 January 2017, a contract for the year 2017 was signed with the related person for sampling and analyses of drinking water and raw water in the OOV water system.
- On 31 January 2017, a contract for the year 2017 was signed with the related person for sampling and analyses of wastewater and wastewater treatment plant sludge.
- On 31 January 2017, a job contract was signed for sampling and analyses of drinking water in water supply networks. The contract was signed for the year 2017.

The price of the sampling and analysing is specified in the related person's price list.

In the accounting period, the contractual relation continued under the borrowing agreement of 17 January 2014 where SmVaK Ostrava a.s. was the lender and the related person was the borrower. The contract is in force until 31 December 2018.

- On the basis of contracts signed in 2016, the related person prepared during the accounting period the project documentation for following construction projects:

Project No.	Name of the construction project
30088	Havířov, the Rodinná, U mýta and Okrajová streets - reconstruction a water pipeline
1578	Water conduit, DN 500 Záhumenice - Bělá – reconstruction of a water pipeline
1600	Water conduit, DN 500 Záhumenice - Bělá – reconstruction of a water pipeline, stage 2
40082	Ženklava – reconstruction of a water pipeline for the town
20082	Český Těšín, the Karvinská street – reconstruction of a water supply
3826	Český Těšín, the Karvinská, Viaduktová streets – reconstruction of sewers in the II/468 road
4698	Wastewater treatment plant in Odry - chemical precipitation of phosphorus
40070	Ženklava – reconstruction of a water pipeline AC DN 60
40074	Stachovice - reconstruction of a water pipeline
30091	Karviná, the Školní, Májová, Nábřežní streets – reconstruction of water pipelines
40072	Jerlochovice - reconstruction of a water pipeline
40081	Lichnov – reconstruction of a water pipeline
40080	Lichnov under the pressure-break chamber Izidor – reconstruction of a water pipeline
40078	Odry, Masarykovo square – reconstruction of a water pipeline

30092	Rychvald, the Šachetní street – reconstruction of a water pipeline under the railway siding and Rychvaldská stružka creek
20084	Český Těšín, the Pod Zvonek street - reconstruction of a water supply
40085	Kopřivnice, the Hřbitovní - reconstruction of a water supply bridge
30095	Horní Bludovice, Valašinec – stage 2 – reconstruction of water pipelines
40084	Klimkovice, the Ostravská street - reconstruction of a water pipeline
50055	Malé Hoštice, the Bezručova street - reconstruction of a water pipeline
40076	Bílovec, the Puškinova, Sv. Čecha streets - reconstruction of water pipelines
4699	Bílovec, the Puškinova, Sv. Čecha streets - reconstruction of a sewage system
50057	Budišov nad Budišovkou – Podlesí - optimising the drinking water supplies
40086	Water reservoir in Štramberk, Bílá studna – reconstruction of the storage chamber, 100 m³
4700	Odry, the Kostelní street – reconstruction of a sewer
30096	Karviná -Nové Město, the Rudé armády street – reconstruction of a water pipeline
30094	Havířov - Podlesí, the Hálkova street – reconstruction of a water pipeline

- On the basis of contracts signed in 2017, the related person prepared during the accounting period the project documentation for following construction projects:

Construction No.	Name of the construction project
5670	Dobroslavice – the wastewater treatment plant and sewage system (800 eq. pop.)
4703	Wastewater treatment plant in Nový Jičín – reconstruction of the entrance technology in the pumping station
5669	Opava, the Zborovská street – reconstruction and repair of the sewage system
5668	Opava, the Filípkova street – reconstruction and repair of the sewage system
20085	Český Těšín, the Nádražní street - reconstruction of a water supply
3835	Český Těšín, the Nádražní street – reconstruction of the "Ae" sewer
1604	Modernising of the central dispatching
1606	Pressure break chamber in Raduň – repair and reconstruction of the valve chamber, refurbishment of the pressure break chamber
30106	Starý Bohumín , the 5. května, Kosmonautů, Čs. legií and J. Koczura streets - reconstruction of water pipelines
50063	Opava, the Krnovská street – reconstruction of a water pipeline
5649	Opava, the Krnovská street – reconstruction of the sewage system
30107	Šenov, the Na Sedlácích - reconstruction of a water pipeline
30108	Havířov-Bludovice, the Strmá, Dělící, Těšínská streets – reconstruction of water pipelines

30109	Doubrava, from the Glembovec shaft to the pressure break chamber in Dětmarovice – reconstruction of a water pipeline
40083	Štramberk, the Dolní, Plaňava – reconstruction of a water pipeline
4704	Štramberk, the Plaňava street – reconstruction of the sewage system
40090	Příbor, the Křivá, Tržní, Juráňová streets – reconstruction of a water pipeline
3838	Bohumín – Záblatí, the Revoluční street – reconstruction of the "alfa DIII" sewer
50064	Jančí – construction of a water reservoir with an automated boosting station
3843	Nový Bohumín, the Nerudova street – reconstruction of the "Ad" sewer
50066	Vítkov, the Budišovská, Oderská streets - replacement of a water supply
4705	Kopřivnice, the Alšova street - reconstruction of the sewage system
4706	Bílovec, the Svobovoda street -reconstruction of the sewage system
3842	Český Těšín, the Jablunkovská street – reconstruction and repair of the "H" sewer
20100	Český Těšín - Dolní Žukov, the Ropická street – reconstruction of a water supply
5671	Opava, the Mlčochova street - reconstruction of the sewage system
20099	Stará Ves nad Ondřejnicí, the Na Závodí, U Vody, Petřvaldská streets - reconstruction of a water supply
20097	Krmelín, the Proskovická street - reconstruction of a water supply
1607+3833	Reconstruction and repair of the outdoor lighting for 8 water treatment plants and wastewater treatment plants
50065	Otice, the Zahradní, K Domkům, Domky, Na Kopci streets – reconstruction of a water supply
3839	Havířov - Šumbark, the Okružní street – reconstruction of the "BI" sewer
1616	Water treatment plant in Rohovec - modernisation of the health compliance facility
1617	Water reservoir in Chvalíkovice – installation of the health compliance facility
4707	Fulnek, the Palackého street – reconstruction of the sewage system
50067	Opava-Kateřinky, Kolofíkovo waterfront, the Ratibořská street - reconstruction of a water supply
5673	Wastewater treatment plant in Velké Hoštice - chemical precipitation of phosphorus
5672	Wastewater treatment plant in Opava - construction of technical facilities for the Sewage System Centre
5674	Wastewater treatment plant in Budišov nad Budišovkou - chemical precipitation of phosphorus
2758	Wastewater treatment plant in Brušperk– reconstruction of coarse pre-treatment
2759	Wastewater treatment plant in Václavovice – reconstruction of the wastewater treatment plant
3848	Sludge pumping station in Bohumín (Šunychelská) – repair of technology

3845	Wastewater treatment plant in Bohumín – reconstruction of the technology control system
50069	Žimrovice, the Meleček street – reconstruction of a water pipeline
2756	Frýdek-Místek, the Riegrova street - reconstruction and repair of the sewage system
2757	Frýdek-Místek, the Bavlnářská street - reconstruction and repair of the sewage system
4709	Odry, the Nádražní street – reconstruction of the "A" sewer
5675	Wastewater treatment plant in Opava – reconstruction of the sludge thickening facility
2760	Wastewater treatment plant in Jablunkov – reconstruction of coarse pre-treatment
30112	Nový Bohumín, the Okružní street – reconstruction of a water pipeline
3841	Nový Bohumín, the Okružní street – reconstruction of the "Lb" and "Bld" sewers
30111	Havířov-Prostřední Suchá, the Kpt. Jasioka street - reconstruction of a water pipeline
3840	Havířov-Prostřední Suchá, the Kpt. Jasioka street - reconstruction of the Allc sewer
20106	Frýdek-Místek, the Dobrovského street - reconstruction of a water supply
20108	Třinec, the Seifertova street – reconstruction of a water supply
3849	Český Těšín, the Na Olšinách street - reconstruction of the „J" sewer
1563	Water treatment plant in Nová Ves – repair of the roof in the filter hall
2762	Wastewater treatment plant in Frýdlant nad Ostravicí - chemical precipitation of phosphorus
30113	Bohumín - Skřečoň, the Blatná street – reconstruction of a water pipeline
1620	Water treatment plant in Nová Ves – replacement of T1 and T2 transformers (2x1,000 kVA)
1621	Reconstruction of corrosion inhibition for the Kružberk Water Supply Systém, DN 1600 – cathodic units in Dolejší Kunčice – Bělá, Fulnek, Studénka, Butovice, Petřvaldík, Stará Ves, Krmelín
50074	Water reservoir in Vítkov 650 m³ – reconstruction of the facility
40103	Water reservoir in Salaš 2 x 1500 m³ – reconstruction of the facility
20109	Frýdek-Místek, the Sadová, O. Lysohorského, S. Tůmy, Dobrovského streets - structural modifications in the water supply

- On the basis of contracts signed in 2017, the related person will prepare project documentation for following construction projects to be built in 2018:

Construction No.	Name of the construction project
1578	Water conduit, DN 500 Záhumenice - Bělá – reconstruction of a water pipeline
1600	Water conduit, DN 500 Záhumenice - Bělá – reconstruction of a water pipeline, stage 2
30094	Havířov - Podlesí, the Hálkova street – reconstruction of a water pipeline
1618	Water treatment plant in Velké Hoštice – replacement of a delivery pipe from the S2 well and V3A drill bore

50068	Suché Lazce, the Přerovecká street - reconstruction of a water supply
3846	Wastewater treatment plant in Rychvald - chemical precipitation of phosphorus
2761	Frýdek-Místek, the Dobrovského street - reconstruction of a sewage system
3847	Wastewater treatment plant in Orlová – the place for collection of supplied wastewater
3844	Bohumín - Skřečoň, the Blatná street – reconstruction of the „beta Am" sewer
30115	Havířov - Město, the Osvoboditelů, Karvinská, J. Seiferta streets – reconstruction of a water pipeline
1624	Small water power plant – the pressure break chamber in Bruzovice
50075	Kružberk – reconstruction of the water supply
3766	Wastewater treatment plant in Orlová – the rain water tank
3850	Wastewater treatment plant in Havířov – reconstruction of the thickening system for excess sludge
1625	Small water power plant – the water reservoir in Krmelín
1623	Small water power plant – the water reservoir in Bludovice
40106	Mniší – replacement of a water pipeline
40107	Rybí – replacement of a water pipeline
30117	Havířov - Podlesí, the Okrajová, Dlouhá streets –reconstruction of water pipelines
30118	Bohumín – Záblatí, the Sokolská, Bezručova, Na Pískách streets - replacement of water pipelines
40104	Water treatment plant in Jakubčovice nad Odrou – the water reservoir in Heřmánky 100 m³ – structural modifications in the delivery and distribution pipes
30121	Havířov – Prostřední Suchá, Horní Suchá Pašůvka – replacement of a water pipeline
3853	Wastewater treatment plant in Orlová – thickening of the excess sludge and homogenising tank for digested tank
4715	Wastewater treatment plant in Štramberk (Kanada)) – reconstruction of the building and technology

