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II. CONSOLIDATED FINANCIAL STATEMENTS

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A. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 AND 2015

Assets (Millions of euros)	Notes	2016	2015
Non-current assets		15,647	16,821
Goodwill arising on consolidation	3.1	2,170	1,885
Intangible assets (*)	3.2	503	234
Investments in infrastructure projects	3.3	7,145	8,544
Intangible asset model		6,168	6,957
Financial asset model		977	1,587
Investment property (*)		6	15
Property, plant and equipment (*)	3.4	731	491
Investments in associates	3.5	2,874	3,237
Non-current financial assets	3.6	735	755
Loans granted to associates		374	411
Restricted cash relating to infrastructure projects and other financial assets		249	261
Other receivables		112	83
Deferred tax assets	2.8	1,051	1,254
Non-current derivative financial instruments at fair value	5.5	432	406
Current assets		7,750	8,563
Assets classified as held for sale	1.2	624	2,418
Inventories	4.1	516	387
Current income tax assets		186	135
Current trade and other receivables	4.2	2,828	2,320
Trade receivables for sales and services		2,199	1,821
Other current receivables		629	499
Cash and cash equivalents	5.2	3,578	3,279
Infrastructure projects		277	306
Restricted cash		62	36
Other cash and cash equivalents		215	270
Excluding infrastructure projects		3,301	2,973
Current derivative financial instruments at fair value	5.5	18	23
TOTAL ASSETS		23,397	25,384

Equity and liabilities (Millions of euros)	Notes	2016	2015
Equity	5.1	6,314	6,541
Equity attributable to the shareholders		5,597	6,058
Equity attributable to non-controlling interests		717	483
Deferred income	6.1	1,118	1,088
Non-current liabilities		10,409	9,314
Pension plan deficit	6.2	174	46
Long-term provisions	6.3	757	838
Borrowings	5.2	7,874	6,697
Debt securities and bank borrowings of infrastructure projects		5,310	5,320
Debt securities and borrowings excluding infrastructure projects		2,564	1,376
Other payables	6.4	200	171
Deferred tax liabilities	2.8	967	1,124
Derivative financial instruments at fair value	5.5	436	438
Current liabilities		5,556	8,442
Liabilities classified as held for sale	1.2	440	2,690
Borrowings		302	1,385
Debt securities and bank borrowings of infrastructure projects		200	1,297
Bank borrowings excluding infrastructure projects		102	88
Derivative financial instruments at fair value	5.5	69	259
Current income tax liabilities		150	138
Current trade and other payables	4.3	3,893	3,346
Trade payables		2,299	1,996
Customer advances and amounts billed in advance for construction work		989	887
Other current payables		605	464
Operating provisions	6.3	702	622
TOTAL EQUITY AND LIABILITIES		23,397	25,384

(*) The intangible assets, property, plant and equipment and investment property used in infrastructure projects are included under "Investments in Infrastructure Projects". The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of financial position as at 31 December 2016.

B. CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR 2016 AND 2015

(Millions of euros)	Notes	2016			2015		
		Before fair value adjustments	(*) Fair value adjustments	Total 2016	Before fair value adjustments	(*) Fair value adjustments	Total 2015
Revenue		10,759	0	10,759	9,701	0	9,701
Other operating income		7	0	7	9	0	9
TOTAL OPERATING INCOME	2.1	10,765	0	10,765	9,709	0	9,709
Materials consumed	2.2	1,267	0	1,267	1,143	0	1,143
Other operating expenses	2.2	4,736	0	4,736	4,735	0	4,735
Staff costs	2.3	3,819	0	3,819	2,805	0	2,805
TOTAL OPERATING EXPENSES		9,821	0	9,821	8,683	0	8,683
Gross profit from operations	2.4	944	0	944	1,027	0	1,027
Depreciation and amortisation charge		342	0	342	256	0	256
Profit from operations before impairment and disposals of non-current assets	2.4	602	0	602	770	0	770
Impairment and disposals of non-current assets (**)	2.5	330	-6	324	185	-54	131
Profit from operations		932	-6	926	955	-54	901
Financial result on financing		-305	0	-305	-463	0	-463
Result on derivatives and other financial results		-7	-12	-20	-12	-188	-200
Financial result of infrastructure projects		-313	-12	-325	-474	-188	-662
Financial result on financing		-49	0	-49	-35	0	-35
Result on derivatives and other financial results		-4	-13	-18	12	49	61
Financial result excluding infrastructure projects		-53	-13	-66	-24	49	26
Financial result	2.6	-365	-26	-391	-498	-138	-637
Share of profits of companies accounted for using the equity method	3.5	214	-132	82	275	37	312
Consolidated profit before tax		780	-164	617	732	-155	577
Income tax	2.8	-245	11	-233	25	30	54
Consolidated profit from continuing operations		536	-153	383	757	-126	631
Net profit from discontinued operations		0	0	0	0	0	0
Consolidated profit for the year		536	-153	383	757	-126	631
Profit or loss for the year attributable to non-controlling interests	2.9	-11	4	-7	33	56	89
Profit for the year attributable to the Parent		525	-149	376	790	-70	720
Net earnings per share attributable to the Parent (Basic / Diluted)	2.10			0.51/0.51			0.98/0.98

(*) Relating to gains and losses arising from changes in the fair value of derivatives and other financial assets and liabilities (see Note 5.5), asset impairment (see Note 2.5) and the impact of the two items on "Share of Profits of Companies Accounted for Using the Equity Method" (see Note 2.7).

(**) "Impairment and Disposals of Non-Current Assets" includes mainly the gains and losses arising from asset impairment and from the sale and disposal of investments in Group companies and associates. When control is lost as a result of these disposals, the gain relating to the recognition at fair value of the investment retained is presented in the "Fair Value Adjustments" column.

The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of profit or loss for the year ended 31 December 2016.

C. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR 2016 AND 2015

(Millions of euros)	Notes	2016	2015
a) Consolidated profit for the year		383	631
Attributable to the Parent		376	720
Attributable to non-controlling interests		7	-89
b) Income and expense recognised directly in equity	5.1	-435	96
<u>Fully consolidated companies</u>		-202	191
Impact on reserves of hedging instruments	5.5	-38	69
Impact on reserves of defined benefit plans (*)	6.2	-153	48
Translation differences		-83	111
Tax effect		72	-38
<u>Companies classified as held for sale</u>		-99	-11
Impact on reserves of hedging instruments		-148	15
Impact on reserves of defined benefit plans (*)		0	0
Translation differences		49	-25
Tax effect		0	-1
<u>Companies accounted for using the equity method</u>		-134	-84
Impact on reserves of hedging instruments		-17	23
Impact on reserves of defined benefit plans (*)		-90	-1
Translation differences		-45	-95
Tax effect		17	-12
c) Transfers to profit or loss	5.1	141	190
<u>Fully consolidated companies</u>		-48	188
Transfers to profit or loss		15	244
Tax effect		-63	-57
<u>Companies accounted for using the equity method</u>		189	2
Transfers to profit or loss		192	3
Tax effect		-3	-1
a+b+c) Total comprehensive income		88	916
Attributable to the Parent		89	898
Attributable to non-controlling interests		-1	19

(*) The impact on reserves of defined benefit plans is the only item of income and expense recognised directly in equity that cannot be reclassified subsequently to profit or loss (see Note 5.1).

The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2016.

D. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 2016 AND 2015

(Millions of euros)	Share capital	Share premium	Merger premium	Treasury shares	Valuation adjustments	Retained earnings and other reserves	Attributable to the shareholders	Attributable to non-controlling interests	Total equity
Balance at 31/12/15	146	1,202	963	-16	-805	4,567	6,058	483	6,541
Consolidated profit for the year						376	376	7	383
Income and expense recognised directly in equity					-287		-287	-8	-295
Total comprehensive income	0	0	0	0	-287	376	89	-1	88
Scrip dividend	3					-230	-226		-226
Other dividends							0	-25	-25
Treasury share transactions	-3		-313	-26		25	-317		-317
Remuneration of shareholders	0	0	-313	-26	0	-205	-544	-25	-569
Capital increases/reductions							0	45	45
Share-based payment						-17	-17	0	-17
Other changes			0	1		9	10	215	225
Other transactions	0	0	0	1	0	-8	-7	260	253
Balance at 31/12/16	147	1,202	650	-41	-1,092	4,731	5,597	717	6,314

(Millions of euros)	Share capital	Share premium	Merger premium	Treasury shares	Valuation adjustments	Retained earnings and other reserves	Attributable to the shareholders	Attributable to non-controlling interests	Total equity
Balance at 31/12/14	146	1,202	1,218	-4	-983	4,092	5,672	349	6,021
Consolidated profit for the year						720	720	-89	631
Income and expense recognised directly in equity					178		178	108	285
Total comprehensive income	0	0	0	0	178	720	898	19	916
Scrip dividend	2					-269	-267		-267
Other dividends							0	-48	-48
Treasury share transactions	-2		-247	-16			-265		-265
Remuneration of shareholders	0	0	-247	-16	0	-269	-532	-48	-580
Capital increases/reductions							0	100	100
Share-based payment						-51	-51	-1	-52
Other changes			-9	4		76	71	64	136
Other transactions	0	0	-9	4	0	25	20	164	184
Balance at 31/12/15	146	1,202	963	-16	-805	4,567	6,058	483	6,541

The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2016.

E. CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2016

(Millions of euros)	Notes	2016	2015
Net profit attributable to the Parent	2.10	376	720
Adjustments for:		568	307
<i>Non-controlling interests</i>		7	-89
<i>Tax</i>		233	-54
<i>Result of companies accounted for using the equity method</i>		-82	-312
<i>Financial result</i>		391	637
<i>Impairment and disposals of non-current assets</i>		-324	-131
<i>Depreciation and amortisation charge</i>		342	256
Gross profit from operations	2.4	944	1,027
Income taxes paid	2.8.1	-147	-61
Change in working capital (receivables, payables and other)	5.3	-52	-234
Dividends from infrastructure project companies received	3.5	427	399
Cash flows from operating activities	5.3	1,172	1,130
Investments in property, plant and equipment and intangible assets	3.2 y 3.4	-177	-177
Investments in infrastructure projects	3.3	-388	-556
Loans granted to associates/acquisition of companies		-736	-106
Investment of long-term restricted cash		-12	85
Divestment of infrastructure projects		0	0
Divestment/Sale of companies	1.1.3	340	74
Cash flows from investing activities		-973	-680
Cash flows before financing activities		198	450
Capital proceeds from non-controlling interests		53	119
<i>Scrip dividend</i>		-226	-267
<i>Acquisition of treasury shares</i>		-317	-265
Remuneration of shareholders	5.1	-544	-532
Dividends paid to non-controlling shareholders of investees		-24	-44
Other changes in shareholders' equity		0	0
Cash flows from shareholders and non-controlling interests		-515	-457
Interest paid	2.6	-385	-354
Interest received	2.6	34	10
Increase in borrowings		1,529	837
Decrease in borrowings		-548	-580
Cash flows from financing activities		115	-544
Effect of foreign exchange rate changes on cash and cash equivalents		18	-36
Change in cash and cash equivalents due to changes in the scope of consolidation		-32	-30
Change in cash and cash equivalents	5.2	299	-160
Cash and cash equivalents at beginning of year		3,279	3,439
Cash and cash equivalents at end of year		3,578	3,279

The accompanying Notes 1.1 to 7.1 are an integral part of the consolidated statement of cash flows for 2016.

F. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2016

SECTION 1: BASIS OF PRESENTATION AND SCOPE OF CONSOLIDATION

This section presents the information considered important to know prior to reading the consolidated financial statements of Ferrovial.

BASIS OF PRESENTATION AND NEW ACCOUNTING POLICIES

The consolidated financial statements of Ferrovial were prepared in accordance with the IFRSs adopted by the European Union. The accounting policies applied are disclosed in Note 1.3 of this section.

In 2016 there were no changes in accounting policies or new standards applied that had a significant effect.

As regards the new standard IFRS 15 (Revenue from Contracts with Customers), although the standard is not mandatorily applicable until 2018, the Company has decided to apply it early in 2017. Note 1.3.1 contains a more in-depth analysis of the estimated impacts of early application, together with an analysis of possible impacts of standards IFRS 9 (Financial Instruments) and IFRS 16 (Leases).

COMPANY ACTIVITIES

The disclosures presented in these consolidated financial statements include most notably, due to their importance, those relating to the distinction between infrastructure project companies and non-infrastructure project companies (see Note 1.1.2 for a definition). Also noteworthy are the disclosures relating to two of the Group's main assets, i.e. its investments of 25% in HAH, the company that owns Heathrow Airport, and of 43.23% in the concession operator of the ETR 407 toll road in Toronto (Canada).

Changes in the scope of consolidation and assets and liabilities held for sale:

Note 1.1.3 provides detailed information on the main changes in the scope of consolidation in the reporting period.

The most significant changes in 2016 were as follows:

- In the Services Division, the acquisition of the Australian company Broadspectrum in May 2016.

- In the Toll Roads Division, the sale of Chicago Skyway and an ownership interest in the Irish M3 and M4-M6 toll roads, the classification of the Portuguese toll roads as held for sale, and the exclusion from the scope of consolidation of the US SH-130 toll road, since control was considered to have been lost as a result of the developments in the Chapter 11 bankruptcy proceedings in which the concession operator is involved..

The main effect of these transactions on the consolidated financial statements is observed in net borrowings. There was a reduction in the net cash position of non-infrastructure project companies, due mainly to the acquisition of Broadspectrum, which had an impact of EUR -934 million (EUR 499 million relating to the purchase of the shares and EUR 435 million relating to the debt contributed), as well as in the net borrowings of infrastructure projects, which fell by EUR 1,420 million as a result of the exclusion from consolidation of SH-130 and by EUR 388 million due to the classification of the Portuguese toll roads as held for sale.