- On the basis of contracts signed in 2017, the related person prepared during the accounting period the project documentation for repair of the following infrastructure assets:

Construction No.	Name of the construction project
PD 1246-122	Pressure break chamber in Hýlov – repair and reconstruction of the building and technology for the automated chamber (the repair)
PD 1235-032	Water treatment plant in Vyšní Lhoty – repair of the sludge thickening tank
PD 1246-123	Pressure break chamber in Raduň – repair and reconstruction of the valve chamber, refurbishment of the pressure break chamber
PD- 7241-245	Jerlochovice – structural modifications in a water pipeline
PD- 7232-230	Těrlicko, the Školní, Májová, Nábřežní streets – structural modifications in a water pipeline
PD-7232-236	Bohumín – Záblatí, the Rychvaldská – structural modifications in a water supply

PD 7242-241	Water reservoir in Puntík 2500 m³ – remediation of the facility
PD-7252-134	Hradec nad Moravicí, the Písecká, Bezručova, Fučíkova, Komenského streets - structural modifications in a water supply
PD-7232-231, R30093	Havířov, Podlesí, the Hálkova - structural modifications in a water supply
PD R20102	Krmelín, the Květná street - structural modifications in a water supply
PD R20104	Frýdek-Místek, the Skupy, Heydukova street - structural modifications in a water supply
PD R20105	Frýdek-Místek, the Novodvorská, Tyrše, Čapka streets
PD R20109	Frýdek-Místek, the Sadová, Lysohorská, Tůmy, Dobrovského - structural modifications in a water supply
PD R20110	Soběšovice, Horní Soběšovice - structural modifications in a water supply
PD R20116	Water reservoir in Kojkovice 2x50 – refurbishment of the facility
PD-R40103	Water reservoir in Salaš 2x1500 m³ – refurbishment of the facility
PD-R30107	Šenov, Na Sedlácích – reconstruction/repair of a water pipeline
PD-R50072	Water reservoir in Nové Těchanovice-Lhotka 250 m³ – reconstruction of the facility
PD R50064	Jančí – construction of a water reservoir with an automated boosting station
PD-R50074	Water reservoir in Vítkov 650 m³ – reconstruction of the facility
PD 8565-036	Wastewater treatment plant in Karviná - demolition of buildings
PD-8753-039	Opava, the Filípkova street – repair of the sewage system
PD-8753-040	Opava, the Zborovská street – repair of the sewage system
PD-R2756	Frýdek-Místek, the Riegrova street - reconstruction and repair of the sewage system
PD-R2757	Frýdek-Místek, the Bavlnářská street - reconstruction and repair of the sewage system
PD-R3833	Repair of the outdoor lighting in centres and wastewater treatment plants (WWTPs)
PD-R3842	Český Těšín, the Jablunkovská street – repair of the H sewer

- On the basis of the contract signed in 2017, the related person will prepare in 2018 the project documentation for repair of the following infrastructure asset:

Construction No.	Name of the construction project
PD-R30118	Bohumín – Záblatí, the Sokolská, Bezručova, Na Pískách streets - replacement of water pipelines

- On the basis of the contracts signed in 2017, the related person repaired during the accounting period the following infrastructure assets:

Construction No.	Name of the construction project
1233-009	Water treatment plant in Podhradí – repair of the building for the wastewater treatment plant

1233-157	Water treatment plant in Podhradí – replacement of pressurised water pipelines, stages 5 and 6
1246-103	Třebom, water reservoir – repair and reconstruction of steel structures in the water reservoir, repair of installation
1246-109	Facility in Dolejší Kunčice – repair and reconstruction of technology and structures
1247-063	Water reservoir in Nebory - replacement and reconstruction of a water reservoir
1247-130	Pumping station in Lískovec – repair of the reactive power compensation system
R1588	Water reservoir in Smolkov - repair of structures in the valve chamber and water reservoir
R1591	Water reservoir in Skalice, the low-pressure range - repair of structures
R1622	Small water power plant in Bílov – emergency repair of a turbine
7223-105 (R20092)	Water reservoir in Horní Žukov, 100 m³ – reconstruction of the facility
7252-022	Water reservoir in Skřípov, 100 m³ – repair of the roof overcladding on the reservoir
7252-023	Water reservoir in Kozmice, 300 m³ – repair of the roof overcladding on the reservoir
7242-024	Water reservoir Hůrka 2x250m³ – structural repairs of the facility
7243-025	Water Network Centre in Bílovec – repair of the garage building
7252-029	Water reservoir in Uhlířov, 100 m³ – repair of the reservoir bottom
7252-030	Regulation station in Opava - repair of the fencing
R20101	Water reservoir in Brušperk, Petřiny – refurbishment/repair of the facility
R30091	Těrlicko, the Školní, Májová, Nábřežní streets – structural modifications in a water pipeline
R30093	Havířov, Podlesí, the Hálkova - structural modifications in a water pipeline
R30110	Bohumín – Záblatí, the Rychvaldská street – structural modifications in a water supply
R40093	SmVaK offices in Bílovec, Ostravská 169 – replacement of windows in basements and garages
R40100	Water reservoir in Odry, 650 m³ – structural repair of the facility
R40077	Odry, the Fučíkova street – structural modifications in a water pipeline
R40099	Nový Jičín- the Suvorovova street, water reservoir 1500 m³ – structural repair of the water reservoir
R40101	Water reservoir 100 m³ in Olbramice - structural repair of the access staircase and pavement
R40102	Automated boosting station in Odry, the Sokolovská street – structural repair of the building
R50037	Water reservoice in Ludgeřovice 650m³ – reconstruction of the facility
R50073	Water reservoirs in Komárov 2x250 m³, Markvartovice 2x400 m³, Žimrovice 150 m³, station in Staré Těchanovice - repair of the structures
R50076	Hradec nad Moravicí, the Písecká, Bezručova, Fučíkova, Komenského streets - structural modifications in a water supply

8442-183	Frýdek-Místek, Křižíkova 1379 – emergency repair of the "L" sewer
8444-031	Horní Suchá, the Černá cesta street, 578 – emergency repair of the „Ava" sewer
8444-032	Havířov - Podlesí, the Kosmonautů street, 1234 – emergency repair of the AXXXIII sewer
8445-044	Nový Bohumín, the Šunychelská street, 889 – emergency repair of the „NBIII" sewer
8444-049	Havířov, Prostřední Suchá, U Topolů 733 – emergency repair of the sewage system DN600
8444-055	Nový Bohumín, the Svatopluka Čecha street, 1075 – emergency repair of a sewer
8444-057	Havířov-Město, Na Nábřeží 773 – repair of the C sewer
8445-074	Bohumín - Skřečoň, the Mládežnická street, 527 - emergency repair of the „beta Ak" sewer
8444-077	Havířov, Prostřední Suchá, Osadní 694 – emergency repair of the sewer
8444-089	Havířov-Město, Svornosti – emergency repair of the CVIa sewer
8445-080	Karviná - Nové Město,Holubova 1785 – emergency repaif of the EVIIa sewer
8444-096	Orlová-Poruba, A. Jiráska 822 – emergency repair of the Af sewer
8444-103	Repair of garages in the centre in Havířov – repair of wiring
8445-102	Rychvald, the Stará kolonie street 416 – emergency repair of the BXI sewer
8444-097	Havířov-Bludovice, Na Kavkovcích 982 – emergency repair of the sewer DN300
8444-098	Havířov-Město, U Stromovky 418 – emergency repair of the Aa sewer
8444-118	Havířov, Šumbark, the Dukelská street – emergency repair of the BIIa2.9 sewer
8444-177	Havířov-Město, Komenského 328 –emergency repair of the AIIId sewer
8444-199	Havířov-Prostřední Suchá, the Kpt. Jasioka street, 727 – emergency repair of the AIIc9 sewer
8452-119	Fulnek, the Požární street – emergency repair of the inspection shaft for the A sewer
8452-081	Bílovec, Nová Cesta – emergency repair, the sewer DN300
8452-122	Fulnek, Kledenského – emergency repair of a sewer, DN500/750
8452-160	Fulnek, Fučíkova – emergency repair of the AF sewer
8452-180	Nový Jičín, G.Hlaďo – emergency repair of inspection shafts in the Aj sewer
8453-126	Budišov, Dukelská – emergency repair of the inspection shaft in the sewage system
8444-132	Havířov, Prostřední Suchá, U Topolů – emergency repair of the sewers, AIIc-AIIc3
8453-133	Opava, the Lepařova street, emergency repair of the AP sewer, DN 300
8445-137	Karviná - Mizerov, U Stavbařů 2203 – emergency repair of the HIII sewer

8445-140	Karviná-Mizerov, Těreškovové 2263 – emergency repair of the lif sewer
8445-175	Karviná -Nové Město, Sokolovská 1763 – emergency repair of the EVIIb sewer
8444-138	Havířov-Město, Třeneckého – emergency repair of the CVII sewer
8562-034	Wastewater treatment plant in Frýdek-Místek – repair of the activation tank
8562-108	Wastewater treatment plant in Frýdek-Místek – repair of drives for sand catch bridges
8563-143	Wastewater treatment plant in Třinec– general repair of the screw pump YBA1280
8563-146	Wastewater treatment plant in Třinec– general repair of the screw pump YBA1850
8563-179	Wastewater treatment plant in Třinec – repair of painting on pipelines in the AN pipework
8564-145	Wastewater treatment plant in Těrlicko – repair of the circulation pipeline for return and excess sludge
8572-120	Wastewater treatment plant in Nový Jičín - repair of the transformer station
8562-099	Wastewater treatment plant in Frýdek-Místek – general repair of the cogeneration unit
8572-093	Wastewater treatment plant in Fulnek – repair of the return sludge pumping station
8573-069	Wastewater treatment plant in Opava – repair of the cogeneration unit TBG235
8573-079	Wastewater treatment plant in Opava – repair of aeration system AN-1
8562-109	Wastewater treatment plant in Frýdek-Místek – repair of spraying bars in pumps in the entry pumping station
8562-100	Wastewater treatment plant in Frýdek-Místek – repair of the high voltage switchgear
8564-147	Wastewater treatment plant in Orlová – reconstruction of coarse pre-treatment
8564-148	Wastewater treatment plant in Havířov – repair of adjusting barriers between UN-1 and UN-2
8564-153	Wastewater treatment plant in Havířov – repair of sludge circulation pipelines, VN1 and VN2
8565-142	Wastewater treatment plant in Bohumín – repair of a screw in the centrifuge ALDEC-30
8565-144	Wastewater treatment plant in Karviná – repair of technology in a sand trap
8572-121	Wastewater treatment plant in Nový Jičín – repair of the settling tank, DN-3
8572-129	Wastewater treatment plant in Štramberk (Bařiny) – repair of internal ways
8572-134	Wastewater treatment plant in Nový Jičín – repair of the internal lining of the underground tank
8572-135	Wastewater treatment plant in Odry – emergency repair of a screw conveyor YBA 880x7560
8572-152	Wastewater treatment plant in Frenštát – repair of the aeration system
8572-168	Wastewater treatment plant in Odry – repair of coarse pre-treatment
8573-117	Wastewater treatment plant in Dolní Benešov – emergency repair of the activation tank bottom

8445-115	Karviná - Ráj, Ve Svahu 786 – emergency repair of the sewer
8573-116	Wastewater treatment plant in Hlavnice – repair of sludge processing facilities
8573-128	Wastewater treatment plant in Opava – repair of equipment in the settling tank DN-2
R002-9776	Repair of common space on the second floor of the Sewage System Centre in Český Těšín
R001-9778	The apartment house in Bernartice – repair of internal water pipelines
R003-9776	Repair of non-residential space and bathrooms on the 1st and 2nd floors in the Sewage System Networks in Český Těšín
R3833	Reconstruction and repair of the outdoor lighting for 8 water treatment plants and wastewater treatment plants (repair of wastewater treatment plants)
R4719	Wastewater treatment plant in Nový Jičín – reconstruction and repair of the aeration system for cascade activation
R5668	Opava, Filípkova – repair of the sewage system
R5669	Opava, Zborovská – repair of the sewage system

- On the basis of the contract signed in 2016, the related person completed during the accounting period 2017 the repair of the following infrastructure assets:

Construction No.	Name of the construction project
1077	Pressure break chamber I in Bruzovice – repair of the building
1097	Water reservoir in Chvalíkovice – repair and reconstruction of a valve chamber and water reservoir
7242-038	Pressure break chamber in Veřovice 2x400m³ – redevelopment/repair of the building
1233-171	Water treatment plant in Podhradí – renewal of painting on steel structures and fittings
8563-162	Wastewater treatment plant in Třinec - repair of a settling tank, UN-1

- On the basis of the contracts signed in 2017, the related person will repair in 2018 the following infrastructure assets:

Construction No.	Name of the construction project
R1626	Water reservoir in Chvalíkovice – repair of a water proof layer on the storage chamber and installation of a drainage system
R1627	Water treatment plant in Podhradí – replacement of pressurised water pipelines, stages 2 and 3
R40072	Jerlochovice - structural modifications in a water supply
R3843	Nový Bohumín, Nerudova – reconstruction and repair of the Ad sewer

The subject of the contracts above was preparation of project documentation, complete engineering and supply of construction materials and construction works for the construction project. The contract price was specified for each project in line with the Act on Prices and in line with the documentation on transfer prices in transactions made by and between the related persons. Payment terms and conditions, warranty for quality and contract penalties were set forth in the Framework Agreement on General Construction Projects of 29 June 2015 and amendments to the Framework Agreement.

- On the basis of the contract for work, the related person demolished for SmVaK Ostrava a.s. being the client buildings of the old wastewater treatment plant in Karviná. The plant was out of operation since start of operation of the new wastewater treatment plant. The subject of the contract was also landscaping of the land after the demolition.

FCC Česká republika, s. r.o.

- On 10 January 2017 a contract for work was signed with the related person. The subject of the contract was acceptance and disposal of water treatment sludge from the water treatment plants in Podhradí, Nová Ves u Frýdlantu nad Ostravicí and Vyšní Lhoty. The contract was signed for the period from 1 January 2017 until 31 December 2018. Pursuant to the internal policy of the controlled person, the contract was awarded in the tender as a public tender contract which did not exceed the limit.
- On the basis of a job order placed by the controlled person, the related person repaired the bituminous layer on the road.

OBSED a.s.

- In the accounting period, supplies continued under the contract signed with the related person on 11 August 2014. The subject was acceptance and disposal of sludge from treatment of municipal wastewater in wastewater treatment plants. The contract was signed for the period from 1 January 2015 until 31 December 2017. The contract was awarded in the tender pursuant to the Act No. 137/2006 Coll. as a public tender contract which exceeded the limit.
- On the basis of orders sent by the controlled person, the related person organised transport of sludge in addition to the scope of the contract above.
- On 7 December 2017, a contract for work was signed with the related person. The subject of the contract was acceptance and disposal of sludge from treatment of municipal wastewater in wastewater treatment plants. The contract was signed for the period from 1 January 2018 until 31 December 2020. The contract was awarded in the tender pursuant to the Act No. 134/2016 Coll. as a public tender contract which exceeded the limit.

c) supplies of capital works

During the accounting period SmVaK Ostrava a.s. was provided the investment services from the following related persons:

Aqualia infraestructuras inženýring, s.r.o.

- On the basis of contracts signed in 2016, the related person completed following construction projects during the accounting period:

Construction No.	Name of the construction project
1570	Pressure break chamber in Bruzovice – reconstruction of the building, investment project
1532	Odry – increasing the capacity of local sources
1557	Pumping station and water reservoir in Soběšovice – reconstruction and repair of buildings
1567	Water reservoir in Chvalíkovice – repair and reconstruction of a valve chamber and water reservoir
20036	Water reservoir in Sosna - repair and reconstruction of the building/structures
30074	Dětmarovice – reconstruction of the water network and modification of pressure ranges
40075	Pressure break chamber in Veřovice – redevelopment of the building / investment project
50034	Velká Polom – reconstruction of water supply, upper and lower pressure ranges
50035	Pumping stations in Hrabyně, Benkovice, Čavisov – reconstruction of equipment
5660	Opava, the Wolkerova street - reconstruction of a sewage system

- On the basis of the contracts signed in 2017, the related person completed during the accounting period the following construction projects:

Construction No.	Name of the construction project
1549	Water reservoir in Chalíkovice – the fencing
1575	Třebom, water reservoir – repair and reconstruction of steel structures in the water reservoir, repair of installation
1581	Reconstruction of corrosion protection in water conduits: Kružberk Water Supply System - cathodic units in Vlkovice, Dolní Lutyně and Stará Bělá

1582	Water reservoir Frýdlant – Letiště – optimising of organoleptic properties of drinking water
1583	Sviadnov, Krásné Pole - centres - reconstruction of wiring for operation facilities
1585	Facility in Dolejší Kunčice - reconstruction of the building
1586	Water reservoir in Nebory - replacement and reconstruction of a water reservoir
1588	Water reservoir in Smolkov – reconstruction of the structures of the storage chamber and water reservoir
1591	Water reservoir in Skalice – reconstruction of the structure
1597	Conduit from Tošanovice to Třinec – repair of the inverted siphon at the sludge box No. 2
1601	Water treatment plant in Bystré – reconstruction of inflow from underground/surface sources
1604	Modernising of the central dispatching
1616	Water treatment plant in Rohovec - modernisation of the health compliance facility
20060	Brušperk, the U Tří lip, Zahradní, Nábřeží streets – reconstruction of water supply
20062	Oldřichovice, Lanovka - reconstruction of water supply and automated systems
20068	Hukvaldy – reconstruction of water supply
20070	Frýdek-Místek, the Pod Štandlem street – reconstruction of water supply
20072	Water reservoir in Frýdek-Místek, Sady, the pipelines DN 500 and DN 300
20077	Bystřice, Škubňa – reconstruction of water supply
20078	Frýdek-Místek, Podpuklí– reconstruction of water supply
20079	Dolní Žukov, the Ropická street – reconstruction of water supply
20081	Frýdek-Místek, Hálkova– reconstruction of water supply
20082	Český Těšín, Karvinská – reconstruction of a water pipeline
20092	Vodojem Horní Žukov 100 m³ – refurbishment of the facility - capital works
20101	Water reservoir in Brušperk, Petřiny – refurbishment of the facility - capital works
30037	Havířov-Město, the Chopinova, Třeneckého, Sadová, Šmeralova streets –reconstruction of water pipelines
30042	Havířov-Bludovice, the Frýdecká street – reconstruction of a water pipeline
30047	Karviná, Jiráskova – reconstruction of a water pipeline
30048	Havířov- Město, the Hlavní třída, Komenského and Stavbařská streets – reconstruction of a water pipeline
30069	Karviná -Nové Město, the U Bažantnice, č.p. 1096-1100 and Brožíkova streets – reconstruction of water pipelines
30077	Water conduit Bludovice – Havířov and water conduit Životice – Těrlicko, protection against corrosion

30079	Těrlicko, the Dlouhá street, buildings No. 480-814 – reconstruction of a water pipeline
30083	Nový Bohumín, the Nerudova street, automated station in Mírová – reconstruction of a water pipeline
30086	Šenov, U Mlýna – reconstruction of a water pipeline
30087	Bohumín, Okrajní and 1. máje – reconstruction of water pipelines
40040	Lubina towards Hájov – reconstruction of water supply
40047	Klimkovice, the 28. října, Ostravská streets – reconstruction of a water pipeline
40055	Kunín – reconstruction of a water supply
40057	Starý Jičín, Vlčnov – reconstruction of a water pipeline
40058	Odry, the Osvobození street – reconstruction of a water pipeline
40061	Heřmanice u Oder – reconstruction of a water pipeline
40070	Ženklava – reconstruction of a water pipeline AC DN 60
40076	Bílovec, Puškinova, Sv. Čecha – reconstruction of a water pipeline
40080	Lichnov under the pressure-break chamber Izidor – reconstruction of a water pipeline
40082	Ženklava – reconstruction of the entry water pipeline for the town
50036	Boosting pumping station in Kružberk – changes in the drinking water supply
50038	Opava, the Olomoucká street - reconstruction of a water pipeline
50040	Opava, Čechova and Ratibořská – reconstruction of a water pipeline
50042	Otice, the Kylešovská, Hlavní, Holčovická streets - reconstruction of a water supply
50044	Opava, the Husova street - reconstruction of a water supply
50049	Vítkov, the Boženy Němcové - reconstruction of a water pipeline
50050	Malé Hoštice, the Kmochova - reconstruction of a water pipeline
50051	Velké Hoštice, the Nová street – reconstruction of water supply
50057	Budišov nad Budišovkou – Podlesí - optimising the drinking water supplies
50070	Water reservoir in Skřípov, 100 m³ – repair of the roof overcladding on the reservoir – capital works
50071	Water reservoir in Kozmice, 300 m³ – repair of the roof overcladding on the reservoir - capital works
50073	Water reservoirs in Komárov 2x250 m³, Markvartovice 2x400 m³, Žimrovice 150 m³, station in Staré Těchanovice - repair of the structures – capital works
2705	Wastewater treatment plant in Frýdek-Místek – reconstruction of a rainwater tank
2751	Brušperk, the U Tří lip street - reconstruction of the sewage system