USE OF JUDGEMENTS AND ESTIMATES

This section includes the main estimates made by Ferrovial when measuring its assets, liabilities, income, expenses and obligations (see Note 1.3.4).

EXCHANGE RATES

Although Ferrovial's functional currency is the euro, a significant portion of its activities is carried on in countries outside the eurozone, its exposure including most notably that to the pound sterling, the US dollar, the Canadian dollar, the Australian dollar and the Polish zloty. The evolution of these currencies vis-à-vis the euro is shown in Note 1.4.

In the course of 2016 the euro appreciated significantly against the pound sterling, influenced by the United Kingdom's exit from the European Union (Brexit), the possible risks of which are discussed in Note 5.4, Management of financial risks and capital, as well as in the Risk section of the directors' report. With regard to the other currencies, the euro depreciated against the US dollar and the Canadian dollar (the currencies of the Group's main toll roads), and it appreciated against the Polish zloty.

1.1 BASIS OF PRESENTATION, COMPANY ACTIVITIES AND SCOPE OF CONSOLIDATION

1.1.1. Basis of presentation

The consolidated financial statements are presented in accordance with the regulatory financial reporting framework applicable to the Group and, accordingly, present fairly the Group's equity, financial position and results. The regulatory framework consists of International Financial Reporting Standards (IFRSs), as established by Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

1.1.2. Company activities

Ferrovial comprises the Parent, Ferrovial, S.A., and its subsidiaries, which are detailed in Appendix II. Its registered office is in Madrid, at calle Príncipe de Vergara 135.

Through these companies, Ferrovial engages in the following lines of business, which are its reporting segments pursuant to IFRS 8:

- Construction: design and performance of all manner of public and private works, including most notably the construction of public infrastructure.

- Services: maintenance and upkeep of infrastructure, facilities and buildings; waste collection and treatment; and rendering of other kinds of public services. As a result of the new acquisitions, other services such as the maintenance of energy and industrial facilities were added in 2016.
- Toll roads: development, financing and operation of toll roads.
- Airports: development, financing and operation of airports.

For a more detailed description of the various areas of activity in which the consolidated Group conducts its business operations, please consult the Group's website: www.ferrovial.com.

For the purpose of understanding these consolidated financial statements, it should be noted that a part of the activity carried on by the Group's business divisions consists of the performance of infrastructure projects, primarily in the toll road and airport areas, but also in the construction and services fields.

These projects are conducted through long-term arrangements with public authorities under which the concession operator, in which the Group generally has an ownership interest together with other shareholders, finances the construction or upgrade of public infrastructure, mainly with borrowings secured by the cash flows from the project and with the shareholders' capital contributions, and subsequently maintains the infrastructure. The investment is recovered by means of the collection of tolls or regulated charges for the use of the infrastructure or through amounts paid by the grantor public authority based on the availability for use of the related asset. In most cases the construction and subsequent maintenance of the infrastructure is subcontracted by the concession operators to the Group's Construction and Services Divisions.

From the accounting standpoint, most of these arrangements fall within the scope of application of IFRIC 12.

Accordingly, and in order to aid understanding of the Group's financial performance, these consolidated financial statements present separately the impact of projects of this nature in "Investments in Infrastructure Projects" (distinguishing between those to which the intangible asset model is applied and those to which the financial asset model is applied), in non-current financial assets, and, mainly, in the net cash position and the cash flow disclosures, in which the cash flows called "non-infrastructure projects", which comprise the flows generated by the construction and services businesses, the dividends from the capital invested in infrastructure projects and investments in or divestments of the share capital of these projects, are presented separately from the cash flows of the infrastructure projects, which include the flows generated by the related concession operators. In addition, a list of the companies regarded as infrastructure project companies can be consulted in Appendix II.

It is also important to highlight that two of the Group's main assets are its 25% ownership interest in Heathrow Airport Holdings (HAH), the company that owns Heathrow Airport in London (UK), and its 43.23% ownership interest in ETR 407, the concession operator of the ETR 407 toll road in Toronto (Canada), which have been accounted for using the equity method since 2011 and 2010, respectively. In order to provide detailed information on the two companies, Note 3.5 on investments in companies accounted for using the equity method includes information relating to the changes in the two companies' balance sheets and statements of profit or loss, and this information is completed in other Notes with data considered to be of interest.

1.1.3. Changes in the scope of consolidation

Set forth below is a description of the most significant changes in the scope of consolidation in 2016. The information was prepared taking into account IFRS 3 and the other disclosures required by the standard that do not appear in this Note are included in the Note on goodwill arising on consolidation (see Note 3.1).

Services: acquisition of Broadspectrum

The most significant change with respect to 2015 arose as a result of the acquisition of Broadspectrum, a leading company in the Australian services industry, which provides a wide range of services, such as maintenance of infrastructure and of industrial and energy facilities, and various services of a social nature. The company also has a presence in other countries such as New Zealand, the US, Canada and Chile.

Ferrovial achieved control of this company through a takeover bid that was ultimately closed for a price of AUD 1.50 per share, and which was completed on 13 May 2016, with the obtainment of control, once the new members of the company's Board of Directors had been appointed. Therefore, Broadspectrum's financial statements were included in the scope of consolidation of the Group from 31 May 2016. The price paid for the shares amounted to AUD 769 million (EUR 499 million). Broadspectrum's revenue for the period to 2016 year-end was EUR 1,446 million (seven months), while the result contributed to Ferrovial amounted to EUR -18 million, which includes the amortisation of the intangible asset generated in the purchase price allocation process (see Note 3.1).

Services: other acquisitions

In addition, in the course of 2016 a further three acquisitions were completed in the Services business, two in Spain and one in Poland. The main data relating to these acquisitions are shown in the table below:

	Siemsa	Biotrán	Amest Kamiensk
Line of business	Services for the energy, petrochemicals and industrial sectors	Waste management for the pharmaceutical industry	Waste treatment plant
Date of acquisition	25 February	22 July	18 January
Acquisition price (EUR)	17 million	11 million	8 million
% of ownership acquired	100%	100%	80%
Sales	47	4	4
Profit	2	1	0

Construction: acquisition of Pepper Lawson

In 2016 the Group acquired the US construction company Pepper Lawson Construction, which specialises in water infrastructure and non-residential building construction work. This transaction was completed for a price of USD 12 million (EUR 11 million) on 6 April, the date on which Pepper Lawson's financial statements began to be consolidated within the Group. Pepper Lawson's revenue for the period to 31 December 2016 was EUR 124 million, while it reported a loss of EUR -3 million.

Toll roads: definitive sale of the Chicago Skyway and Irish toll roads

In addition, in the first half of 2016 the agreements were concluded for the sale of the Chicago Skyway and Irish Eurolink M3 and M4-M6 toll roads. These transactions, which commenced in 2015, are described in Note 1.2 to the consolidated financial statements as at 31 December 2015. In the case of the Chicago Skyway, the transaction gave rise to a net gain of EUR 103 million. In the case of the Irish toll roads, the total gain was EUR 21 million, recognised in net profit, including the recognition at fair value of the 20% ownership interest retained (EUR 6 million in net profit).

The proceeds received in 2016 in connection with these transactions totalled EUR 289 million (EUR 230 million for the sale of Chicago Skyway and EUR 59 million for the sale of the Irish toll roads), which together with other disposals of lesser amounts had a total impact on the Group's cash flow of EUR 340 million (see Note 5.3).

Toll roads: agreement to sell the Portuguese toll roads

Also, in June 2016 an agreement was entered into for the sale of the Portuguese toll roads Euroscut Algarve and Norte Litoral to the Dutch fund management company DIF for EUR 159 million, with Ferrovial retaining interests of 48% in Euroscut Algarve and 49% in Norte Litoral. At the date of these consolidated financial statements, these sales had not yet been authorised by the related authorities and, therefore, the assets and liabilities of the toll roads were reclassified as held for sale (see Note 1.2).

Toll roads: exclusion from consolidation of SH-130

SH-130 Concession Company, LLC, which was excluded from the scope of consolidation in December 2016, had been involved in Chapter 11 bankruptcy proceedings since March 2016. As a solution to these proceedings, on 5 December the judge appointed to hear the case approved all the documentation required for a subsequent vote on the reorganization plan for the concession operator that had been proposed by its creditors. Under this plan, Cintra would sell its ownership interest to the creditors for a symbolic price of USD 1, and thus no longer form part of SH-130's shareholder structure.

For their part, on 8 December the concession operator and the main creditors entered into an agreement to support the aforementioned reorganization plan, which resulted in Cintra losing control over SH-130. The plan support agreement was approved by creditors representing 50% of the interest-bearing debt, which is the majority required by the US Bankruptcy Code for the reorganization plan to come into effect. This approval was subsequently ratified in a vote held before the judge on 11 January.

Ultimate implementation of the plan is subject to completion of a series of procedural formalities to facilitate the orderly transfer of the company's management. As a result of the agreement entered into on 8 December, it was concluded that, in accordance with IFRS 10, the ownership interest in SH-130 should be excluded from consolidation at 2016 year-end, since the Group no longer had the current ability to direct the relevant activities of the company and it was not exposed, and did not have rights, to variable returns from its involvement with the investee. The commitments assumed by SH-130 vis-à-vis its creditors, approved as part of the bankruptcy court proceedings, prevent it from directing the company's operations as if it were not involved in such proceedings, since it does not have the ability to manage its most relevant activities, and the sole objective of the actions of the managing body and the management team is to minimise any impact that might jeopardise the viability plan approved by the creditors.

This transaction gave rise to the recognition of a gross gain of EUR 52 million (EUR 30 million in net profit or loss), relating to the losses previously recognised in excess of the capital invested in the project (EUR 169 million) and a EUR 1,421 million reduction in the net debt.

Airports: acquisition of Transchile

On 6 October 2016, Ferrovial acquired Transchile Charrúa Transmisión, the company which owns a 204-kilometre transmission line between the Charrúa and Cautín substations in Chile, for an initial investment of USD 115 million (EUR 102 million); USD 45 million (EUR 40 million) of this investment were subsequently refunded, giving a net investment of USD 70 million (EUR 62 million). Transchile's revenue amounted to EUR 2 million, and it reported a loss of EUR -1 million.

This acquisition signalled Ferrovial's entry into the electricity transmission infrastructure development business. Since this new area will be managed by the team responsible for managing the Airports segment, as indicated in paragraph 5 of IFRS 8, the new activity will be reported on as part of the Airports business segment.

New projects: I-66 and Slovakian toll roads**I-66**

In November 2016 Cintra, in consortium with the infrastructure fund manager Meridiam, was selected to design, construct, finance, operate and maintain the project to transform the I-66 toll road in Virginia, which is worth more than EUR 3,000 million. The project comprises the construction of 35 kilometres along the Interstate 66 corridor (Washington access) between Route 29 and Interstate 495, in which Ferrovial Agromán and the US constructor Allan Myers will be involved. The road will have three regular toll-free lanes and two managed express lanes. Construction of the project is scheduled to end in 2022, whereupon the 50-year concession term will begin.

The concession operator for the project will be I-66 Express Mobility Partners LLC, which will be accounted for using the equity method (50% ownership interest), while the company in charge of construction will be FAM Construction LLC, which will be fully consolidated (70% ownership interest). The financial close of this project will foreseeably take place in 2017.

Slovakia

Furthermore, Cintra, in this case in consortium with a Macquarie infrastructure fund, was also selected to design, construct, finance, operate and maintain the D4 bypass and the R7 expressway in Bratislava in Slovakia. The financial close of this project was reached in May, with a total expected investment of EUR 975 million. The concession, which is a payment-for-availability arrangement, will have a 30-year term that will start after completion of the construction period.

The concession operator for this project will be Zero Bypass, Ltd., whose financial statements will be included in those of the group using the equity method (45% ownership interest). The company in charge of construction of the roads will be D4R7, which is 65% owned by the Group and, therefore, will be fully consolidated.

1.2. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

In 2016 certain milestones were reached which resulted in the exclusion from the scope of consolidation, as well as the reclassification as assets and liabilities held for sale, of certain investments in projects within the Toll Road business unit:

- In 2015 an agreement was entered into for the sale of the investment in the Chicago Skyway project in the United States, which was ultimately sold in February 2016. As a result of the sale, this investment was derecognised from "Assets/Liabilities Classified as Held for Sale" and, consequently, excluded from the scope of consolidation.
- In addition, the sale agreements relating to the investment in the Irish M3 and M4 toll road projects were completed in February 2016. In both projects, Ferrovial's stake was reduced to a 20% non-controlling interest, as a result of which the investees were accounted for using the equity method.
- Lastly, on 13 June 2016 agreements were signed for the sale of majority ownership interests in the operators of two concessions in Portugal, namely the Norte Litoral toll road (51%) and the Via do Infante toll road (49%), for a total price of EUR 159 million. Following the sale of these holdings, non-controlling interests of 49% and 48%, respectively, will be retained.

At 31 December 2016, neither of the outstanding sale agreements had been completed, since both were subject to authorisation and confirmation by the Portuguese authorities and the banks involved.

As a result of the above-mentioned sale agreements, the assets and liabilities associated with the corresponding companies were reclassified to "Assets Classified as Held for Sale" and "Liabilities Classified as Held for Sale", respectively.

The impact of this reclassification is shown in the tables below:

Assets Millions of euros	Chicago Skyway	Irish toll roads	Auto- Estradas Norte	Algarve toll road	Total
Balance at 01/01/16	1,889	529	0	0	2,418
Investments in infrastructure projects	-1,647	-442	284	154	-1,651
Restricted cash and cash and cash equivalents	-113	-30	31	34	-78
Other assets	-129	-57	62	58	-66
Balance at 31/12/16	0	0	378	246	623

Liabilities Millions of euros	Chicago Skyway	Irish toll roads	Auto- Estradas Norte	Euroscut Algarve	Total
Balance at 01/01/16	2,183	507	0	0	2,690
Borrowings	-1,483	-316	211	177	-1,411
Derivative financial instruments at fair value	-667	-43	30	0	-680
Other liabilities	-33	-148	12	6	-163
Balance at 31/12/16	0	0	253	183	436

1.3 ACCOUNTING POLICIES

1.3.1. New accounting standards

1.3.1.a) New standards, amendments and interpretations adopted by the European Union mandatorily applicable for the first time in 2016.

On 1 January 2016, the following standards which might have an impact on the consolidated financial statements came into force in the European Union: Amendments to IAS 1, Disclosure Initiative; Improvements to IFRSs, 2012-2014 cycle; Amendments to IASs 16 and 38, Clarification of Acceptable Methods of Depreciation and Amortisation; and Amendments to IFRS 11, Accounting for Acquisitions of Interests in Joint Operations. None of these amendments had a significant impact on the consolidated financial statements for the year that began on 1 January 2016.

1.3.1.b) New standards, amendments and interpretations mandatorily applicable in annual reporting periods subsequent to 2016.

The new standards, amendments and interpretations approved by the IASB but not yet mandatorily applicable that might have an effect on the Group are as follows:

New standards, amendments and interpretations		Obligatory application in annual reporting periods beginning on or after:
Not yet applied but already approved for use in the EU		
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
Not yet approved for use in the EU		
IFRS 16	Leases	1 January 2019
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to IAS 7	Disclosure Initiative	1 January 2017
Clarifications to IFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Annual improvements	2014–2016 cycle	1 January 2017/2018
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to IAS 40	Investment Property	1 January 2018

Expected impacts on application of the most important standards:

IFRS 15. Revenue from Contracts with Customers

Although the standard is not mandatorily applicable until 2018, in view of its significance for the business activities in which Ferrovial operates, mainly Construction and Services, the Group has decided to early apply it in 2017. To this end, a plan has been launched featuring the following milestones:

- After conducting an analysis of the standard in the last few months of 2016, Ferrovial developed a new internal policy with the aim of defining practical criteria for the application of IFRS 15 in all its business activities.
- This was followed by a qualitative assessment and an initial quantification of the main changes that may arise from the new standard, as well as an analysis of the possible impacts on reporting systems.
- Before the end of the first quarter of 2017, a more detailed quantification will be made of the effects of initial application, which will be accounted for retrospectively at the end of that quarter, recognising an adjustment in reserves to the opening balance at 1 January 2017 (“cumulative effect adjustment to equity”).
- Lastly, these adjustments will be reviewed in greater detail by the auditors of the Group's subsidiaries when they perform the limited review of the interim financial statements.

The main impacts identified relate basically to the following three issues:

(i) Definition of different performance obligations in long-term services contracts and allocation of a price to each obligation.

These are mainly long-term contracts (more than ten years) in the Services Division in which Ferrovial carries out various different activities throughout the life of the infrastructure (Capex, Opex and Lifecycle). Currently, these contracts are regarded as having a single performance obligation, and the result thereof is recognised by reference to the overall profitability of the project. Under the new standard, unlike the above-mentioned method, several performance obligations will be

recognised (IFRS 15.27), to which the prices established in the contract, provided they are deemed to be market prices, will be allocated (IFRS 15.73–80). The effect of this new criterion may be to delay the recognition of revenue, insofar as the expected margin on the performance obligations already satisfied will be lower than that forecast for the contract as a whole. The negative impact (net of tax) of this adjustment in reserves, according to an initial estimate, would amount to approximately EUR 70 million.

(ii) Requirement of approval versus probability in the recognition of revenue arising from contract modifications and claims. Under IFRS 15 customer approval is required in order for such revenue to be recognised (IFRS 15.18), a stricter criterion than the probability requirement in the current IAS 11 and IAS 18. This change will give rise to a delay in the recognition of revenue, which can only be recognised when the customer has approved the contract modification, and not when it is probable that it will approve it. In the case of contract modifications or claims in which the customer has approved the revised scope of the work but the corresponding change in price has not yet been determined, revenue will be recognised for the amount with respect to which it is highly probable that a significant reversal will not occur in the future. The negative impact (net of tax) of this adjustment in reserves, according to an initial estimate, would amount to approximately EUR 60 million.

(iii) Establishment of a consistent revenue recognition method for contracts with similar characteristics. The new standard requires a consistent revenue recognition method to be used for contracts and performance obligations with similar characteristics (IFRS 15.40). The Group has chosen the output method as its preference for measuring the value of assets or services of which control is transferred to the customer over time, provided that the progress of the work performed can be measured during the course of the agreement (IFRS 15.B17). In contracts to provide different highly interrelated goods or services in order to produce a combined output, which occurs habitually in contracts with a construction component, the applicable output method is that of measurement of units produced (“surveys of performance completed to date” output method). Also, in routine service contracts in which the goods or services are substantially the same and are transferred with the same pattern of consumption, in such a way that the customer receives and consumes the benefits of the goods or services as the entity provides them, the method selected by the Group to recognise revenue is the time elapsed (output method), whereas costs are recognised on an accrual basis. On the basis of the foregoing, the input method (based on resources consumed) will only be used when the progress of the work cannot be measured reliably. The use of this rule will give rise to a change of recognition method for certain projects, and the negative impact (net of tax) of this adjustment in reserves, according to an initial estimate, would be approximately EUR 30 million.

Based on the foregoing, the estimated net total negative adjustment arising from the first-time application of IFRS 15 amounts to approximately EUR 160 million. However, the precise quantification of this adjustment will depend on the achievement of all the aforementioned milestones, the tasks for which will be completed in the first six months of 2017.

The new standard will require the Group to review its internal processes and controls relating to revenue recognition. Although this review is already in progress, it has not yet been completed.

The reporting systems currently in place will be maintained, although the controls established in them will have to be adapted.

IFRS 9. Financial Instruments:

The impacts identified are less important than those of IFRS 15, since the entities most affected by IFRS 9 are financial institutions. The Company is analysing the possibility of applying the standard early, although it has not yet taken a decision in this respect.

Set forth below is a summary of the main impacts, following an initial analysis of the three phases of the standard:

- (i) **Hedge accounting.** IFRS 9 attempts to align hedge accounting more closely with risk management, and the new requirements establish a principle-based approach. IFRS 9 permits the designation of specific components of non-financial items and the inflation risk component of financial instruments as hedged items, provided that they are separately identifiable and reliably measurable, and it has to be proved that there is a liquid market for the items concerned. The Group has identified a possible impact relating to the inflation-indexed derivatives arranged at HAH, which under IFRS 9 might meet the requirements for hedge accounting. Lastly, it should be noted that under the new standard it is possible to designate an aggregated exposure (including a derivative and another non-derivative component) as a hedged item, and to consider currency basis spreads as a cost of the hedge, which could have an impact on the derivatives arranged by HAH.
- (ii) **Impairment of financial assets.** IFRS 9 replaces the incurred loss model of IAS 39 with a model based on expected credit losses. Under the new standard, the loss allowance for a financial instrument will be calculated at an amount equal to 12-month expected credit losses, or lifetime expected credit losses if there has been a significant increase in the credit risk on the instrument. The Group initially expects to avail itself of the simplified approach (allowance for lifetime expected credit losses of an asset) for its accounts receivable. It does not foresee a significant impact in this regard, in view of the fact that there is a procedure already in place, which not only writes down accounts receivable when they are no longer recoverable (incurred losses), but also takes into consideration possible expected losses, based on the evolution of customers' collection periods (Ferrovial will adapt this procedure to meet the specific requirements of IFRS 9 and will extend it to companies where it is not currently applied), and in view of the credit risk of its customers (mostly public authorities) and the internal classification systems in place for contracting with those customers.
- (iii) **Classification and measurement of financial assets.** A new classification is introduced that reflects the business model within which financial assets are held. The main classification categories are: financial assets measured at amortised cost (assets held to maturity in order to collect contractual cash flows: principal and interest), financial assets at fair value through profit or loss (assets held for trading) and financial assets at fair value through other comprehensive income, in cases where both business models apply. The IAS 39 available-for-sale category of financial instruments is therefore eliminated. As regards the measurement of financial liabilities, IFRS 9 does not introduce any changes with respect to IAS 39, except that, in relation to the fair value option, any changes in fair value of a financial liability attributable to own credit risk must be recognised in other comprehensive income (provided this does not give rise to an accounting mismatch). Based on its preliminary analysis of this phase, the Group does not expect any significant impact, since most of its assets and liabilities will continue to be recognised at amortised cost.

Unlike IFRS 15, the hedge accounting requirements of IFRS 9, which is where the main impact is expected to arise, as described above, will be applied prospectively and, therefore, there will be no first-time application adjustment. The expected impact of adoption of IFRS 9 on the Group's consolidated financial statements is not disclosed because it cannot be estimated reliably, since this impact will depend on both the financial instruments held by the Group and the economic conditions prevailing at the date of adoption.

IFRS 16. Leases:

The analysis of the impact of IFRS 16 is at an earlier stage than that of the aforementioned standards. IFRS 16 is mandatorily applicable in 2019 and the Group does not intend to apply the standard early.

The impact is no different to that at other companies, where the amounts in the statement of financial position will be increased due to the recognition of right-of-use assets and financial liabilities for future payment obligations relating to leases classified to date as operating leases. The detail of operating leases is included in Note 6.5.3 to the consolidated financial statements and the related expense amounts to approximately EUR 412 million (detail of commitments under operating leases in the consolidated financial statements as at 31 December 2016). In addition, the aforementioned note includes a detail, by maturity and business line, of the amount of the future minimum lease payments for non-cancellable operating leases.

1.3.2. Basis of consolidation

In 2016 and 2015 the reporting dates of the separate financial statements of all the companies included in the scope of consolidation were either the same as, or were temporarily brought into line with, that of the Parent.

As indicated above, the consolidated Group applied consolidation criteria in accordance with IFRSs as adopted by the European Union (EU-IFRSs).

In this connection, set forth below is a detail of only those consolidation criteria that were adopted by the consolidated Group in preparing these consolidated financial statements either as an option permitted by IFRSs or, as the case may be, due to the specific nature of the industry in which it operates:

The contracts that are undertaken through unincorporated temporary joint ventures (UTEs) or similar entities that meet the IFRS 11 requirements for being classified as "joint operations" are proportionately consolidated. It is considered that, in these cases of joint control, the venturers have direct control over the assets, liabilities, income and expenses, and joint and several liability for the obligations, of these entities. Operations of this nature contributed to the consolidated Group assets, profits and sales of EUR 829 million, EUR 55 million and EUR 1,380 million, respectively, in 2016 (2015: EUR 499 million, EUR 4 million and EUR 987 million, respectively). Some of these entities could be considered material to the Group, since they account for more than 0.5% of consolidated sales:

Project	Activity	% ownership	Sales (€ million)
407 East Extension	Design and construction of the 407 East toll road in Toronto	50%	95
Ferrovial Lagan JV	Design and construction of the Scottish M8, M73 and M74 motorways	80%	154
Bam Ferrovial Kier JV	Work for the Farringdon railway station in London	33%	59
Flo JV	Construction of the Northern Line Extension and Thames Tideway Tunnel (Central Section), in London	50%	135
UTE Warrell Creek to Nambucca	Construction of a stretch of the Pacific Highway, in NSW Australia	50%	75
UTE Toowoomba	Construction of a bypass around the city of Toowoomba	50%	57
Total			575

The companies over which Ferrovial, S.A. exercises significant influence or joint control in cases which do not meet the requirements in IFRS 11 for being classified as “joint operations” are accounted for using the equity method. A detail of the companies accounted for using this method can be found in Note 3.5. and in Appendix II.

- Intra-Group balances and transactions are eliminated on consolidation. However, the transactions recognised in the statement of profit or loss in relation to construction contracts performed by the Construction Division for infrastructure project concession operators are not eliminated on consolidation, since contracts of this kind are treated as construction contracts under which the Group performs work for the concession grantor or regulator in exchange for the right to operate the infrastructure under the terms pre-established by the grantor or regulator. The grantor or regulator thus controls the asset from inception and grants the above-mentioned right in exchange for the work performed, and, therefore, the conclusion may be reached that at Group level the work is performed for third parties. This is in line with IFRIC 12. The non-elimination of these transactions had an impact of EUR 35 million on the consolidated statement of profit or loss, after taxes and non-controlling interests (2015: EUR 93 million). The detail of the transactions not eliminated on the basis of the foregoing is shown in Note 6.8, Related party transactions.

Appendix II contains a list of subsidiaries and associates.

1.3.3. Accounting policies applied to each item in the consolidated statement of financial position and consolidated statement of profit or loss

In line with the disclosures in Note 1.3.2 above, set forth below is a detail of only those accounting policies that were adopted by the consolidated Group in preparing these consolidated financial statements either as an option permitted by IFRSs or, as the case may be, due to the specific nature of the industry in which it operates or the materiality of the policy concerned.

1.3.3.1. Property, plant and equipment, investment property and intangible assets

- Subsequent to initial recognition, the items included under “Intangible Assets”, “Investment Property” and “Property, Plant and Equipment” are measured at cost less any accumulated depreciation or amortisation and any accumulated impairment losses.
- The Group uses the straight-line method to calculate the depreciation and amortisation charge for the assets included under “Intangible Assets”, “Investment Property” and “Property, Plant and Equipment”, except in the case of certain machinery in the construction business, which is depreciated using the diminishing balance method.