2752	Vratimov, Na Hermaně - reconstruction of the sewage system
2753	Brušperk, the K Šištotu street - reconstruction of the sewage system
2754	Sludge pumping station in Líškovec - installation of automated rakings
2758	Wastewater treatment plant in Brušperk– reconstruction of coarse pre-treatment
3781	Wastewater treatment plant in Havířov – reconstruction of dewatering
3795	Wastewater treatment plant in Karviná – installation of a post-denitrification unit
3808	Petřvald, street Hnědá, Červená streets - reconstruction of the sewers, AI and Aia
3809	Karviná – Nové město, the U Bažantnice and Brožíkova streets – reconstruction of a sewage system
3810	Karviná, the Družby street – reconstruction of the sewer „BII"
3822	Havířov, the Úzká street – liquidation of sewer outlets
3825	The Sewage System Centre in Havířov – reconstruction of the gate
3826	Český Těšín, the Karvinská & Viaduktová streets – reconstruction of sewers before reconstruction of roads II/468
3833	Reconstruction and repair of outdoor lighting for 8 wastewater and water treatment plant - capital works in wastewater treatment plants
3834	Wastewater treatment plants in Stonava and Karviná - connection to the dispatching system
3845	Wastewater treatment plant in Bohumín – reconstruction of the technology control system
4688	Wastewater treatment plant in Tichá – renewal of technologies and buildings
4689	Wastewater treatment plant in Nový Jičín – construction of a rainwater storage and reconstruction of the building
4695	Odry, the Osvobození street – reconstruction of a sewage system
4698	Wastewater treatment plant in Odry - chemical precipitation of phosphorus
4699	Bílovec, the Puškinova, Sv. Čecha streets - reconstruction of a sewage system
4703	WWTP in Nový Jičín – reconstruction of the entrance technology in the pumping station
4705	Kopřivnice, the Alšova street - reconstruction of y sewage system
4706	Bílovec, the Svobodova street – reconstruction of a sewage system
4708	Wastewater treatment plant in Bílovec – regulation of ¼ hour maximum
4714	Wastewater treatment plant in Nový Jičín – increasing the capacity of the technology control system
4719	Wastewater treatment plant in Nový Jičín – reconstruction and repair of the aeration system for cascade activation
5654	Wastewater treatment plant in Dolní Benešov – reconstruction of the biological section in the plant
5657	Opava, the Husova street - reconstruction of a sewage system

5659	Opava, the Těšínská and Polanova streets – reconstruction of a sewage system
5667	Opava, the Polanova, Polní streets – reconstruction of a sewage system
5668	Opava, Filípkova – reconstruction of a sewage system - capital works
5669	Opava, Zborovská – reconstruction of a sewage system – capital works
5671	Opava, Mlčochova - reconstruction of sewage system

- In the accounting period, the following contracts with the completion dates in 2018 were signed with the related person:

Construction No.	Name of the construction project
1577	Water treatment plant in Nová Ves - reconstruction of a sludge system
1578	Water conduit, DN 500 Záhumenice - Bělá – reconstruction of the water pipeline
1626	Water reservoir in Chvalíkovice – repair of a water proof layer on the valve chamber and installation of a drainage system – capital works
40048	Water reservoir in Mošnov 2x400 m³- reconstruction of the facility
40081	Lichnov – reconstruction of a water pipeline
50037	Water reservoir in Ludgeřovice 650 m³ – reconstruction of the facility
50043	Dolní Lhota – the upper pressure range – reconstruction of water supply
3843	Nový Bohumín, the Nerudova street – reconstruction and repair of the Ad sewer
5619	Wastewater treatment plant in Vítkov – reconstruction of a settling tank
5648	Wastewater treatment plant in Háj ve Slezku – extension of the technology line

The subject of the contracts above was the supply of construction materials, engineering and construction works. The contract price was specified for each project in line with the Act on Prices and in line with the documentation on transfer prices in transactions made by and between the related persons. Payment terms and conditions, warranty for quality and contract penalties were set forth in the Framework Agreement on General Construction Projects of 29 June 2015 and amendments to the Framework Agreement.

3. Other contractual relations

Related person:

Aqualia infraestructuras inženýring, s.r.o.

- Supplies under the Framework Agreement on General Organisation of Investment Construction Projects continued during the accounting period. The Framework Agreement was signed on 29 June 2015 by and between SmVaK Ostrava as the client and the related person as the contractor. The purpose of the Framework Agreement is general organisation of construction projects, including engineering, preparation of project documentation and supply of all data which are essential for issuance of master zoning permits, building permits and final acceptance of completed construction projects where a separate contract should be signed for each project. The price of services provided under such the contracts was set on the basis of the length of arm's principle pursuant to the documentation on transfer prices in transactions made by and between the related persons. The contract is concluded for an indefinite period of time with a three month notice period. According to the contract, the client SmVaK Ostrava may withdraw from the contract in case of gross violation of contractor's obligations.
- Because the contractor failed to draft and hand over the project documentation or failed to complete the construction in time, SmVaK Ostrava a.s. imposed, in line with the contract, a penalty of 0.05% of the price of the work for each day of delay. The penalty was paid fully – it was set off against the agreed price of the work.

- SmVaK Ostrava and the related person agreed to use jointly the software – Labsystem. SmVaK Ostrava pays the servicing and repair of the software and charges a proportional part of its costs to the related person.
- Because FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A, and INFOREIN INSTALACIONES INFORMATICAS, S.A. signed the agreement to provide services to end users from FCC Group, SmVaK Ostrava charged the related person for such services where the amount was based on the total agreed price of the service and proportions of such services which were used by the companies.

Vodotech, spol. s r.o.

- During the accounting period the related person supplied the services in line with the Personal Data Processing Agreement and Agreement to Provide Services of 27 August 2009. The services are the reading of water consumption data from water meters, processing of such data for billing and services provided by the call centre. The Agreement will be in force for the time when the Agreement to Provide Services 10 August 2009 is in force.
- In the accounting period the contractual relation continued under the contract where SmVaK Ostrava is the future assignee and the related person ís the future assignor. The subject is future transfer of outcome of the project entitled "Introduction of Remote Reading of Water Meters".
- Because FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A, and INFOREIN INSTALACIONES INFORMATICAS, S.A. signed the agreement to provide services to end users from FCC Group, SmVaK Ostrava charged the related person for such services where the amount was based on the total agreed price of the service and proportions of such services which were used by the companies.

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A

- FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. entered into the Agreement to provide services to end users in FCC Group with INFOREIN INSTALACIONES INFORMATICAS, S.A on 29 July 2014. Services/data line were provided within FC Group under this Agreement during the accounting period. The Agreement will be in force for 50 months after it entered into force on 1 August 2014. Under the agreement, the controlled person is provided the IT services and the related person charges the controlled person for such services. The price is based on the total price agreed for the services and the proportions of the services which are used by the companies. Thanks to the agreement which was made for the whole of the Group, advantages available to the controlled person include high quality and a good price of services.
- In the accounting period, services were provided pursuant to the agreement on software licences, technical support and update of software products signed by and between FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and Microsoft. All members of FCC Grupo may use the services under the licence. The related person is charged the fees for use of the licence which are paid to Microsoft. The fee depends on the number of licences used by SmVaK Ostrava.

FCC AQUALIA, S.A.

- In the accounting period, the agreement on consulting services was signed by and between the related person as the service provider and SmVaK Ostrava as the client. The subject of the contract was preparation of offers for tenders where operators should be found for water networks and sewage systems in the Czech Republic and abroad, supervision over and check of construction projects, preparation of optimising measures for other than core business carried on by SmVaK Ostrava, and the consulting and advisory in preparation of the investment plan for 2017 from the point of view of the best technology and economic solutions.
- The agreement was signed for the period from 1 January 2017 until 31 December 2017. The price for the services provided was specified in line with laws and length of arm's principle pursuant to the Documentation on transfer prices in transactions made by and between the related persons.
- In the accounting period SmVaK Ostrava arranged the rent of an apartment for employees of the related person's organisational unit in the Czech Republic The rent and services relating to the use of the apartment were charged fully by the controlled person to the related person.
- In the accounting period SmVaK Ostrava a.s. provided for use to the related person's organisational unit parts of business space in Prague which SmVaK Ostrava has been renting for the Department of Organisational Development. SmVaK Ostrava charged the related person with a proportional part of the rent and fee for services relating to use of the space.

HIDROTEC, Tecnologia del Agua, S.L.U.

- In the accounting period, the agreement was signed with the related person for provision of consulting services in occupational safety and health protection. The agreement was signed for one year. The contract price was fixed upon agreement of the both parties, in compliance with the length of arms' principle as the price typical of that time and that place.

AQUALIA CZECH, S.L.

- Upon request of the related person, the agreement on loan of finances was signed. The interest rate in the agreement was fixed on the basis of interest rates provided for a similar loan from 5 banks.

V. OTHER LEGAL ACTS

No legal acts out of the scope of typical legal acts performed by the controlling person exercising the powers of the shareholder in the controlled person were carried out during the accounting period in favour of the controlling person, persons controlled by the same controlling person and/or other persons from within the Group.

The Board of Directors of SmVaK Ostrava a.s. represents that it is not aware of any legal conduct between the controlled person, controlling persons and other related persons in the Group that would result in entering into other contracts/ agreements than those mentioned above. The Board of Directors also represents that it is not aware of any acts performed between the controlled person, controlling person and other persons in the Group which would be made upon request or in interest of the controlling person or the main person in the Group.

VI. OTHER ACTIONS

No other actions than the typical actions which are taken by the controlled person in relation to the controlling person being the shareholder in the controlled person were taken or performed during the accounting period in favour of, or upon initiative of, the controlling person and persons controlled by the same controlling person or other persons from within the Group with respect to the controlled person.

VII. SUPPLIES AND CONSIDERATIONS

No other considerations and/or values out of the scope of typical considerations and/or values provided by the controlled person in relation to the controlling person being the shareholder in the controlled person were provided or adopted during the accounting period in favour of, or upon initiative of, the controlling person and persons controlled by the same controlling person or other persons from within the group on part of the controlled person.

VIII. ADVANTAGES, DISADVANTAGES AND RISKS RESULTING FROM THE PERSONS IN THE GROUP

The Board of Directors is not aware of any fact that would cause a controlled person to suffer a damage because of being a part of FCC Grupo.

The controlled person has following advantages thanks to being part of the Group:

- It uses warranties provided by the controlling person from the Group.
- It uses public relation of the Group.
- It uses the licence for know-how which comprises the experience and expertise as well as operational and commercial knowledge gained throughout operation of water networks and sewage systems.
- It uses best prices for services, works and licences on the basis of contracts signed by the controlling person for companies from the Group.