The consolidated companies depreciate their various items of property, plant and equipment basically within the following ranges of years of useful life:

	Years of useful life
Buildings and other structures	10-50
Machinery, fixtures and tools	2-25
Furniture	2-15
Transport equipment	3-20
Other items of property, plant and equipment	2-20

1.3.3.2. Investments in infrastructure projects

This line item includes the investments in infrastructure made by infrastructure concession operators within the scope of IFRIC 12 (mainly toll roads), the remuneration for which consists of the right to collect the related charges based on the level of usage of the public service.

The assets acquired by the concession operator to provide the concession services but which do not form part of the infrastructure (vehicles, furniture, computer hardware, etc.) are not included in this line item because they are not returned to the concession grantor. Assets of this nature are classified under “Property, Plant and Equipment” and are depreciated over their useful life, using a method that reflects the pattern of consumption of their future economic benefits.

IFRIC 12 intangible asset model

All initial investments relating to the infrastructure that is subsequently returned to the grantor, including compulsory purchase costs and borrowing costs capitalised during construction, are amortised on the basis of the expected pattern of consumption applicable in each case (normally forecast vehicle numbers in the case of toll roads) over the term of the concession.

The investments contractually agreed on at the start of the concession on a final and irrevocable basis to be made at a later date during the term of the concession, and provided they are not investments made to upgrade infrastructure, are considered to be initial investments. For investments of this nature, an asset and an initial provision are recognised for the present value of the future investment, applying a discount rate to calculate the present value that is equal to the cost of the borrowings associated with the project. The asset is amortised based on the pattern of consumption over the entire term of the concession and the provision is increased by the related interest cost during the period until the investment is made.

Where a payment is made to the grantor to obtain the right to operate the concession, this amount is also amortised based on the pattern of consumption over the concession term.

A provision is recognised systematically for replacement investments over the period in which the related obligations accrue, which must have been set up in full by the time the replacement becomes operational. The provision is recognised on the basis of the pattern of consumption over the period in which the obligation arises, on a time proportion basis.

Infrastructure upgrade investments are those that increase the infrastructure's capacity to generate revenue or reduce its costs. In the case of investments that will be recovered over the concession term, since the upgrade investments increase the capacity of the infrastructure, they are treated as an extension of the right granted and, therefore, they are recognised in the consolidated statement of financial position when they come into service. They are amortised as from the date on which they come into service based on the difference in the pattern of consumption arising from the increase in capacity. However, if, on the basis of the terms and conditions of the concession, these investments will not be offset by the possibility of obtaining increased revenue from the date on which they are made, a provision is recognised for the best estimate of the present value of the cash outflow required to settle the obligations related to the investments that will not be offset by the possibility of obtaining increased revenue from the date on which the investments are made. The balancing item is a higher acquisition cost of the intangible asset.

In the case of the proportional part of the upgrade or increase in capacity that is expected to be recovered through the generation of increased future revenue, the general accounting treatment used for investments that will be recovered in the concession term will be applied.

The main assumptions used in relation to these arrangements correspond to vehicle number and replacement investment estimates, which are updated each year by technical departments.

Set forth below is a detail of the main toll road concessions in force to which the intangible asset model is applied, showing their duration, their status and the accounting method applied:

Toll road concessions accounted for using the intangible asset model:

Concession operator	Country	Concession term (years)	Status	First year of concession (*)	Accounting method
NTE Mobility Partners, LLC	US	52	Operating	2014	FC
NTE Mobility Partners Seg 3 LLC (1)	US	43	Construction	2013	FC
LBJ Express	US	52	Operating	2014	FC
I-66 Mobility Partners LLC (3)	US	50	Construction	2016	Eq.
I-77 Mobility Partners LLC (2)	US	50	Construction	2014	FC
M-203 Alcalá O'Donnell	Spain	30	Construction	2005	FC
Autopista del Sol	Spain	55	Operating	1999	FC
Euroscut Azores	Portugal	30	Operating	2011	FC
Eurolink Motorway Operations (M4-M6)	Ireland	30	Operating	2005	Eq.
Nea Odos	Greece	30	Operating	2007	Eq.
Central Greece	Greece	30	Operating	2008	Eq.

(*) First year of the concession (if in operation) or year of commencement of construction (if at the construction phase).

(1) The concession term is 43 years from the commencement of operation services, scheduled for 2018.

(2) The concession term is 50 years from the completion of the construction work, estimated at 44 months from the reporting date.

(3) The concession term is 50 years from the completion of the construction work, estimated at 60 months from the reporting date.

Other concession arrangements accounted for using the intangible asset model:

In addition to the toll road concessions shown in the foregoing table, there are other arrangements to which the IFRIC 12 intangible asset model is applied, including most notably a concession of the Services Division held through Autovía de Aragón Sociedad Concesionaria, S.A. for the rehabilitation and subsequent maintenance of a stretch of the Nacional II road in Spain. The main contracts of the Services Division are as follows:

Concession operator	Country	Concession term (years)	First year of concession (*)	Accounting method
Autovía Aragón	Spain	19 years	2007	FC
Servicios Urbanos de Murcia	Spain	20 years	2011	FC
Planalto Beirao	Portugal	25 years	2006	FC
Ecoparc Can Mata (1)	Spain	14 years	2011	FC
Gesmat (1)	Spain	20 years	2012	FC
Amey Hallam Highways (1)	UK	25 years	2012	Eq.
Secado Térmico Butarque	Spain	25 years	2002	Prop.

(1) Bifurcated models (intangible asset / financial asset).

Infrastructure project receivables - IFRIC 12

"Investments in Infrastructure Projects - Financial Asset Model" includes the service concession arrangements related to infrastructure in which the consideration consists of an unconditional contractual right to receive cash or another financial asset, either because the grantor guarantees to pay the operator specified or determinable amounts or because it guarantees to pay the operator the shortfall between amounts received from users of the public service and specified or determinable amounts. Therefore, these are concession arrangements in which demand risk is borne in full by the grantor. In these cases, the amount due from the grantor is accounted for as a loan or receivable in assets in the consolidated statement of financial position.

To calculate the amount due from the grantor, the value of the construction, operation and/or maintenance services provided and the interest implicit in arrangements of this nature are taken into consideration.

Revenue from the services (mainly construction and maintenance) provided in each period increases the amount of the related receivables with a credit to sales. The interest on the consideration for the services provided also increases the amount of the receivables with a credit to sales. Amounts received from the grantor reduce the total receivable with a charge to cash.

This interest is accounted for in accordance with IAS 18, Revenue. Under IAS 18, revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity. In this regard, it can be considered that the interest income from concessions of this type should be classified as revenue, since it forms part of the ordinary concession activity and is earned on a regular and periodic basis.

At 31 December 2016, the interest recognised as revenue amounted to EUR 189 million (31 December 2015: EUR 194 million). Also, the borrowing costs associated with the financing of concessions to which the financial asset model is applied amounted to EUR 87 million in 2016 (2015: EUR 87 million) (see breakdown by contract).

Set forth below is a detail of the main toll road concessions in force to which the financial asset model is applied, showing their duration, their status and the accounting method applied:

Toll road concessions accounted for using the financial asset model

Concession operator	Country	Concession term (years)	Status	First year of concession (*)	Accounting method
Autopista Terrasa Manresa	Spain	50	Operating	1989	FC
Auto-Estradas Norte Litoral (1)	Portugal	30	Operating	2006	FC
Autoestrada do Algarve, S.A. (1)	Portugal	30	Operating	2004	FC
Eurolink M3	Ireland	45	Operating	2010	Eq.
A66 Benavente - Zamora	Spain	30	Operating	2015	Eq.
A-334 Autovía del Almanzora	Spain	30	Design	2012	Eq.
407 East Extension	Canada	30	Operating	2016	Eq.
Scot Roads Partnership Project Limited (2)	UK	30	Construction	2014	Eq.
Nexus Infr. Unit Trust (Toowoomba) (3)	Australia	25	Construction	2015	Eq.
Blackbird Infrastructure Group (4) (407 East Phase 2)	Canada	30	Construction	2015	Eq.
Ruta del Cacao, S.A.S. (5)	Colombia	20	Construction	2015	Eq.
Zero Bypass Ltd. (6)	Slovakia	30	Construction	2016	Eq.

(1) Projects reclassified to "Assets Classified as Held for Sale"

(2) The concession term is 30 years from the completion of the construction work, scheduled for September 2017.

(3) The concession term is 25 years from the completion of the construction work, scheduled for December 2018.

(4) The concession term is 30 years from the completion of the construction work, scheduled for December 2019.

(5) The concession term is 20 years from the completion of the construction work, scheduled for June 2021.

(6) The concession term is 30 years from the completion of the construction work, scheduled for December 2020.

FC: Full consolidation; Eq. = Equity method.

Other concession arrangements accounted for using the financial asset model:

The other arrangements to which the financial asset model is applied relate to the Services and Construction Divisions.

Following is a detail of the most significant concession arrangements of the Construction Division:

Concession operator	Country	Concession term (years)	First year of concession (*)	Accounting method
Concesionaria de Prisiones Lledoners	Spain	32	2008	FC
Conc. Prisiones Figueras, S.A.U.	Spain	32	2011	FC
Depusa Aragón, S.A.	Spain	25	2015	FC
Aparcamiento Budimex	Poland	30 years and 4 months	2012	FC
Urbica Ciudad de la Justicia	Spain	35 years	2003	Eq.
Concesionaria Vía Olmedo Pedralba	Spain	25 years	2013	Eq.

As regards the Services Division, the most significant arrangements are as follows:

Concession operator	Country	Concession term (years)	Status (*)	First year of concession	Accounting method
CTR Oris	Spain	16 years	1	2014	FC
Juan Grande	Spain	18 years	3	2014	Prop.
Salto del Negro	Spain	16 years	3	2014	Prop.
Smart Hospital Cantabria	Spain	20 years	1	2014	FC
Toll Road IM08 DDS	Poland	6 years	1	2014	FC
IM009 DDS	Poland	5 years	1	2016	FC
AmeyCespa WM East	UK	28 years	1	2008	FC
AmeyCespa MK SPV	UK	18 years	2	2013	FC
Amey (IOW) SPV Ltd	UK	25 years	3	2015	FC
Madrid Calle 30 Integrated	Spain	35 years	1	2005	Eq.
Bradford SPV One Ltd	UK	27 years	1	2006	Eq.
Integrated Bradford SPV Two Ltd	UK	27 years	1	2009	Eq.
Amey Lagan Roads Ltd	UK	30 years	1	2007	Eq.
Amey Lighting Norfolk Limited	UK	25 years	1	2007	Eq.
E4D&G Project Co Ltd	UK	32 years	1	2008	Eq.
Amey Belfast Schools Partnership Pfi Co Ltd	UK	31 years	1	2008	Eq.
The Renfrewshire Schools Partnership Ltd	UK	33 years	1	2005	Eq.
Amey Birmingham Highways Ltd	UK	25 years	2	2010	Eq.
Amey Highways Lighting Manchester Limited	UK	25 years	1	2004	Eq.
Amey Highways Lighting Wakefield Limited	UK	25 years	1	2003	Eq.
Services Support A&S Ltd	UK	30 years	1	2004	Eq.
Scot Roads Partnership Project Ltd	UK	33 years	2	2014	Eq.
AmeyCespa (AWRP) SPV Ltd	UK	29 years	2	2014	Eq.

(*) 1: Operating; 2: Construction; 3: Construction/Operating.

FC: Full consolidation; Eq. = Equity method; Prop. = Proportionate consolidation.

1.3.3.3. Other items in the consolidated statement of financial position and consolidated statement of profit or loss

Cash and cash equivalents of infrastructure projects: Restricted cash (Note 5.2)

"Cash and Cash Equivalents - Infrastructure Projects - Restricted Cash" includes short-term, highly liquid investments assigned to the financing of certain infrastructure projects, the availability of which is restricted under the financing contracts as security for certain obligations relating to the payment of debt principal and interest and to the maintenance and operation of the infrastructure.

Fair value measurement

The Group only uses fair value measurements in the case of derivative financial instruments. In such measurements, the credit risk of the parties to the related agreement is taken into account. The impact of credit risk is recognised in profit or loss, except when the derivatives qualify as effective hedges, in which case it is recognised in reserves. The Group uses appropriate measurement techniques based on the circumstances and on the volume of inputs available for each item, attempting to maximise the use of relevant observable inputs and avoiding the use of unobservable inputs. The Group establishes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into the following three levels:

- Level 1: quoted prices for identical assets or liabilities.
- Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

As indicated in Note 5.5, Derivative financial instruments at fair value, all the Group's derivative financial instruments fall into Level 2.

Non-refundable grants related to assets

Non-refundable grants related to assets are measured at the amount granted under "Deferred Income" (see Note 6.1) in the consolidated statement of financial position, and are taken to profit or loss gradually in proportion to the period depreciation on the assets financed with these grants and are recognised under "Depreciation and Amortisation Charge". From the cash flow standpoint, the amount of the grants collected in the year is presented as a reduction of the amount of the investments made.

Trade payables

"Trade Payables" includes the balances payable to suppliers under reverse factoring arrangements with banks.

These balances are classified as trade payables and the related payments as cash flows from operating activities, since the payments are made to the banks in the same periods as those agreed on with the suppliers in the operating cycle of the business, with no additional deferral or special guarantees to secure the payments to be made.

1.3.3.4 Revenue recognition

Set forth below are specific details of the methods applied to recognise revenue in each of the segments in which Ferrovial operates. See Note 1.3.1.b for a description of the changes and expected impacts of the new standard IFRS 15, Revenue from Contracts with Customers.

Construction business**i) General revenue recognition methods**

Construction business revenue is recognised in accordance with IAS 11, whereby revenue and associated costs are recognised in the statement of profit or loss by reference to the stage of completion of the contract activity at the end of the reporting period, provided that the outcome of the construction contract can be estimated reliably (stage of completion). Any expected loss on the construction contract is recognised as an expense immediately.