The controlled person does not face any risks because of being a part of the Group as its business does not depend on other companies from the Group and is not influenced by activities carried by the others from the Group.

IX. INFORMATION ABOUT HARM

It follows from the audit and evaluation of the contractual relations and legal conduct existing between the controlled person, controlling person and other persons in the Group that the controlled person has not suffered any harm. All above listed contracts and contract relationships were concluded and all legal acts were performed under terms and conditions and at prices typical of commercial dealings for that place of performance.

X. CONCLUSION

Severomoravské vodovody a kanalizace Ostrava a.s. represents that it has not been involved during the accounting period in any other contract relations and did not provide any other service/supply/performance except for those mentioned above with respect to the controlled person, persons controlled by the same controlling person or other persons from the group.

This report was prepared by the Board of Directors of Severomoravské vodovody a kanalizace Ostrava a.s. and approved on 20 February 2018. This report was submitted for review to the Supervisory Board and to the auditors who audited the 2017 financial statements and 2017 Annual Report in accordance with the Act on Auditors, Act on Business Corporations and Accounting Act.

Because Severomoravské vodovody a kanalizace Ostrava a.s. is required pursuant to the Act No. 256/2006 Coll. on Capital Market Transactions to prepare the Annual Report, this report will be attached as an integral part to the Annual Report.

The financial scope of considerations provided between the controlling person, controlled person, the persons controlled by the same controlling person, and other companies from the Group pursuant to data given in this report is defined in the attachment to the 2017 financial statements and in the overview below.

Transactions with the related persons in 2017 are listed in the tables below. The transactions were conducted under conditions typical of business contacts and the prices were set on the basis of length-of-the-arm principle and documentation stipulating prices for transactions between related persons

The amounts are in CZK (in thousands).

Revenues made with the related persons

2017

Person	Relation to the Company	Services	Other revenues	Total
Vodotech, spol. s r.o.	Other related persons	632	0	632
Aqualia infraestructuras inženýring, s r.o.	Other related persons	5,078	0	5,078
FCC Česká republika, s.r.o.	Other related persons	546	0	546
AQUALIA CZECH, S.L.	Parent company	0	169	169
Total		**6,256**	**169**	**6,425**

2016

Person	Relation to the Company	Services	Other revenues	Total
Vodotech, spol. s r.o.	Other related persons	442	0	442
Aqualia infraestructuras inženýring, s r.o.	Other related persons	2,536	0	2,536
Tratamiento industrial de aguas, S.A.	Other related persons	161	0	161
FCC Česká republika, s.r.o.	Other related persons	427	0	427
Total		**3,566**	**0**	**3,566**

Purchases made with the related persons

2017

Person	Relation to the Company	Services	Other expenses	Total
Vodotech, spol. s r.o.	Other related persons	32,046	0	32,046
Aqualia infraestructuras inženýring, s r.o.	Other related persons	188,652	0	188,652
tratamiento industral de aguas, S.A..	Other related persons	6	0	6
AQUALIA CZECH, S.L.	Parent company	7,835	0	7,835
Fomento de Contrucciones y Contracta, S.A.	Other related persons	10,017	0	10,017
FCC Česká republika, s.r.o.	Other related persons	3,109	0	3,109
OBSED a.s.	Other related persons	20,617	0	20,617
Total		**262,282**	**0**	**262,282**

2016

Person	Relation to the Company	Services	Other expenses	Total
Ovod, spol. s r.o.	Other related persons	27,009	26	27,035
Aqualia infraestructuras inženýring, s r.o.	Other related persons	109,062	0	109,062
tratamiento industral de aguas, S.A..	Other related persons	3,048	0	3,048

AQUALIA CZECH, S.L.	Parent company	7,614	0	7,614
FCC AQUALIA, S.A.	Other related persons	979	0	979
Fomento de Contrucciones y Contracta, S.A.	Other related persons	8,535	0	8,535
FCC Česká republika, s.r.o.	Other related persons	2,864	0	2,864
OBSED a.s.	Other related persons	21,974	0	21,974
Total		**181,085**	**26**	**181,111**

Acquisition of long-term tangible assets from the related persons

Person	Relation to the Company	2017	2016
Vodotech, spol. s r.o.	Other related persons	4,313	0
Aqualia infraestructuras inženýring, s r.o.	Other related persons	458,247	487,261
FCC AQUALIA, S.A.,organizační složka, cz	Other related persons	4,998	5,001
Total		**467,558**	**492,262**

Receivables to be paid by the related persons

Person	As of 31. 12. 2017	As of 31. 12. 2016
Trade receivables		
Vodotech, spol. s r.o.	108	1
Aqualia infraestructuras inženýring, s r.o.	53	1,560
FCC AQUALIA, S.A., organizační složka, cz	39	33
FCC Česká republika, s.r.o.	208	50
Receivable from loan of finances		
AQUALIA CZECH, S.L.	51,530	0
Receivables from subscriptions share capital		
AQUALIA CZECH, S.L.	0	2,132,953
Total	**51,938**	**2,134,597**

Payables to be paid to the related persons

Person	As of 31. 12. 2017	As of 31. 12. 2016
Trade payables		
Vodotech, spol. s r.o.	3,150	109
Aqualia infraestructuras inženýring, s r.o.	269,502	103,142
Fomento de Contrucciones y Contracta, S.A.	1,853	87
FCC Česká republika, s.r.o.	377	257
OBSED a.s.	2,685	2,592
Trade payables in total	**277,567**	**106,187**

The Board of Directors of Severomoravské vodovody a kanalizace Ostrava a.s. represents that this report has been prepared with due and professional care and that it comprises all facts which have been known and available as of the date of preparation.

Ostrava, dated 20 February 2018

Signatures of members of the Board of Directors:

Miroslav Kyncl
Vice-chairman of the Board of Directors

Václav Holeček
Member of the Board of Directors

The list of companies of FCC Grupo as at 31 December 2017

Name	Registered office	Ownership interest
Abastecimientos y Saneamientos del Narte, S.A., Sole – Shareholder Company	Uruguay, 11 – Vigo (Pontevedra)	100.00
Abrantaqua – Servico de Aguas Residuais Urbanas de Municipio de Abrantes, S.A	Portugal	60.00
Acque di Calianissetta, S. PA.	Italy	98.48
Aigües de Vallirana, S.A., Sole - Shareholder Company	Conca de Tremp, 14 - Vallirana (Barcelona), Spain	100.00
Aisa, D.O.O., Mastar	Bosnia-Herzegovina	100.00
Aqua Campiña, S.A.	Avda. Blas Infante, 6 - Ecija (Sevilla), Spain	90.00
Aquacartaya, S.L.	Av. San Francisco Javier, 27 2o - Sevilla, Spain	100.00
Aquaelvas - Aguas de Elvas, S.A.	Portugal	100.00
Aquafundalia - Agua Do Fundao, S.A.	Portugal	100.00
Aquajarez, S.L.	Cristalería, 27. Pol. Ind. Rondo Oeste - Jerez de la Frontera (Cádiz)	51.00
Aqualia Czech, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
FCC Aqualia, S.A.	Federico Salmón, 13 - Madrid, Spain	100.00
Aqualia Industrial Solutions, S.A., Sole-Shaareholder Company (5)	Federico Salmón, 13 - Madrid, Spain	100.00
Aquali Infraestructuras Inženýring, s.r.o.	Slavníkovců 571/21, Mariánské Hory, Ostrava, Czech Republic	100.00
Aqualia Infraestructuras de México, S.A. de C.V.	Mexico	100.00
FCC Aqualia, S.L., affiliated company	Klimentská 46, Praha, Czech Republic	100.00
Aqualia Infraestructuras Montenegro (AIM) D.O.O. Niksic	Montenegro, Spain	100.00
Aqualia New Europe, B.V	The Netherlands	51.00
Aqualia Management Solutions, B.V	The Netherlands	30.60
Aquamaior - Aguas de Compo Maior, S.A.	Portugal	99.92
Cartagua, Aguas de Cartaxo, S.A.	Portugal	60.00
Colaboración Gestión y Asistencia, S.A.	Federico Salmón, 13 - Madrid, Spain	100.00
Compañía Onubense de Aguas, S.A.	Avda. Martín Alonso Pinzón, 8 - Huelva, Spain	60.00
Conservación y Sistemas, S.A.	Federico Salmón, 13 - Madrid, Spain	100.00
Depurlan, 11	San Miguel, 4.3 B - Zaragoza.Spain	100.00
Depurtebo, S.A.	San Pedro, 57 - Zuera (Zargoza), Spain	100.00
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3 - Madrid, Spain	70.00
Entenmanser, S.A.	Castillo, 13 - Adeje (Santa Cruz de Tenerife,Spain)	97.00
F.S. Colaboración y Asistencia, S.A.	Av. Camino de Santiago, 40 - Madrid,Spain	100.00
Hidrotec Technologia del Agua, S.L. Sale - Shareholder Company	Av. San Francisco Javier, 15 - Sevilla,Spain	100.00
Infraestructuras y Distribución General de Aguas, S.L.U.	La Presa, 14 - Adeje (Santa Cruz de Tenerife),Spain	100.00
Iversora Riutort	Berlín, 38-43 - Barcelona, Spain	100.00
Vodotech spol. s.r.o.	Jaselská 220/47, Předměstí, 707 07 Opava, Czech Republic	100.00
Severomoravské vodovody a kanalizace Ostrava a.s.	28. října 1235/169, Mariánské Hory, 709 00 Ostrava, Czech Republic	98.68
Alfonso Benitez, S.A.	Federico Salmón, 13 - Madrid,Spain	100.00
Aparcamientos Concertados, S.A.	Arquitecto Gaudí, 4 - Madrid, Spain	100.00
Armigesa, S.A.	Plaza de la Constitución s/n - Armilla (Granada), Spain	51.00
Azincourt Investment, S.L., Sole-Shareholder Company	Federico Salmón, 13-MadridSpain	100.00

Name	Registered office	Ownership interest
Baltecma, Gestión de Residuos Industriales, S.L.	Contradors, parcela 34 P.I. Marratxi - Marratxi (Balearic Islands)	70.00
Beta de Administración, S.A.	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
C.G.T. Corporación General de Transportes, S.A.	Av. Camino de Santiago, 40 - Madrid,Spain	100.00
Camusa Corporación Americana de Mobiliario Urbano, S.A.	Argentina	100.00
Castellana de Servicios, S.A.	Federico Salmón, 13-Madrid, Spain	100.00
Cemusa Amazonia, S.A.	Brazil	100.00
Cemusa Boston, LLC	USA	100.00
Cemusa Brasilia, S.A.	Brazil	100.00
Cemusa do Brasil, Ltda	Brazil	100.00
Cemusa, Corporación Europea de Mobiliario Urbano, S.A.	Francisco Soncha, 24 - Madrid,Spain	100.00
Cemusa, Inc.	USA	100.00
Cemusa Italia, S.R.L.	Italy	100.00
Cemusa NY, LLC	USA	100.00
Cemusa Portugal, Companhia Mobiliaro Urbano e Publicidade, S.A.	Portugal	100.00
Cemusa Rio, S.A.	Brazil	100.00
Cemusa Salvador, S.A.	Brazil	65.00
Compañía Catalana de Servicios, S.A.	Balmes, 36 - Barcelona,Spain	100.00
Compañía Control de Residuos, S.L.	Peña Redonda, 27 P.I. Silvota - Llanera (Asturias, Spain)	64.00
Compañia Control de Residuos, S.L.	Ulises, 18 - Madrid, Spain	100.00
Corporación Inmobiliaria Ibérica, S.A.	Ulises, 18 - Madrid,Spain	100.00
Dédalo Patrimonial, S.L., Sole- Shareholder Company	Federico Salmón, 13-Madrid,Spain	100.00
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza km 25 Zaragoza, Spain	60.00
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	53.62
Ecogenesis Societé Anonime Rendering of Cleansing and Waste Management Services	Greece	51.00
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13-Madrid, Spain	100.00
Egypt Environmental Services, S.A.E.	Egypt	100.00
Ekostone Aridos Siderúrgicos, S.L.	Las Mercedes, 25 - Las Arenas (Vizcaya)	51.00
Empresa Comarcal de Serveis Medioambientals del Baix Penedés - ECOBP, S.L.	Plaza del Centre, 3 - El Vendrell (Tarragona), Spain	66.60
Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L.	Plaza Vázquez de Molina, s/n - Úbeda (Jáen), Spain	90.00
Enviropower Investments Limited	United Kingdom	100.00
Equipos y Procesos, S.A.	Basílica, 19 - Madrid,Spain	80.73
Europea de Tratamiento de Residuos Industriales, S.A.	Federico Salmón, 13 - Madrid, Spain	100.00
FCC Ambito, S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100.00
FCC Enviromental, Llc.	USA	100.00
FCC Enviroment Services (UK) Limited	United Kingdom	100.00
FCC Logística S.A., Sole - Shareholder Company	Buenos Aires, 10 P.I. Comporroso - Alcalá de Henares (Madrid, Spain)	100.00
FCC Logística Portugal, S.A.	Portugal	99.90
FCC Lubricants Llc.	USA	51.00

Name	Registered office	Ownership interest
FCC Medio Ambiente, S.A.	Federico Salmón, 13 - Madrid, Spain	100.00
FCC Versia, S.A.	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
Focsa Servicos de Saneamento Urbano de Portugal, S.A.	Portugal	100.00
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frantera, s/n - Los Barrios (Cádiz), Spain	85.00
Gandia Serveis Urbans, S.A.	Llanterners, 6 - Gandía (Valencia), Spain	65.00
Geneus Canarias, S.L., Sala-Shareholder Company	Electricista, 2. U.L. de Salinetas - Telde (Las Pamas), Spain	100.00
GERAL I.S.V. Brasil, Ldo	Brazil	100.00
Gestió i Recuperació de Terrenys, S.A., Sole-Shareholder Company	Rambla de Catalunya, 2-4 - Barcelona, Spain	80.00
A.S.A. Group	Austria	
1. Polabská s.r.o.	Czech Republic	100.00
A.S.A. Abfall Service AG	Austria	100.00
A.S.A. Abfall Service Betriebs, GmbH	Austria	100.00
A.S.A. Abfall Service Freistadt, GmbH	Austria	100.00
A.S.A. Abfall Service Halbenrain, GmbH	Austria	100.00
A.S.A. Abfall Service Industrieviertel Betriebs, GmbH	Austria	100.00
A.S.A. Abfall Service Mostviertel, GmbH	Austria	100.00
A.S.A. Abfall Service Neunkirchen, GmbH	Austria	100.00
A.S.A. Abfall Service Zistersdorf, GmbH	Austria	100.00
A.S.A. Abfall Service Halbenrain, GmbH & Co Nfg KG	Austria	100.00
A.S.A. Abfall Service Industieviertel GmbH & Co Nfg KG	Austria	100.00
A.S.A. Abfall Service Wiener Neustadt, GmbH	Austria	100.00
A.S.A. Bulgaria E.O.O.D.	Bulgaria	100.00
FCC České Budějovice, s.r.o.	Dolní 876/1, České Budějovice, Czech Republic	75.00
FCC Dačice, s.r.o.	U Stadionu 50, Dačice, Czech Republic	60.00
A.S.A. EKO, d.o.o.	Serbia	100.00
A.S.A. EKO Polska, sp. z.o.o.	Poland	100.00
FCC EKO Znojmo, s.r.o.	Dobšická 3639/10a, Znojmo,Czech Republic	49.72
FCC Únanov, s.r.o.	Unánov 385, Czech Republic	66.00
A.S.A. Finanzdienstleistungen, GmbH	Austria	100.00
A.S.A. Hódmezövásárhely Köztisztasági Kft	Hungary	61.83
FCC HP spol. s.r.o.	Ďáblická 791/89, Praha 8, Czech Republic	100.00
A.S.A. International Evironmental Services, GmbH	Austria	100.00
A.S.A. Kikinda d.o.o.	Serbia	80.00
A.S.A. Liberec, s.r.o.	Mydlářská 105/10, Liberec, Czech Republic	55.00
A.S.A. Lubliniec, sp. z.o.o.	Poland	61.97
A.S.A. Magyarország Környezetvédelemi És HKft	Hungary	100.00
A.S.A. Mazedonia dooel	Macedonia	100.00
FCC Litovel, s.r.o.	Cholinská 1008, Litovel, Czech Republic	49.00
A.S.A. Olsava spol. s.r.o.	Slovakia	100.00
A.S.A. Servicii Ecologice, s.r.l.	Romania	100.00
A.S.A. Slovensko spol. s.r.o.	Slovakia	100.00

Name	Registered office	Ownership interest
FCC Žabovřesky, s.r.o.	Korejská 3082/2, Žabovřesky, Czech Republic	89.00
FCC Praha, s.r.o.	Hyacintová 3181, Praha 10, Czech Republic	100.00
A.S.A. Tarnobrzeg, sp. zo.o.	Poland	60.00
A.S.A. TRNAVA spol. s.r.o.	Slovakia	50.00
FCC Prostějov, s.r.o.	Průmyslová 407/1b, Prostějov, Czech Republic	49.00
A.S.A. Vrbak d.o.o.	Serbia	51.02
FCC Žabčice, s.r.o.	Oulehly 450, Žabčice, Czech Republic	80.00
A.S.A. Zohor spol. s.r.o.	Serbia	80.00
FCC Žabčice spol. s.r.o.	Slovakia	85.00
FCC Bec, s.r.o.	Prosmycká 2/88, Lovosice,Czech Republic	100.00
EKO-Radomsko, sp. z.o.o.	Poland	100.00
Entsorga Entsorgungs, GmbH, Nfg KG	Austria	100.00
Erd-Kom Érdi Kommunális Hulladékkezelö	Hungary	90.00
Inerta Abfallbehandlungs, GmbH	Austria	100.00
Miejskie Przedsiebiorstwo Gospodarki Komunalnej, sp. z.o.o. Zabrze	Poland	80.00
Obsed a.s.	Nemocniční 998/14, Moravská Ostrava,Czech Republic	100.00
Quail spol. s.r.o.	Dolní 876/1, České Budějovice 3, Czech Republic	100.00
FCC Regios A.S.	Úholičky 215, Velké Přílepy,Czech Republic	99.99
Siewierskie Przedsiebiorstwo Gospodarki Komunalnej, sp. z.o.o.	Poland	60.00
FCC Uhy spol. s.r.o.	Zhly 160, Czech Republic	100.00
Technické Služby - A.S.A., s.r.o.	Slovakia	100.00
Textil Verwertung, GmbH	Austria	100.00
Valmax Impex, S.R.L.	Romania	60.00
3C Holding Limitet	United Kingdom	100.00
3C Waste Limited	United Kingdom	100.00
Allington O & M Services Limited	United Kingdom	100.00
T Shooter Limited	United Kingdom	100.00
Waste Recovery Limited	United Kingdom	100.00
Waste Recycling Group (Central) Limited	United Kingdom	100.00
Waste Recycling Group (UK) Limited	United Kingdom	100.00
Waste Recycling Group (Scotland) Limited	United Kingdom	100.00
Waste Recysling Group (Yorkshire) Limited	United Kingdom	100.00
Wastenotts (Reclamation) Limited	United Kingdom	100.00
Wastenotts O & M Services Limited	United Kingdom	100.00
Welbeck Waste Management Limited	United Kingdom	100.00
WRG (Midlands) Limited	United Kingdom	100.00
WRG (Northern) Limited	United Kingdom	100.00
WRG Acquisitions 2 Limited	United Kingdom	100.00
WRG Environmental Limited	United Kingdom	100.00
WRG Waste Services Limited	United Kingdom	100.00