The Group habitually conducts surveys of the work performed (output method, based on measurement of units produced), which is made possible in practice by the existence in all the contracts of a definition of all the units of work and the price at which each unit is to be certified

and by budgeting tools for monitoring variances. At the end of each month, the units executed in each contract are measured and the output for the month is recognised as revenue. Contract costs are recognised on an accrual basis, and the costs actually incurred in completing the units of work are recognised as an expense, together with those which, even though they may be incurred in the future, have to be allocated to the project units completed. In certain jurisdictions in which the policy applied in accordance with generally accepted practice is to recognise revenue on the basis of the stage of completion measured in terms of the costs incurred (input method), the proportion that contract costs incurred bear to the estimated total contract costs is used to determine the revenue to be recognised, by reference to the margin for the entire term of the contract.

In exceptional cases, where it is not possible to estimate the margin for the entire contract, the total costs incurred are recognised and sales that are reasonably assured with respect to the completed work are recognised as contract revenue, subject to the limit of the total contract costs incurred.

The new standard IFRS 15, Revenue from Contracts with Customers, which is the same as the standard issued by the FASB, will make it possible for the Group to adopt a uniform revenue recognition method, irrespective of the various jurisdictions in which Ferrovial operates.

For construction contracts, a single performance obligation will be identified owing to the high degree of integration and customisation of the various goods and services to provide a combined output that is transferred to the customer over time. The Group will recognise revenue over time using, as its preferred option, the output method in those contracts for which there is a breakdown of the units produced and unitary prices or for which this information is available and is used by management for decision-taking purposes. Use of the cost to complete method (input method based on resources consumed) will only be permitted as a residual approach in fixed fee lump-sum contracts, in which the aforementioned requirements are not met.

ii) Recognition of revenue from contract modifications and claims

Contract modifications are work additional to those envisaged in the original contract that require approval by the customer. Contract modifications normally give rise to changes in both the work to be performed and the price.

Claims are amounts not covered by the principal contract, which are the subject of dispute with the customer and can arise from modifications that have not been agreed by the customer or other types of consideration requested of the customer, such as the reimbursement of unforeseen costs.

Modifications to the initial contract require the customer's technical and financial approval prior to the issue of billings and collection of the amounts relating to additional work. The Group does not recognise revenue from such additional work until approval is reasonably assured and the revenue can be measured reliably. The costs associated with these additional units of output are recognised when incurred.

If the modifications become claims because they are subject to a dispute with the customer or are taken to arbitration or before the courts, no additional revenue is recognised and the revenue previously recognised only continues to be recognised if there is a legal report that supports the high probability of recovering the amount in dispute. This method is also followed in other types of claim process.

As mentioned in Note 1.3.1-b) on new standards, under IFRS 15 customer approval is required in order for revenue arising from contract modifications and claims to be recognised. In cases where the additional work has been approved but the corresponding change in price has not been determined, the requirement for variable consideration will be applied: namely, to recognise revenue for an amount with respect to which it is highly probable that a significant reversal will not occur.

iii) Statement of financial position balances relating to revenue recognition

Unlike the method used to recognise contract revenue, the amounts billed to the customer are based on achievement of the various milestones established in the contract and on acknowledgement thereof by the customer, which takes the form of a contractual document called "certificate of completion". Thus, the amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to or certified by the customer. In contracts for which the amount of revenue recognised exceeds the amount billed or certified, the difference is recognised in an asset account called "Amounts to be Billed for Work Performed" under "Trade Receivables for Sales and Services", while in contracts for which the amount of revenue recognised is less than the amount billed or certified, the difference is recognised in a liability account called "Amounts Billed in Advance for Construction Work" under "Current Trade and Other Payables".

iv) Other aspects

Initial contract costs incurred in the formalisation of the principal contract, costs of moving plant to the contract site, costs incurred in design, technical assistance and studies, building insurance costs, perimeter fencing costs and other initial contract costs are recognised as prepaid expenses. These costs are recognised as inventories provided that it is probable that they will be recovered in the future and they are recognised in profit or loss based on actual production with respect to estimated production under each contract. Otherwise, the costs are taken directly to the statement of profit or loss.

Late-payment interest arising from delays in the collection of billings is recognised when it is probable that the interest will be collected and its amount can be measured reliably, and is recognised as a financial result.

v) Judgements and estimates

Due to the very nature of contracts of this kind, and as can be inferred from the preceding paragraphs, the main factors affecting revenue and cost recognition are subject to significant judgements and estimates, such as the expected outcome of the contract, the amount of costs to be incurred at the end of the construction work, the measurement of the work completed in the period, the reasonableness of the accounting for a modification to the initial contract and the amount to be recovered from a claim. All these judgements and estimates are made by the persons in charge of performing the construction work, are subsequently reviewed at the various levels of the organisation, and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied.

Toll Road business

The arrangements included in this line of business are accounted for in accordance with IFRIC 12, which provides for the classification of the assets assigned to such arrangements on the basis of the intangible asset model and the financial asset model (bifurcated arrangements can also exist) (see Note 1.3.3.2).

The impact of the new standard IFRS 15, Revenue from Contracts with Customers will depend on the model applicable to each concession. In the case of concession arrangements accounted for using the intangible asset model, the customer is the user of the infrastructure and, therefore, each use made of the infrastructure by users is considered a performance obligation, and the related revenue is recognised at a point in time. In the case of concession arrangements accounted for using the financial asset model, in which the customer is the concession grantor, revenue recognition will depend on the various services provided (e.g. construction or maintenance), which will be accounted for as different performance obligations, to which market prices have to be allocated.

Services business

In general, the revenue from contracts involving various tasks and unit prices is recognised in the consolidated statement of profit or loss when the services are provided, in accordance with IAS 18, Revenue. In the case of certain long-term contracts with a single payment or annual payments revenue and costs are recognised by reference to the stage of completion, established both in the aforementioned IAS 18 and in IAS 11, Construction Contracts, on the basis of the costs incurred as a percentage of the total estimated costs (input method) as explained in the section on the Construction business. Revenue from contract modifications and claims is defined in the same way as in the case of the construction business, and is recognised based on a probability criterion as indicated in IAS 11. With respect to the first-time application of standard IFRS 15, the main impacts envisaged correspond to the three concepts mentioned in Note 1.3.1.

Lastly, it should be noted that the revenue from certain contracts that fall within the scope of IFRIC 12 is recognised as described in Note 1.3.3.2.

1.3.4. Accounting estimates and judgements

In the consolidated financial statements for 2016 estimates were made to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- Estimates to define the methods for accounting for investees, including most notably in 2016 those relating to the SH-130 toll road, which led to the conclusion that it should be excluded from consolidation this year.
- The estimates taken into consideration when recognising the results of contracts by reference to the stage of completion in the Construction and Services segments, in relation to the expected outcome of the contract, the estimate of possible budgeted losses, the amount of costs to be incurred at the end of the construction work, the measurement of the contract work performed in the period or the reasonableness of the accounting for a modification to the initial contract. All these judgements and estimates are made by the persons in charge of performing the construction work or services contracts, are subsequently reviewed at the various levels of the organisation, and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied (see Note 1.3.3.4 on revenue recognition in the Construction and Services businesses).
- The assessment of possible legal contingencies (see Note 6.5, Contingent liabilities, contingent assets, obligations and commitments and Note 6.3, Provisions).
- The assessment of possible impairment losses on certain assets (see Note 3.1, Goodwill and acquisitions, and Note 3.5, Investments in associates).

- Estimates relating to the fair value of assets and liabilities acquired in the business combinations detailed in Note 1 on changes in the scope of consolidation.
- Business performance projections that affect the estimates of the recoverability of tax assets (see Note 2.8 on tax matters).
- Estimates regarding the valuation of derivatives and the expected flows associated with them in order to determine the existence of hedging relationships (see Note 5.5, Derivative financial instruments at fair value).
- Estimates taking into account the future vehicle numbers on toll roads for the purpose of preparing financial information for toll roads pursuant to IFRIC 12 (see Note 3.3, Investments in infrastructure projects and Note 6.3, Provisions).
- The assumptions used in the actuarial calculation of pension and other obligations to employees (see Note 6.2, Pension plan deficit).
- The measurement of stock options and share award plans (see Note 6.7, Share-based payment).

Although these estimates were made using the best information available at 31 December 2016 on the events analysed, events that take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8.

1.3.5. Disclosures

It should also be noted that in preparing these consolidated financial statements the Group omitted any information or disclosures which, not requiring disclosure due to their qualitative importance, were considered not to be material in accordance with the concept of materiality defined in the IFRS Conceptual Framework.

1.4. EXCHANGE RATES

As indicated above, Ferrovial carries out transactions outside the eurozone through various subsidiaries. The exchange rates used to translate their financial statements for their inclusion in the consolidated Group's consolidated financial statements are as follows:

Items in the balance sheets (exchange rates at 31 December 2016 and at 31 December 2015 for the comparative figures):

Closing exchange rate	2016	2015	Change 16/15 (*)
Pound sterling	0.8545	0.7375	15.86%
US dollar	1.0547	1.0866	-2.94%
Canadian dollar	1.4185	1.5026	-5.60%
Australian dollar	1.4615	1.4906	-1.95%
Polish zloty	4.4046	4.2659	3.25%
Chilean peso	705.71	769.98	-8.35%

(*) A negative change represents a depreciation of the euro against the reference currency and a positive change represents an appreciation.

Items in the statements of profit or loss and statements of cash flows (cumulative average rates at 31 December 2016 and at 31 December 2015 for the comparative figures):

Average exchange rate	2016	2015	Change 16/15 (*)
Pound sterling	0.8230	0.7237	13.72%
US dollar	1.1034	1.1032	0.01%
Canadian dollar	1.4590	1.4233	2.51%
Australian dollar	1.4853	1.4802	0.34%
Polish zloty	4.3606	4.1800	4.32%
Chilean peso	742.4625	727.7625	-2.02%

(*) A negative change represents a depreciation of the euro against the reference currency and a positive change represents an appreciation.

The main change in the year was the depreciation of the pound sterling prompted by the decision to leave the European Union taken in the UK referendum held on 23 June 2016 (Brexit).

Note 5.4 also contains an in-depth analysis of the impact that Brexit has had or might have in the future vis-à-vis the different financial risks affecting Ferrovial. This perspective is complemented by a global analysis of Brexit in the Risks section of the directors' report.

1.5. SEGMENT REPORTING

The segment statements of financial position and segment statements of profit or loss, for both 2016 and the comparative period, are shown in Appendix III.

Additionally, a breakdown by segment is included in those sections of this report where this information is material or is required by accounting legislation.

SECTION 2: PROFIT FOR THE YEAR

This section comprises the Notes relating to the profit for the year.

Net profit for the year amounted to EUR 375 million, down 47.9% on 2015 (EUR 720 million).

This decrease is affected by a series of non-recurring results related mainly to divestments, derivatives and taxes, per the following breakdown, and which are explained in more detail in the Notes indicated in the table:

Non-recurring impacts (Millions of euros)	Balances at 31/12/16		Balances at 31/12/15	
	Profit before tax	Net profit	Profit before tax	Net profit
Impact of financial derivatives (Note 2.6)	-26	-18	-140	-55
Divestment, exclusion from consolidation and impairment of infrastructure projects (Note 2.5)	324	153	131	116
Non-recurring impacts, HAH (Note 2.7)	-105	-105	138	138
Non-recurring tax impacts (Note 2.8)	0	20	0	157
Other impacts	-4	-4	17	18
TOTAL	189	46	145	373

Notwithstanding these non-recurring impacts, revenue grew by 10.9%; however, profit from operations was down 21.9% on 2015. In like-for-like terms (see definition in the section on alternative performance measures), the aforementioned changes were growth of 1.2% and a fall of -9.7%, respectively (see the directors' report for a detailed explanation of the changes by business division).

2.1. OPERATING INCOME

The detail of the Group's operating income at 31 December 2016 is as follows:

(Millions of euros)	2016	2015
Revenue	10,759	9,701
Other operating income	7	9
TOTAL OPERATING INCOME	10,765	9,709

"Revenue" includes the financial consideration for the services provided by the concession operators that apply the financial asset model, amounting to EUR 189 million (2015: EUR 194 million), as described in Note 1.3.3.2.

"Other Operating Income" includes the impact of the grants related to income received in 2016 amounting to EUR 6 million (2015: EUR 8 million).

The detail, by segment, of revenue in 2016 and 2015 is as follows:

(Millions of euros)	31/12/2016		Total	Change 16/15
	External sales	Inter-segment sales		
Construction	3,721	474	4,194	-2%
Toll roads	486	1	486	-5%
Airports	4	0	4	-50%
Services	6,067	11	6,078	24%
Other and adjustments	84	-88	-4	-29%
TOTAL	10,362	397	10,759	11%

(Millions of euros)	2015		Total
	External sales	Inter-segment sales	
Construction	3,561	726	4,287
Toll roads	511	3	513
Airports	8	1	8
Services	4,891	6	4,897
Other and adjustments	77	-84	-6
TOTAL	9,048	652	9,701

The inter-segment sales that are not eliminated in the Group's consolidated financial statements are the sales made by the Construction Division to the infrastructure concession operators, as discussed in Notes 1.3.3.2 and 6.8.

The detail of sales, by geographical area, is as follows:

(Millions of euros)	2016	2015	Change 16/15
Spain	2,629	2,694	-65
UK	3,171	3,471	-300
Australia	1,627	100	1,527
US	1,181	1,344	-163
Canada	107	173	7
Poland	1,316	1,263	54
Other	727	656	-3
TOTAL	10,759	9,701	1,058

The Ferrovial Group's sales in its six main markets account for 93% of total sales.