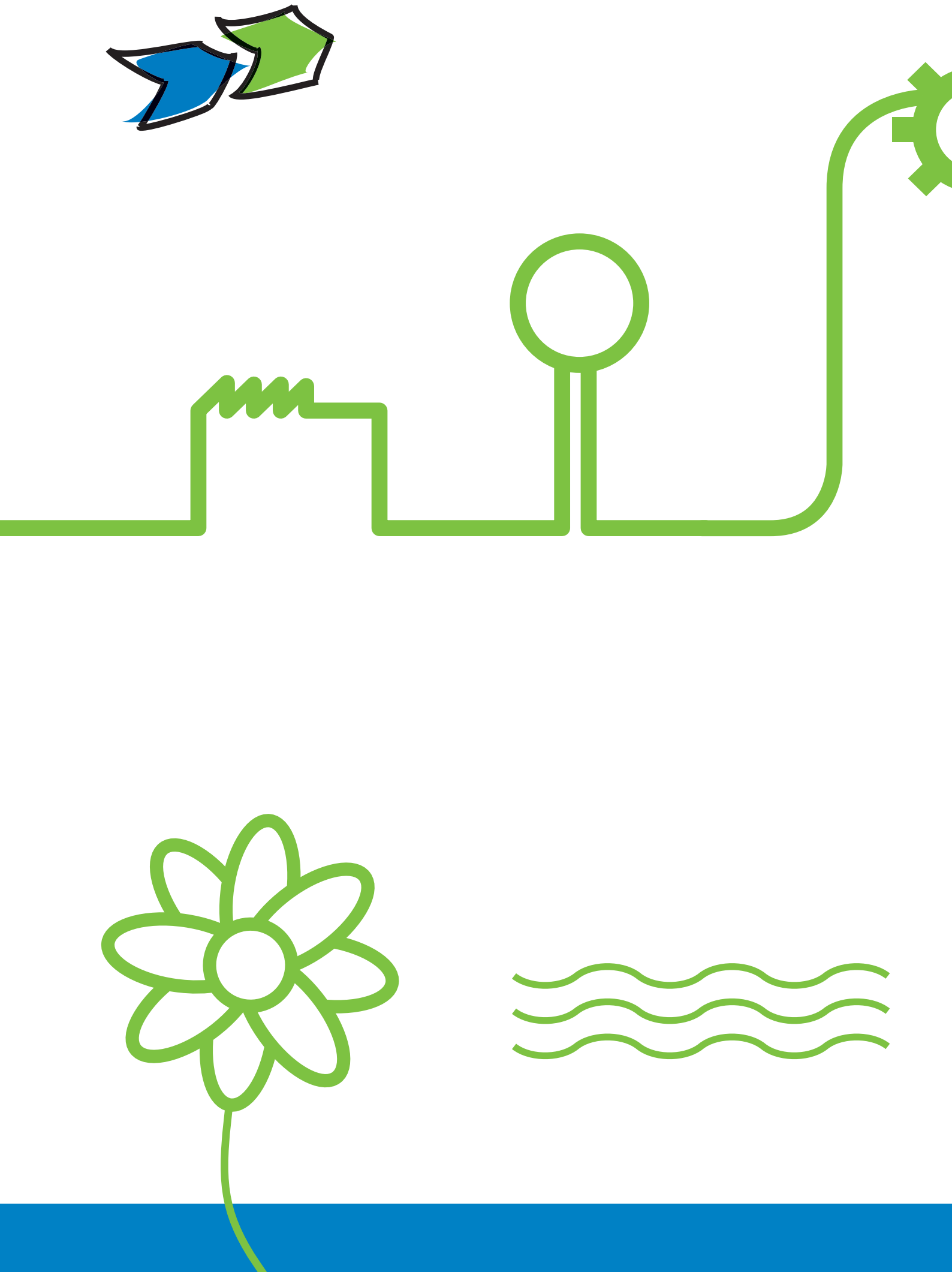
Name	Registered office	Ownership interest
Integreciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 PK 3, 280 - Castañeda (Cantabria), Spain	90.00
International Petroleum Corp. of. Delaware	USA	100.00
International Services Inc, S.A.,Unipersonal	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
Jaime Franquesa, S.A.	Pl. Zona Franca Sector B calle D 49 - Barcelona, Spain	100.00
Jaume Oro, S.L	Av. Garrigues, 15 - Bellpuig (Lleida), Spain	100.00
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 6 - Cartagena (Murcia), Spain	90.00
Limpezas Urbanas de Mallorca, S.A.	Ctra. Santa Margolida-Can Picafort- Santa Margalida (Balearic Islands)	100.00
Manipulación y Recuperación MAREPA, S.A.	Av. San Martin de Valdeiglesias, 22 - Alcorcón (Madrid)	100.00
Municipal de Serveis, S.A. - being dissolved	Joan Torro i Cabratosa, 7 - Girona, Spain	80.00
Newlog Logistica, S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100.00
Recuperació de Pedreres, S.L.	Rambla de Catalunya, 2 - Barcelona, Spain	80.00
Saneamiento y Servicios, S.A.	Federico Salmón, 13 - Madrid, Spain	100.00
Serveis d´Escommbreries i Neteja, S.A.	Coure, s/n - Pl, Riu Clar - Tarragona, Spain	100.00
Servicios de Levante, S.A.	Camino Pla Museros, s/n - Almazora (Castellón), Spain	100.00
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 - Madrid, Spain	100.00
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Ví, 1 - Girona, Spain	75.00
Sistemas y Vehiculos de Alta Tecnología, S.A.	Federico Salmón, 13 - Madrid, Spain	100.00
Societat Municipal Medioambiental d´Igualda, S.L.	Pl. de l´Ajuntament, 1 - Igualada (Barcelona), Spain	65.91
Telford & Wrekin Services, Ltd	United Kingdom	75.00
Tratamientos y Recuperaciones Industriales, S.A.	Rambla de Catalunza, 2-4, P.5 / Barcelona, Spain	75.00
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 - Pl. Patada del Cid - Quart de Poblet (Valencia, Spain)	80.00
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4 A - Bilbao (Vizcaya), Spain	80.00
Zona Verde - Promocao e Marketing Limitada	Portugal	100.00
Allington Waste Company Limited	United Kingdom	100.00
Anti-Waste (Restortion) Limited	United Kingdom	100.00
Anti-Waste Limited	United Kingdom	100.00
Arnold Waste Disposal Limited	United Kingdom	100.00
BDR Property Limited	United Kingdom	80.02
BDR Waste Disposal Limited	United Kingdom	100.00
Darrington Quarries Limited	United Kingdom	100.00
Derbyshire Waste Limited	United Kingdom	100.00
East Waste Limited	United Kingdom	100.00
FCC Buckinghamshire Holdings Limited	United Kingdom	100.00
FCC Buckinghamshire Limited	United Kingdom	100.00
FCC Buckinghamshire (Support Services) Limited	United Kingdom	100.00
FCC Environmental Services UK Limited	United Kingdom	100.00
FCC Evnironment)UK) Limited	United Kingdom	100.00
FCC Environment (Lincolnshire), Ltd	United Kingdom	100.00
FCC Environment (Berkshire), Ltd.	United Kingdom	100.00
FCC Environment Limited	United Kingdom	100.00
FCC PFI Holdings Limited	United Kingdom	100.00

Name	Registered office	Ownership interest
FCC Recycling (UK) Limited	United Kingdom	100.00
FCC Waste Services (UK) Limited	United Kingdom	100.00
FCC Wrexham PFI (Phase II Holding), Ltd.	United Kingdom	100.00
FCC Wrexham PFI (Phase II), Ltd.	United Kingdom	100.00
FCC Wrexham PFI Limited	United Kingdom	100.00
FCC Wrexham PFI Holdings Limited	United Kingdom	100.00
Finstop Limited	United Kingdom	100.00
Focsa Services (UK) Limited	United Kingdom	100.00
Hykeham O&M Services Limited	United Kingdom	100.00
Integrated Waste Management Limited	United Kingdom	100.00
Kent Conservation & Management Lmited	United Kingdom	100.00
Kent Energy Limited	United Kingdom	100.00
Kent Enviropower Limited	United Kingdom	100.00
Landfill Management Limited	United Kingdom	100.00
Lincwaste Limited	United Kingdom	100.00
Norfolk Waste Limited	United Kingdom	100.00
Pennine Waste Management Limited	United Kingdom	100.00
RE3 Holding Limited	United Kingdom	100.00
RE3 Limited	United Kingdom	100.00
FCC Industrial Colombia, S.A.S.	Colombia	100.00
FCC Industrial de Panamá, S.A.	Panama	100.00
FCC Industrial e Infraestructuras Energéticas, S.A., Sole - Shareholder Company	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
FCC Industrial Perú, S.A.	Peru	100.00
FCC Industrial UK Limited	United Kingdom	100.00
FCC Industriale, SRL	Italy	100.00
FCC Saudi Company	Saudi Arabia	100.00
FCC Servicios Industiales y Energéticos México, S.A. deC.V.	Mexico	100.00
Fomento de Construcciones y Contratas Canada, Ltda.	Canada	100.00
Fomento de Construcciones y Contatos Construction Ireland Limited	Ireland	100.00
Gavisa Portugal Montagens Eléctricas, Lda	Portugal	97.00
Ibervia Construcciones y Contratas, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
Impulsora de proyectos PROSERME, S.A. de C.V.	Mexico	100.00
M&S Concesiones, S.A.	Costa Rica	100.00
Mantenimiento de Infraestructuras, S.A.	Acanto, 22 - Madrid, Spain	100.00
Megaplás, S.A.	Hilanderas, 4-14 - La Poveda - Arganda del Rey (Madrid), Spain	100.00
Megaplás Italia, S.p.A.	Italy	100.00
Matre, S.L.	Balmes, 36 - Barcelona, Spain	100.00
Moviterra, S.A.	Balmes, 36 - Barcelona, Spain	100.00
Naturaleza, Urbanismo y Medio Ambiente, S.A.	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
Nevasa Inversión, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100.00

Name	Registered office	Ownership interest
PPP Infraestrcture Investments, B.V.	Netherlands	100.00
Participaciones Teide, S.A.	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
Pedrera Les Gavarres, S.L.	Balmes, 36 - Barcelona, Spain	100.00
Pinturas Joque, S.L.	Acanto, 22 - Madrid, Spain	100.00
Prefabricados Delta, S.A.	Federico Salmón, 13 - Madrid, Spain	100.00
Proyectos y Servicios, S.A.	Acanto, 22 - Madrid, Spain	100.00
Ramalho Rosa Cobetar Sociedade de Construcoes, S.A.	Portugal	100.00
Serviá Contó, S.A.	Balmes, 36 - Barcelona, Spain	100.00
Servicios Dos Reis, S.A. de CV	Mexico	100.00
Sincler, S.A., Sole-Shareholder Company	Av.Camino De Santiago, 40 - Madrid, Spain	100.00
Tema Concesionaria, S.A.	Porto Pi, 8 - Palma de Mallorca (Balearic Islands), Spain	100.00
Tulsa Inversión, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
Vela Borovica Koncern, D.O.O.	Croatia	95.00
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Acanto, 22 - Madrid, Spain	100.00
Sociedad Española de Aguas Filtradas, S.A.	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
Sociedad Ibérica del Agua, S.I.A, S.A., Sole-Shareholder Company	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13-Madrid, Spain	100.00
ACE Scutmadeira Sistemas de Gestao e Controlo de Tráfego	Portugal	100.00
Alpetrol S.A.	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
Alpine Consulting d.o.o.	Slovenia	100.00
Aridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n - Barajas de Melo (Cuenca), Spain	100.00
Autovía Conquense, S.A.	Acanto, 22 - Madrid, Spain	100.00
BBR Pretensados y Técnicas Especiales, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
Binatec Al Maghreb, S.A.	Morocco	100.00
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85.59
Concesiones Viales de Costa Rica, S.A.	Costa Rica	100.00
Concesiones Viales S. de R.L. de C.V.	Mexico	99.97
Construcción y Filiales Mexicanas, S.A. de C.V.	Mexico	100.00
Construcción Infraestructuras y Filiales de México, S.A. de C.V.	Mexico	52.00
Construcciones Hospitalarias, S.A.	Panama	100.00
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	55.60
Contratos y Ventas, S.A.	Av. de Santander, 3-1o - OVideo (Asturias), Spain	100.00
Desarrollo y Construcción DEYCO CRCA, S.A.	Costa Rica	100.00
Dezvoltare Infraestructura, S.A.	Romania	51.03
Dizara Inversión, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
EHST - European High-Speed Trains SGPS, S.A.	Portugal	85.71
FCC Colombia, S.A.S.	Colombia	100.00
FCC Construcción, S.A.	Balmes, 36 - Barcelona, Spain	100.00
FCC Construcción de Centroamérica, S.A.	Costa Rica	100.00

Name	Registered office	Ownership interest
FCC Construcción Chile, SPA	Chile	100.00
FCC Construcción Peru, S.A.C.	Peru	100.00
FCC Construcción Polska, z.o.o.	Poland	100.00
FCC Constructii Romania, S.A.	Romania	100.00
FCC Construction Hungary Kft	Hungary	100.00
FCC Construction I-95. Ltc.	USA	100.00
FCC Construction, Inc.	USA	100.00
FCC Construction International, B.V.	The Netherlands	100.00
FCC Construction Northern Ireland Limited	United Kingdom	100.00
FCC Construcoes do Brasil, Ltda.	Brazil	100.00
FCC Elliot UK Limited	United Kingdom	50.10
Socíeté des Ciments d´Enfidha	Tunisia	62.89
Tratamiento Escombros Almoguera, S.L.	José Abascal, 59 - Madrid, Spain	36.53
Uniland Acquisition Corporation	USA	72.58
Uniland Cementera, S.A.	Córcega, 299 - Barcelona, Spain	71.43
Uniland International, B.V.	Netherlands	71.58
Uniland Trading, B.V.	Netherlands	71.58
Enefi Energía, S.A. Sole-Shareholder, Company	Federico Salmón, 13-Madrid, Spain	100.00
Enerstar Villena, S.A.	Maestro Chanzá, 3 - Alicante, Spain	57.80
Eolica Calvent, S.L.	Balmes, 36 - Barcelona, Spain	80.05
Ethern Electric Power	Federico Salmón, 13-Madrid, Spain	100.00
FCC Energía Aragón, S.L	Manuel Lasala, 36 - Zaragoza, Spain	100.00
FCC Energía Aragón II, S.L.	Manuel Lasala, 36 - Zaragoza, Spain	100.00
FCC Energía USA, S.L, Sale-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100.00
FCC Power Generation, S.L., Unipersonal	Federico Salmón, 13 - Madrid, Spain	100.00
FM Green Power Investments, S.L.	Federico Salmón, 13 - Madrid, Spain	100.00
Fomento Internacional Focsa, S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100.00
Olivento, S.L., Sale-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100.00
Guzmán Energía, S.L.	Portada, 11 - Palma del Río (Córdoba), Spain	70.00
Guzmán Energy O&M, S.L.	Federico Salmón, 13 - Madrid, Spain	70.00
Helios Patrimonial 1, S.L., Sole- Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100.00
Helios Patrimonial 2, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100.00
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 - Madrid, Spain	100.00
Bvefdomintaena Beteiligungsverwaltung, GmbH	Austria	100.00
Compañía General de Servicios Empresariales, S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100.00
Corporación Española de Servicios, S.A.	Federico Salmón, 13 - Madrid, Spain	100.00
Europea de Gestión, S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100.00
F-C y C, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100.00
FCC 1, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100.00
FCC Construcciones y Contratos Internacional, S.L., Sole - Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100.00

Name	Registered office	Ownership interest
FCC Fomento de Obras y Construcciones, S.L. Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100.00
FCC Inmobiliara Conycon, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100.00
Fedemes, S.L.	Federico Salmón, 13 - Madrid, Spain	100.00
Per Gestora Inmobiliaria, S.L.	Federico Salmón, 13 - Madrid, Spain	100.00
Aridos de Navarra, S.A.	Estella, 6 - Pamplona (Navarra), Spain	47.24
Aridos Uniland, S.A., Sale-Shareholder Company	Córcega, 299 - Barcelona, Spain	71.43
Aridos y Premezclados, S.A. , Sole-Shareholder Company	José Abascal, 59-Madrid, Spain	71.58
Atracem, S.A., Sole-Shrareholder Company	José Abascal, 59 - Madrid, Spain	71.58
Canteras de Aláiz, S.A	Dormilatéria, 72 - Pamplona (Navarra), Spain	50.12
Cementos Alfa, S.A.	Josefina de la Maza, 4 PE Piasca - Santander (Cantabria), Spain	63.03
Cementos Portland Valderrivas, S.A.	Dormilatéria, 72 - Pamplona (Navarra), Spain	71.58
Cementos Villaverde, S.L., Sole-Shareholder Company	Almagro, 26 - Madrid, Spain	71.58
Coastal Cement Corporation	USA	71.58
Compañía Auxilar de Bombeo de Hormigón, S.A., Sole-Shareholder Company	José Abascal, 59 - Madrid, Spain	71.58
Dragon Alfa Cement Limited	United Kingdom	69.64
Dragon Energy, Llc.	USA	79.08
Dragon Products Company, Inc.	USA	79.08
Giant Cement Company	USA	79.08
Giant Cement Holding, Inc.	USA	79.08
Giant Cement NC, Inc.	USA	79.08
Giant Cement Virgina, Inc.	USA	79.08
Giant Resource Recovery, Inc.	USA	79.08
Giant Resource Recovery - Arvonia, Inc.	USA	79.08
Giant Resource Recovery - Attalla, Inc.	USA	79.08
Giant Resource Recovery - Harleyville, Inc.	USA	79.08
Giant Resource Recovery - Sumter, Inc.	USA	79.08
Hormigones de la Jacetonia, S.A.	Llano de la Victoria - Jaca (Huesca), Spain	49.43
Hormigones Reinosa, S.A., Sole-Shareholder Company	Josefina de la Maza, 4 Pe Piasca - Santander (Cantabria), Spain	63.03
Hormigones Uniland, S.L., Sole-Shareholder Company	Córcega, 299 - Barcelona, Spain	71.43
Hormigones y Morteros Preparados, S.A., Sole-Shareholder Company	José Abascal, 59 - Madrid, Spain	71.58
Horminal, S.L., Sale-Shareholder Company	José Abascal, 59 - Madrid, Spain	71.58
Keystone Cement Company	USA	71.58
Morteros Valderrivas, S.L., Sole-Shareholder Company	José Abascal, 59 - Madrid, Spain	71.58
Participaciones Estella 6, S.L., Sole-Shareholder Company	Estella, 6 - Pamplona (Navarra), Spain	71.58
Portland, S.L., Sole- Shareholder Company	José Abascal, 59 - Madrid, Spain	71.58
Prebesec Mallorca, S.A.	Santa Margarita i els, Barcelona, Spain	54.14
Prebesec, S.A., Sole-Shareholder Company	Córcega, 299 - Barcelona, Spain	71.43
Sechem, Inc.	USA	79.08
Select Beton, S.A.	Tunisia	69.46

Name	Registered office	Ownership interest
Alfonso Benítez, S.A.	Federico Salmón, 13-Madrid, Spain	100.00
Beootpad s.o.o. Beograd	Serbia	100.00
FCC Equal CEE, S.L.	Federico Salmón, 13-Madrid, Spain	100.00
Golrib, Solucoes de Valorizacao de Residuos Lda.	Portugal	55.00
Czysta Energia Gdansk sp. Z.o.o.	Poland	100.00
Ecoservice Lovetech	Bulgaria	90.00
RSUO Dobritch	Bulgaria	99.99
Grupo FCC Environment	United Kingdom	
Jamie Franquesa, S.A.	P.I Zona Franca Sector B calle D 49 - Barcelona, Spain	100.00
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvia, S.A.	Doctor Jiménez Rueda, 10 - Atarfe (Granada), Spain	60.00
Agualia de Alcár Empresa Mixta, S.A.	Rondilla Cruz Verde, 1 - Alcár de San Juan (ciudad Real), Spain	52.38
Aguas de las Galeras, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
Aqualia Infraestructuras d.o.o. Beograd-Vracar	Serbia	100.00
Aqualia Infraestrucurtas d.o.o. Mostar	Bosnia-Herzegovina	100.00
Aqualia Infraestructuras Pristina Lic.	Kosovo	100.00
Empresa Gestora de Aguas Linenses, S.A.	Federico Salmón, 13 - Madrid, Spain	100.00
FCC Aqualia, S.A.	Federico Salmón, 13 - Madrid, Spain	100.00
FCC Aqualia,América, S.A.U.	Federico Salmón, 13 - Madrid, Spain	100.00
FCC Aqualia U.S.A. Corp	USA	100.00
Hydrotec Tecnología del Aguas, S.L. Unipersonal	Av. Kansas City, 9 - Sevila, Spain	100.00
Inversora Riutort, S.L.	Berlín, 38-43 - Barcelona, Spain	100.00
Sociedad Ibércia del Agua, S.A., Unipersonal	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
Agregados y Materiales de Panamá, S.A.	Panama	100.00
Alpine - Energie Holding AG	Germeny	100.00
Colobiana de Ingrastructuras, S.A.S.	Columbie	100.00
Conciones Viales de Costa Rica, S.A.	Costa Rica	100.00
Concretos Estrucurales, S.L.	Nicaragua	100.00
Conservial Infraestructuras, S.L.	Acanto, 22 - Madrid, Spain	100.00
Consorcio FCC Iquique Ltda.	Chile	100.00
Constructora Meco-Caabsa, S.A. de C.V.	Salvador	60.00
Corporación M&S de Nicaragua, S.A.	Nicaragua	100.00
Edificadora MSG, S.A.	Panama	100.00
Edificadora MSG, S.A. de C.V. (El Salvador)	Salvador	100.00
Eólica Catvent, S.L.	Balmes, 36 - Barcelona, Spain	80.04
FCC Construcción América, S.A.	Costa Rica	100.00
FCC Construcción Costa Rica, S.A.	Costa Rica	100.00
FCC Edificadora CR, S.A.	Costa Rica	100.00
FCC Electromechanical Lic.	Saudi Arabia	100.00
FCC Elliott Cpnstruction Limited	Ireland	100.00
FCC Elliott Limited	United Kingdom	50.10

Name	Registered office	Ownership interest
FCC Mersey Gasteway Ltd.	United Kingdom	100.00
FCC Mersey Gateway Investments Ltd.	United Kingdom	100.00
Guinea Ecuatorial Fomento de Construcciones y Contratas Construcción, S.A.	Guiena Ecuatorial	65.00
Meco Santa Fe Limited	Belice	100.00
Carbocem, S.A.	Paseo de la Castellana, 45 - Madrid, Spain	55.12
Dragon Portland Limited	USA	79.08
Société des Cimentad d´Enfidha	Tunisia	69.48
Compania General de Servicios Empresariales, S.A. Unipersonal	Federico Salmón, 13 - Madrid, Spain	100.00
Costa Verde Habitat, S.L.	Orense, 11 - Madrid, Spain	100.00
Europea de Gestión, S.A. Unipersonal	Federico Salmón, 13 - Madrid, Spain	100.00
FCC Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100.00
PER Gestora Inmobiliaria, S.L.	Federico Salmón 13, Madrid, Spain	100.00