2.2. MATERIALS CONSUMED AND OTHER OPERATING EXPENSES

“Materials Consumed” includes mainly the raw materials used and the changes in inventories in 2016.

“Other Operating Expenses” includes mainly services rendered by third parties under subcontracting arrangements and independent professional services.

The sum of these headings increased by EUR 125 million from EUR 5,878 million at 31 December 2015 to EUR 6,003 million at 31 December 2016. This increase is explained basically by the inclusion of Broadpectrum in the scope of consolidation, which gave rise to an impact of EUR 364 million. This change was partially cushioned by the changes in exchange rates, which gave rise to an impact of EUR -314 million.

2.3. STAFF COSTS

The detail of “Staff Costs” is as follows:

(Millions of euros)	2016	2015	Change
Wages and salaries	3,270	2,286	984
Social security costs	428	409	19
Pension plan contributions	56	55	1
Share-based payment	17	18	-1
Other employee benefit costs	48	37	11
TOTAL	3,819	2,805	1,014

The 36% increase in staff costs in 2016 is related to the acquisition of Broadpectrum and its workforce and the growth in activity.

The changes in the number of employees at 31 December 2016 with respect to that at 2015 year-end, by professional category and gender, were as follows:

Category	31/12/16			Change 16/15
	Men	Women	Total	
Executive directors	2	0	2	0%
Senior executives	10	2	12	-8%
Executives	443	73	516	23%
University and further education college graduates	9,374	3,317	12,691	21%
Clerical staff	3,653	4,553	8,206	100%
Manual workers and unqualified technicians	54,897	19,677	74,574	26%
TOTAL	68,379	27,622	96,001	30%

Category	31/12/15		
	Men	Women	Total
Executive directors	2	0	2
Senior executives	11	2	13
Executives	365	53	418
University and further education college graduates	7,910	2,618	10,528
Clerical staff	1,254	2,854	4,108
Manual workers and unqualified technicians	42,396	16,567	58,963
TOTAL	51,938	22,094	74,032

The average number of employees, by business division, for the two periods is as follows:

Business	31/12/16			Change 16/15
	Men	Women	Total	
Construction	14,516	2,077	16,593	1,368
Toll roads	494	238	732	-167
Airports	16	10	26	1
Services	46,908	22,367	69,275	14,127
Other	284	236	520	33
TOTAL	62,219	24,927	87,146	15,362

Business	31/12/15		
	Men	Women	Total
Construction	13,430	1,795	15,225
Toll roads	610	289	899
Airports	15	10	25
Services	36,122	19,025	55,148
Other	277	210	487
TOTAL	50,455	21,329	71,784

The changes in the average number of employees for the two years is due mainly to the inclusion of Broadpectrum.

2.4. GROSS PROFIT FROM OPERATIONS (EBITDA) AND PROFIT FROM OPERATIONS BEFORE IMPAIRMENT AND DISPOSALS OF NON-CURRENT ASSETS

EBITDA at December 2016 amounted to EUR 944 million (December 2015: EUR 1,027 million), representing a decrease of 8% with respect to 2015.

In addition, profit from operations before impairment and disposals of non-current assets at December 2016 amounted to EUR 602 million (December 2015: EUR 770 million), representing a fall of 22% with respect to 2015.

The directors' report provides a detailed analysis of the changes in these heading by business.

2.5. IMPAIRMENT AND DISPOSALS OF NON-CURRENT ASSETS

The detail of the main gains and losses relating to impairment and disposals is as follows:

Gains and losses recognised in 2016:

The net gains corresponding to impairment and disposals in 2016 amounted to EUR 324 and relate mainly to the following:

- Gain on the sale of the US Chicago Skyway toll road amounting to EUR 259 million (EUR 103 million in net profit attributable to Ferrovial). This transaction is described in Note 1.1.3, Changes in the scope of consolidation.
- Exclusion from the scope of consolidation of the investment in the SH-130 toll road, following its entry into Chapter 11 bankruptcy proceedings in March 2016 and the consequent loss of control over the investment in December 2016, with an impact of EUR 52 million relating to the losses recognised in excess of the capital invested (EUR 30 million in net profit) (see Note 1.1.3, Changes in the scope of consolidation). This result does not have an impact on cash.
- Gain on the partial disposal of the Irish toll roads Eurolink M3 and M4/M6 of EUR 22 million (EUR 21 million in net profit). The pre-tax gain of EUR 22 million includes EUR 6 million relating to the recognition at fair value of the investment retained following loss of control (20% in both companies)(see Note 1.1.3, Changes in the scope of consolidation).
- Impairment of the goodwill allocated to the Terrasa Manresa toll road (AUTEMA) amounting to EUR -21 million (see Note 3.1.). This amount is taken to income in full as it is not tax deductible.
- Reversal of impairment of EUR 16 million (EUR 14 million in net profit) at M-203, as the grounds for the recognition in prior years no longer existed, and the recognition of other impairment losses of EUR -4 million (EUR 5 million in net profit).

(Millions of euros)	Impact on profit before tax			Impact on net profit or loss
	Before fair value adjustments	Fair value adjustments	Total 2016	
Chicago Skyway	259		259	103
SH-130	52		52	30
M4-M6	16	6	22	20
M3	0		0	1
Other gains	1		1	0
Result on fair value adjustments and disposals	327	6	333	154
Autema	0	-21	-21	-21
M-203	0	16	16	14
Other impairment losses	3	-7	-4	5
Impairment	3	-12	-9	-2
TOTAL IMPAIRMENT AND DISPOSALS OF NON-CURRENT ASSETS	330	-6	324	153

The net gains corresponding to impairment and disposals in 2015 related mainly to the following:

(Millions of euros)	Impact on profit before tax			Impact on net profit or loss
	Before fair value adjustments	Fair value adjustments	Total 2015	
Madrid Levante	64	0	64	64
R4 Madrid Sur	77	0	77	77
Autema	0	-55	-55	-55
Indiana Toll Road	46	0	46	30
Other	-1	1	-1	0
Impairment and gains and losses on disposals of non-current assets	185	-54	131	116

2.6. FINANCIAL RESULT

The table below shows the detail of the changes in the financial result from 2015 to 2016. The result of infrastructure projects is presented separately from the result of non-infrastructure project companies and in each of them a further distinction is made between the financial result on financing -which includes the finance costs on bank borrowings and bonds, and the returns on financial assets and loans granted- and the financial result on derivatives and other items, which includes the impact of the fair value measurement of ineffective hedges and other income and expenses not related to financing.

(Millions of euros)	2016	2015	Change
<i>Finance income on financing</i>	1	1	6%
<i>Finance costs on financing</i>	-306	-463	34%
Financial result on financing of infrastructure projects	-305	-463	34%
<i>Result on derivatives (*)</i>	-12	-188	93%
<i>Other financial results</i>	-8	-12	38%
Other financial results of infrastructure projects	-20	-200	90%
Total financial result of infrastructure projects	-326	-662	51%
<i>Finance income on financing</i>	43	21	109%
<i>Finance costs on financing</i>	-92	-56	-64%
Financial result on financing excluding infrastructure projects	-49	-35	-38%
<i>Result on derivatives (*)</i>	-15	49	-127%
<i>Other financial results</i>	-4	12	-136%
Other financial results excluding infrastructure projects	-19	61	-129%
Total financial result excluding infrastructure projects	-67	26	-358%
FINANCIAL RESULT	-393	-637	39%

(*) Included in the "Fair Value Adjustments" column in relation to the financial result in the consolidated statement of profit or loss for a total amount of EUR -26 million (2015: EUR -138 million).

- a) **The financial result on the financing of the infrastructure project companies:** amounted to EUR -305 million in 2016 (31 December 2015: EUR -463 million). Of this net result, EUR -306 million relate to these companies' borrowing costs, which were offset slightly by the interest earned on cash and cash equivalent and non-current financial asset balances (mainly restricted cash) amounting to EUR 1 million. The financial result on financing also includes the effect of capitalised borrowing costs relating to construction projects, the detail being as follows:

Financial result on financing of infrastructure projects (Millions of euros)	2016	2015
Accrued finance income and costs	-341	-523
Borrowing costs capitalised during the construction period	36	60
Finance costs and income recognised in profit or loss	-305	-463

The improved financial result on financing is due mainly to the sale of the Chicago Skyway toll road in February 2016 (see Note 1.1.3.). In 2015 this company contributed a result on financing of EUR -114 million, compared to the EUR -20 million recognised in 2016 until the date of disposal.

- b) **Other financial results of infrastructure projects:** include the result on derivatives and other fair value adjustments, primarily as a result of ineffective derivatives, most notably Autopista del Sol (EUR -11 million) (see Note 5.5, Derivatives). The other financial results include exchange differences and other results considered to be of a financial nature but not directly related to financing.

It must be noted that in 2015 the impacts of the discontinuation of the hedges qualifying for hedge accounting of the SH-130 toll road (EUR -139 million) were recognised under this heading and, as in 2016, those of Autopista del Sol (EUR -48 million).

- c) **The financial result on financing excluding infrastructure projects** in 2016 amounted to EUR -49 million (31 December 2015: EUR -35 million), corresponding to borrowing costs (EUR -92 million) net of the interest obtained mainly from financial investments (EUR 43 million). The worsening vis-à-vis 2015 is related mainly to the borrowings to fund the purchase of the Australian company Broadspectrum (see Note 5.2.2).
- d) **Other financial results excluding infrastructure projects** include the impact of derivatives and other fair value adjustments relating mainly to the impact of the derivatives considered to be ineffective, including most notably the equity swaps arranged by the Group to hedge the impact on equity of the share option plans (see Note 6.7), with a negative impact in 2016 of EUR -18 million due to the decrease in the share price.

Excluding the impact of derivatives, the detail of other financial results excluding infrastructure projects is as follows:

Other financial results excluding infrastructure projects (Millions of euros)	2016	2015	Change 16/15
Cost of guarantees	-30	-34	4
Late-payment interest	12	20	-8
Interest on loans to companies accounted for using the equity method	24	25	-1
Other	-11	1	-12
TOTAL	-4	12	-16

e) **Impact on cash flows**

As can be observed in the following table, the difference between the financial result due to financing and the interest cash flows reported in the statement of cash flows is not significant.

(Millions of euros)	Financial result due to financing	Interest cash flows	Difference
Infrastructure projects	-305	-303	-2
Excluding infrastructure projects	-49	-48	-1
Total	-354	-351	-3

However, it must be borne in mind that opposite sign effects are offset at infrastructure project level, since although borrowing costs of EUR 36 million incurred on projects under construction were capitalised, giving rise to a reduction in the result compared to the amount recognised, this is offset by the accrual of certain borrowings on which interest is added to the principal in the first few years.

2.7. SHARE OF PROFITS OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The share of the net profit of companies accounted for using the equity method in 2016 amounted to EUR 82 million (2015: EUR 312 million). The detail of the most significant companies is as follows:

Result of companies accounted for using the equity method (Millions of euros)	2016	2015
HAH	-57	186
407 ETR	98	82
Other	41	44
TOTAL	82	312

In 2016 HAH's results include most notably non-recurring impacts totalling EUR -105 million due to the effect of fair value adjustments, relating mainly to the measurement of index-linked derivatives (EUR -121 million), net of a positive tax effect (EUR 15 million) due to the reduction of the tax rate in the UK. Also, it should be noted that HAH's profit for 2015 included non-recurring gains of EUR 138 million relating to pensions, derivatives and taxes. The difference between the non-recurring results in 2016 and those in 2015 explains the difference between the results of companies accounted for using the equity method in the two years.

With regard to the impact of the fair value adjustments relating to index-linked derivatives, it is important to note that, if the expected increase in inflation were to materialise, the increase in value of the assets would significantly exceed the increase in value of the derivatives, since the borrowings exposed to inflation (normally fixed-rate borrowings + ILSs) represent less than 48% of the value of the regulated asset base, which is also exposed to fluctuations in inflation.

Note 3.5 provides greater detail on the results of these companies.

2.8. INCOME TAX AND DEFERRED TAXES

2.8.1. Explanation of the income tax expense for the year and the applicable tax rate

The income tax expense for 2016 amounted to EUR 233 million. This expense compares with an income tax benefit of EUR 54 million recognised in 2015 which, as discussed in the consolidated financial statements for 2015, was due mainly to the recognition of tax assets from prior years.

The tax rate resulting from dividing the income tax expense for 2016, EUR 233 million, by the profit before tax of EUR 615 million is 37.7%. This rate is affected by a series of one-off impacts that must be eliminated for the purposes of calculating the effective tax rate. As can be observed in the following table, after eliminating these effects, the effective tax rate would be 32%, a figure that is in line with the rate applicable in the main countries in which the Ferrovial has a presence.

2016 (Millions of euros)	Spain	UK	US	Poland	Canada	Other countries (*)	Total
Profit/Loss before tax	113	-81	259	115	112	99	617
Result of companies accounted for using the equity method	-10	45	0	0	-103	-13	-82
Permanent differences	-19	10	4	6	14	-2	13
Results arising from consolidation with no tax impact	2	0	186	0	0	-17	171
Taxable profit/Tax loss	87	-26	450	121	22	67	719
Current income tax expense	7	5	-208	-24	-10	-4	-233
Change in estimate of prior years' taxes	-29	0	32	1	4	-3	5
Adjusted tax expense	-22	5	-176	-23	-6	-7	-229
<i>Effective rate applicable to taxable profit</i>	25%	19%	39%	19%	27%	11%	32%
<i>Effective tax rate of the country</i>	25%	20%	39%	19%	27%		

(*) "Other Countries" includes mainly the profit generated in Portugal, Ireland and Australia.

Following is an explanation of the various items that must be adjusted in order to calculate the effective tax rate:

- Results of companies accounted for using the equity method: this item relates to companies accounted for using the equity method (see Notes 2.7 and 3.5) which, pursuant to accounting legislation, are presented net of the related tax effect. In 2016 these companies recognised profits net of tax of EUR 82 million.
- Permanent differences: this item relates to period expenses or income which, pursuant to the tax legislation applicable in each of the countries, are not deductible (expenses) or taxable (income) in the year, nor are they expected to be deductible in future years. The cumulative balance in this connection is an expense of EUR 13 million.

- Results arising from consolidation with no tax impact: this item relates to results derived from accounting consolidation criteria which do not have any tax implications. The adjustment relates mainly to the US (EUR 186 million) for two items:
 - Losses of infrastructure project companies in the US in which other companies have ownership interests and which are fully consolidated. The tax asset is recognised solely at Ferrovial's percentage of ownership as these companies are taxed under the pass-through tax rules; the shareholders of these companies are the taxpayers, at the percentage of ownership that they hold therein. The adjustment in this connection amounts to EUR 42 million and relates to the tax asset assignable to the other shareholders.
 - Results on divestments in the US: this item relates mainly to the goodwill assigned to the Chicago Skyway toll road for EUR 132 million. This goodwill was derecognised as a result of the sale of the Chicago Skyway toll road (thus reducing the gain), without giving rise to a tax effect. Also, there is a loss of EUR 12 million relating to the exclusion from consolidation of the SH-130 toll road, which has no tax effect.
- Change in estimate of prior years' taxes. In addition to the adjustments made to the profit before taxes, it must be borne in mind that the income tax expense balance recognised includes certain adjustments relating to recalculations of tax assets from prior years, either because they were not recognised at the time, but are now considered to meet the conditions for recognition, or vice versa. The impact of these adjustments is to increase the expense by EUR 5 million, which is adjusted for the purposes of calculating the effective tax rate and relates mainly to:
 - US: an expense of EUR 32 million. This item relates to tax assets recognised in prior years the recoverability of which, following the review of the model for the recovery of tax loss carryforwards (see section 3 of this Note), is considered to be at risk.
 - Spain: income of EUR 29 million. This item relates mainly to tax assets from prior years (EUR 34 million), but not recognised at the time, relating to the ownership interest in a company, which were realised in 2016 as the company was sold. This impact was partially offset by the adverse effect of the application of Royal Decree-Law 3/2016, which obliges impairment losses on securities representing ownership or equity interests in entities, which historically had been deducted, to be reversed in five parts in this and the following four years. The fifth of the reversal to be made in 2016 gave rise to an increase in the tax payable of EUR 15 million, a liability that is offset partially by a deferred tax asset of EUR 10 million in relation to the companies that had suffered impairment at which the adjustment is expected to be recovered through a liquidation process and, accordingly, the impact on the expense is EUR 5 million.

The following table includes the detail of the calculation of the effective tax rate for 2015.

2015 (Millions of euros)	Spain	UK	US	Other countries	Total
Profit/Loss before tax	191	230	-8	164	577
Result of companies accounted for using the equity method	-3	-215	0	-94	-312
Permanent differences	-34	-32	13	88	35
Results arising from consolidation with no tax impact	-53	0	119	0	66
Taxable profit/Tax loss	100	-17	124	159	366
Current income tax expense/benefit	57	-11	-128	27	-54
Change in estimate of prior years' taxes	-29	8	172	7	157
Adjusted tax expense	28	-4	44	34	103
<i>Effective rate applicable to taxable profit</i>	<i>28%</i>	<i>22%</i>	<i>36%</i>	<i>21%</i>	<i>28%</i>
<i>Effective tax rate of the country</i>	<i>28%</i>	<i>20%</i>	<i>35%</i>		

2.8.2. Detail of the current and deferred tax expense and the tax paid in the year

The breakdown of the income tax expense for 2016 and 2015, differentiating between current tax, deferred tax and changes in estimates of prior years' taxes, is as follows:

(Millions of euros)	2016	2015
Income tax expense for the year	-233	54
Current tax expense	-100	-307
Deferred tax expense	-128	205
Change in estimate of prior years' taxes and other adjustments	-5	157

The amount of income tax paid in the year was EUR 147 million, as shown in the note on cash flows (see Note 5.3).

2.8.3. Changes in deferred tax assets and liabilities

The detail of the changes in the deferred tax assets and deferred tax liabilities in 2016 is as follows:

Assets (Millions of euros)	Balance at 01/01/16	Transfers and other	Change in estimate of prior years' taxes	Charge/ Credit to profit or loss	Charge/ Credit to equity	Exchange rate effect	Balance at 31/12/16
Tax assets	600	23	-42	-268	0	-3	311
Differences between tax and accounting income and expense recognition methods	459	98	-13	3	0	2	548
Deferred tax assets arising from valuation adjustments	173	-19	11	-5	-7	-9	144
Other	23	10	7	8	0	0	48
TOTAL	1,255	112	-37	-263	-7	-10	1,051

Liabilities (Millions of euros)	Balance at 01/01/16	Transfers and other	Change in estimate of prior years' taxes	Charge/ Credit to profit or loss	Charge/ Credit to equity	Exchange rate effect	Balance at 31/12/16
Deferred tax liabilities relating to goodwill	197	72	-1	-11	0	1	258
Differences between tax and accounting income and expense recognition methods	735	-31	-12	-124	0	7	575
Deferred tax liabilities arising from valuation adjustments	104	1	0	0	-15	-7	82
Other	89	-39	6	1	0	-4	52
TOTAL	1,124	2	-7	-134	-15	-3	967

The main changes take place on the one hand under the "Transfers" column of the deferred tax assets and deferred tax liabilities tables primarily as a result of the inclusion in the scope of consolidation of the Australian company Broadspectrum (See Note 1.1.3, Changes in the scope of consolidation) and the deferred taxes associated with this investment (EUR 57 million, net).

On the other hand, the balance of deferred tax assets decreased significantly as a result of the use of US tax loss carryforwards due to the gain arising on the sale of the Chicago Skyway toll road. A portion of this change in deferred tax assets was offset by a decrease in deferred tax liabilities due to the recovery of temporary differences as a result of the aforementioned sale.

The deferred tax assets and liabilities recognised at 31 December 2016 arose mainly from:

a) Tax assets

These relate to tax assets which have not yet been deducted by the Group companies. This item does not include all the existing tax assets, but rather only those that, based on the Group's projections, are expected to be able to be used before they expire. The balance recognised totalled EUR 311 million, of which EUR 277 million related to recognised tax losses and the remainder to unused tax credits.

The detail of the total tax loss carryforwards, distinguishing between the maximum tax asset and the tax asset recognised based on the projected recoverability thereof, is as follows:

Country	Tax loss	Last years for offset	Maximum tax asset	Tax asset recognised
Spanish consolidated tax group	766	No expiry date	191	191
US consolidated tax group	151	2026-2037	53	16
Australia	213	No expiry date	64	50
UK	62	No expiry date	12	0
Other	346	2017-No expiry date	87	20
Total	1,537		407	277

Additionally, Ferrovial had unused double taxation, reinvestment and other tax credits of EUR 207 million at 31 December 2016 (2015: EUR 203 million), of which EUR 33 million have been recognised.

Spanish consolidated tax group:

The tax loss carryforwards of the consolidated tax group in Spain at 2016 year-end totalled EUR 191 million. For the purpose of ascertaining the recoverability of these assets, a model was designed that takes into account the changes introduced by Royal Decree 3/2016 and uses the Group companies' latest available earnings projections. Based on this model, the Group will recover all the tax loss carryforwards, since profits will be generated on a recurring basis in the projected period, as well as the tax credits already recognised (EUR 33 million), and, accordingly, they have been retained in the consolidated statement of financial position.

US consolidated tax group:

At 31 December 2016, the balance of tax loss carryforwards of the consolidated tax group in the US totalled EUR 84 million, of which EUR 53 million had been recognised in prior years. In a similar fashion to the consolidated tax group in Spain, a model was designed that uses the latest available earnings projections of the US consolidated tax group companies. On the basis of these projections, it is concluded that the tax group will only generate taxable profit in 2017 and tax losses in 2018–2026, and that these earnings projections could also vary significantly depending on the new infrastructure projects that are awarded. Based on this estimate, a decision was made to write-off the tax losses that will not be recovered in 2017, giving rise to a negative impact of EUR –37 million, thereby reducing the balance recognised in the consolidated statement of financial position to EUR 16 million.

Australian consolidated tax group:

Following the acquisition of Broadspectrum, Ferrovial established a consolidated tax group with all of its Australian companies. The losses recognised relate mainly to historical losses incurred by Broadspectrum. As in the foregoing cases, a projections model was prepared in which it is concluded that the group will generate taxable profits on a systematic basis in the coming years. On the basis of this conclusion, a decision was made to continue to recognise the tax losses.

UK:

In the case of the UK consolidated tax group, the tax loss carryforwards relate to losses incurred in 2015 and 2016 at certain Amey Group companies. Pursuant to the tax rules in force, they can only be offset in the future against profits generated at the same companies. On the basis of the projections model prepared, it is not certain that these companies will generate taxable profit in the coming years and, therefore, a decision was made to not recognise these tax loss carryforwards.

b) Assets and liabilities arising from timing differences between the accounting and tax income and expense recognition methods

This item relates to the tax impact resulting from the fact that the timing of recognition of certain expenses or depreciation and amortisation charges is different for accounting and tax purposes.

The recognition of a tax asset in this connection means that certain expenses have been recognised for accounting purposes before their recognition for tax purposes and, therefore, the Company will recover these expenses for tax purposes in future years. Conversely, a liability represents an expense that is recognised for tax purposes before its recognition for accounting purposes.

The deferred tax assets include most notably:

- Provisions recognised for accounting purposes which do not have a tax effect until they are materialised (EUR 271 million).
- Deferred tax assets of EUR 137 million arising as a result of differences between the tax and accounting methods used to recognise income, mainly in the Construction Division.
- Differences relating to borrowing costs at concession operators in Spain, which for tax purposes are recognised as an asset and subsequently amortised whereas for accounting purposes they are expensed currently (EUR 80 million).
- Accelerated depreciation and amortisation for accounting purposes (EUR 46 million).

Within liabilities, the balance is related mainly to:

- Differences between tax and accounting criteria in relation to the recognition of provisions (EUR 383 million).
- Differences between the tax base and carrying amount of companies held for sale (EUR 35 million).
- Deferred tax assets of EUR 44 million arising as a result of differences between the tax and accounting methods used to recognise income in conformity with IFRIC 12, mainly in the Toll Road Division.

c) Deferred taxes arising from valuation adjustments

This reflects the cumulative tax impact resulting from valuation adjustments recognised in reserves. This impact appears as an asset or liability since there is generally no direct tax effect until this amount in reserves is transferred to profit or loss.

The asset balance relates to accumulated losses in reserves that will result in tax income when it is recognised in profit or loss. The liability balance relates to gains not yet recognised for tax purposes. Noteworthy are the deferred tax asset and liability relating to financial derivatives amounting to EUR 114 million and EUR 82 million, respectively.

d) Deferred taxes relating to goodwill

These correspond to deferred tax liabilities relating to the international tax credit for goodwill amounting to EUR 258 million.

The detail of the changes in the deferred tax assets and deferred tax liabilities in 2015 is as follows:

Assets (Millions of euros)	Balance at 01/01/15	Transfers and other	Change in estimate of prior years' taxes	Charge/ Credit to profit or loss	Charge/ Credit to equity	Exchange rate effect	Balance at 31/12/15
Tax assets	731	-448	223	58	0	36	600
Differences between tax and accounting income and expense recognition methods	394	22	12	28	-2	4	459
Deferred tax assets arising from valuation adjustments	300	-113	5	67	-100	14	173
Other	13	4	0	6	0	0	23
TOTAL	1,438	-535	240	159	-102	53	1,254

Liabilities (Millions of euros)	Balance at 01/01/15	Transfers and other	Change in estimate of prior years' taxes	Charge/ Credit to profit or loss	Charge/ Credit to equity	Exchang- e rate effect	Balance at 31/12/15
Deferred tax liabilities relating to goodwill	194	1	0	-2	0	4	197
Differences between tax and accounting income and expense recognition methods	951	-334	104	-50	0	65	735
Deferred tax liabilities arising from valuation adjustments	90	1	-1	7	6	0	104
Other	75	-4	1	-1	17	2	89
TOTAL	1,310	-337	104	-46	23	71	1,124

2.8.4. Years open to tax audit

There are no significant tax audits currently in progress at Ferrovial S.A. and its consolidated tax group. In 2015 the tax audit in Spain of income tax, VAT, withholdings from salary income and withholdings from income from movable capital for 2007 to 2011 was completed and, accordingly, the years open for review, provided the statute of limitations period has not expired, are basically income tax since 2012 and the other taxes since 2013.

The criteria that the tax authorities might adopt in relation to the years open for review could give rise to contingent tax liabilities which cannot be objectively quantified. It is considered that any possible material tax contingencies were adequately provisioned at year-end.

2.8.5. Tax regime applicable to Ferrovial, S.A.

Ferrovial, S.A. has filed consolidated tax returns since 2002. The companies composing the consolidated tax group together with Ferrovial, S.A. in 2016 are shown in Appendix II. Also, in 2014 the Company opted to be taxed under the tax regime provided for in Articles 107 and 108 of Spanish Income Tax Law 27/2014, of 27 November. Since the application of that tax regime affects the taxation of possible dividends or gains obtained by the Company's shareholders, attached as Appendix I to these consolidated financial statements is a note describing the tax treatment applicable to the shareholders, together with information on the taxable profits obtained by Ferrovial, S.A. that the shareholders should be aware of for the purpose of applying that regime.

2.9. PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

In 2016 the profit attributable to non-controlling interests amounted to EUR 7 million (December 2015: loss of EUR 89 million).

The detail of the main profit or loss items by company at 31 December 2016 is as follows:

Millions of euros	2016	2015	Change 16/15	% non-controlling interests
Budimex Group	-38	-23	-15	40.9%
US 460 Mobility Partners LLC	-4	-31	27	30.0%
Autopista R4 Madrid Sur	0	13	-13	45.0%
Autopista Madrid Levante	0	2	-2	46.3%
Autopista del Sol	1	8	-7	20.0%
Autop. Terrasa Manresa, S.A.	-13	-11	-3	23.7%
SH-130 Concession Company, LLC	14	73	-59	35.0%
Skyway Concession Co. LLC.	5	28	-23	45.0%
LBJ Infrastructure Group	21	20	1	49.0%
NTE Mobility Partners	8	14	-6	43.3%
Other companies	-2	-5	3	
TOTAL	-7	89	-96	

2.10. NET PROFIT AND EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the Parent is as follows:

Millions of euros	2016	2015
Net profit attributable to the Parent (millions of euros)	376	720
Weighted average number of shares outstanding (thousands of shares)	738,112	735,635
Less average number of treasury shares (thousands of shares)	-7,188	-3,775
Average number of shares to calculate basic earnings per share	730,923	731,860
Basic earnings per share (euros)	0.51	0.98

Diluted earnings per share: at 31 December 2016 and 2015, the Group did not have any dilutive potential ordinary shares, since no convertible debt instruments were issued and the share-based or stock option remuneration plans discussed in Note 6.7 will not give rise to any capital increases at the Group, as explained in that Note. Consequently, no dilutive impact is envisaged when employee rights under the plans are exercised.

The detail by geographical area is as follows:

Millions of euros	2016	2015	Change 16/15
Spain	101	139	-38
UK	-76	241	-317
US	102	232	-130
Australia	-30	-4	-27
Canada	102	70	32
Poland	53	15	37
Other	125	26	99
TOTAL	376	720	-344

The earnings by business segment are shown in Appendix III.

SECTION 3: NON-CURRENT ASSETS

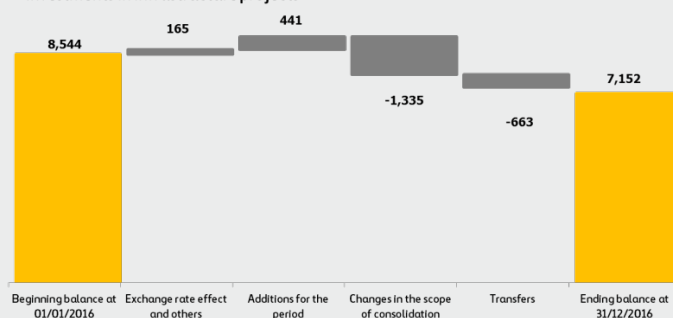
This section includes the Notes on non-current assets in the consolidated statement of financial position, excluding deferred tax assets (Section 2) and financial derivatives (Section 5).

The main components of the non-current assets at 31 December 2016 at Ferrovial are goodwill arising on consolidation (EUR 2,170 million) which represents 9% of total assets, “Investments in Infrastructure Projects” (EUR 7,153 million), accounting for 30% of total assets (see Note 3.3) and investments in associates (see Note 3.5), amounting to EUR 2,876 million (relating mainly to the investments in HAH and 407 ETR), accounting for 12% of total assets.

As regards the changes in goodwill, there was an increase of EUR 285 million in goodwill, due mainly to the goodwill arising on the acquisition of Broadspectrum (EUR 377 million), which was partially offset by the decrease in goodwill of Amey due to the exchange rate effect (EUR -138 million) resulting from the depreciation of the pound sterling.

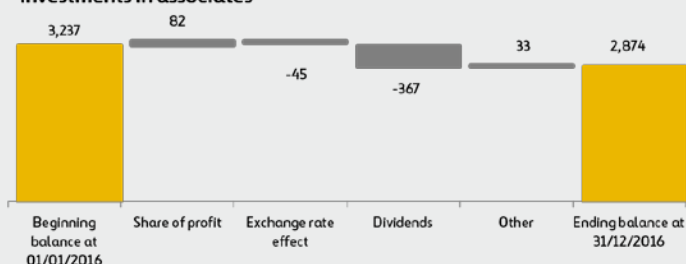
The decrease in investments in infrastructure projects with respect to 2015 was due mainly to the exclusion from the scope of consolidation of various infrastructure project companies, which was offset by the exchange rate effect and the investments made in the year:

Investments in infrastructure projects



The decrease of EUR 363 million in investments in associates was due largely to the dividends paid amounting to EUR 367 million, mainly by HAH and ETR407, and to the effect of the exchange rate mainly as a result of the fall in the value of the pound sterling (EUR -155 million), partially offset by the share of the profits of those companies (EUR 82 million).

Investments in associates



3.1. GOODWILL AND ACQUISITIONS

The table below details the changes in goodwill in 2016:

(Millions of euros)	Balance s at 31/12/15	Changes in the scope of consolidation	Impairmen t losses	Exchang e rate effect	Balances at 31/12/16
Services	1,483	380	0	-116	1,747
Amey	1,016	0	0	-138	878
Broadspectrum	0	377	0	20	397
Services Spain	433	3	0	0	436
Other	34	0	0	2	36
Construction	197	10	0	3	210
Webber	128	10	0	5	143
Budimex	69	0	0	-2	67
Toll Roads	205	-15	-21	0	169
Euroscut	15	-15	0	0	0
Algarve	70	0	0	0	70
Autema	120	0	-21	0	99
Airports	0	42	0	3	45
Transchile	0	42	0	3	45
TOTAL	1,885	417	-21	-110	2,170

3.1.1. Changes in 2016

Following is a description of the main changes by type of change:

Changes in the scope of consolidation

Broadspectrum

The main change relates to the inclusion in the scope of consolidation of Broadspectrum. As described in Note 1, Ferrovial obtained control of Broadspectrum on 13 May, and the company's financial statements have been consolidated since 31 May. The following table summarises the main figures relating to the acquisition of that company, together with the carrying amounts of the assets and liabilities acquired, the fair value adjustments made, the acquisition price and the intangible asset generated:

	Millions of AUD	Millions of EUR
Acquisition-date equity	583	379
Fair value adjustments	-394	-256
<i>Fair value of the debt</i>	-61	-40
<i>Contingencies</i>	-18	-12
<i>Elimination of intangible asset</i>	-541	-351
<i>Allocation of intangible asset</i>	309	201
<i>Tax impact of PPA</i>	-59	-38
<i>Other adjustments</i>	-24	-16
Equity following adjustments	189	122
Ferrovial investment	769	499
Goodwill	580	377

Since the acquisition was made in May, there is a one-year period from that month in which to make the purchase price allocation (PPA). The Company provisionally made the following adjustments:

- Adjustment to fair value of the company's borrowings, since a portion thereof bears interest at a fixed rate (see Note 5.2, Net cash position). The value of the net borrowings included at the acquisition date was EUR 435 million, which includes the aforementioned adjustment of EUR 40 million.
- Adjustment due to the identification of certain contingent liabilities measured at fair value.
- Elimination of the intangible assets in the balance sheet of the acquiree arising from prior acquisitions made by the company.
- Allocation of the intangible assets corresponding to the value of the contracts currently signed with customers and to the contractual relationship with them. This asset was calculated based on the net cash flows envisaged in those contracts and an estimate of future cash flows based on the probability of renewal. The diminishing amortisation charge on these intangible assets will be taken over ten years based on the estimated cash flows of the contracts.
- Tax impact of PPA This line item reflects the tax effect of the fair value adjustments.
- Other adjustments

The difference between the price paid (AUD 769 million) and the value of the company's equity following the aforementioned adjustments (AUD 189 million) amounted to AUD 580 million, which was recognised as goodwill. At 31 December 2016, an intangible asset amortisation charge of EUR 56 million was recognised, a figure estimated on the basis of the results of the contracts currently being performed, as a result of which the profit from operations contributed by the company was close to zero.

Other acquisitions

Another three acquisitions took place in the Services segment:

- Biotrán, a company specialising in integral industrial waste management for the pharmaceuticals industry. The value of this investment was EUR 11 million and it gave rise to goodwill on consolidation of EUR 3 million.
- Siemsa, a company specialising in technical services for the energy, petrochemicals and industrial sectors, was acquired for a price of EUR 17 million. An intangible asset relating to Siemsa's customer portfolio was identified and recognised for EUR 6 million. There is no additional difference between the fair values of the assets acquired and liabilities assumed and the cost of the combination and, accordingly, no goodwill arose.
- These two companies will be included in the business structure of Ferrovial Services Spain and, accordingly, the goodwill generated will be included in the goodwill of that area of business for the purposes of the impairment test.

- Amest Kamiensk: in this case 80% of this company, which owns a waste treatment plant in the Polish city of Ruszczyń, was acquired for PLN 35 million (EUR 8 million). Its financial statements have been consolidated with those of the Group since 31 January. The table at the end of this section shows the provisional purchase price allocation (PPA) in 100% terms, since the portion corresponding to the non-controlling shareholder was recognised. This process gave rise to the allocation of EUR 11 million to an intangible asset relating to the right to deposit waste at the treatment plant and, accordingly, there was no additional difference between the fair value of assets acquired and liabilities assumed and the cost of the business combination.
- In the Construction segment, as indicated in Note 1.1, Company activities and changes in the scope of consolidation, the US company specialising in water infrastructure and non-residential building construction Pepper Lawson Construction LLC was acquired for EUR 11 million. At the date of authorisation for issue the Company was performing a PPA, and EUR 10 million of the purchase price had been provisionally recognised as goodwill. For organisational purposes, this company was integrated in the structure of Webber and, accordingly, the impairment of goodwill will be analysed jointly with the goodwill of Webber

In the Airports segment, Ferrovial acquired Transchile Charrúa Transmisión, a company owning an electricity transmission line of 204 km in length between the Charrúa and Cautín substations. The acquisition price was EUR 102 million. Also, a PPA process is being carried out, and goodwill of EUR 42 million has been provisionally recognised.

The provisional allocation of the purchase price of all the acquisitions made in 2016 can be consulted in the following table:

(Millions of euros)	Biotrán	Siemsa	Amest Kamiensk	Transchile	Pepper Lawson
Acquisition-date equity	4	13	1	48	6
Fair value adjustments	4	4	9	12	-5
Equity following adjustments	9	17	10	60	1
Ferrovial investment	11	17	10	102	11
Goodwill	3	0	0	42	10

Held for sale - Toll roads

As indicated above (see Note 1.1, Company activities and changes in the scope of consolidation), in 2016 the assets of the Portuguese toll road Euroscut Algarve were reclassified to "Assets Classified as Held for Sale", which had a negative impact of EUR 15 million on this line item.

Impairment losses

With respect to the Autema toll road, the goodwill on consolidation of EUR 21 million allocated to this toll road was written off.

Exchange rate effect

As regards the changes caused by the exchange rate effect, the appreciation of the euro against the pound sterling and the Polish zloty had a negative impact of EUR 110 million on goodwill, including most notably the change in this item in the Services Division, where the goodwill decreased by EUR 116 million, due mainly to the fall in value of the pound sterling, partially offset by the appreciation of the Australian dollar. In addition to the Australian dollar, the appreciation of the US dollar and the Chilean peso slightly offset the change in this connection.

3.1.2. Goodwill impairment tests

A. Services Division goodwill:

Methodology and discount rate

The goodwill of Amey (UK), Ferrovial Services Spain and Broadspectrum (Australia), amounting to EUR 878 million, EUR 436 million and EUR 397 million, respectively, at 31 December 2016 (31 December 2015: EUR 1,016 million and EUR 433 million in the case of Amey (UK) and Ferrovial Services Spain, respectively), is tested for impairment by using cash flow projections for a five-year period, except in the case of Broadspectrum, for which a ten-year period was used since this coincides with the projection period used to value the company at the time of its acquisition and is consistent with the model used to value the contracts. The residual value is based on the cash flow for the last year projected, provided this represents a cash flow with no exceptional factors, and the growth rate applied in no case exceeds the estimated long-term growth rate for the market in which each company operates. Other Services' goodwill, EUR 36 million, comprises mainly the goodwill generated by the acquisition of the Chilean mining services company Steel (Chile), amounting to EUR 29 million.

Cash flows are discounted using a rate based on the weighted average cost of capital (WACC) for assets of this nature. In order to value companies, Ferrovial uses a risk-free rate usually taking as a reference a ten-year sovereign bond based on the location of the company in question and a market premium of 6.0% (compared to 5.5% in 2015), based on studies of historical long-term and current market premiums demanded (mainly Dimson, Marsh & Staunton, Damodaran, etc.). As regards the risk-free interest rate, it should be noted that the Company considers that the current rate for sovereign bonds in some countries may be artificially low. For the impairment tests the risk-free interest rate used is a normalised rate of 2.0% for the UK (Amey) and 2.7% for Spain (Ferrovial Services Spain), which entails an upward adjustment with respect to the rate for sovereign bonds at 31 December 2016 of 77 basis points in the UK and 129 basis points in Spain. The risk-free interest rate used at Broadspectrum is 3.2% (44 basis points above the ten-year Australian bond) and the risk-free interest rate used in Chile is 4.2% (the same as the rate for the Chilean ten-year sovereign bond). Additionally, in order to reflect each company's exposure, portfolios of comparable companies were selected to obtain unlevered betas. The betas obtained were compared with other sources habitually used by analysts and investment banks (Barra Beta, Bloomberg, etc.).

The discount rates (WACC) used to perform the impairment test are 6.7% in the UK, 7.3% in Spain (compared to the rates of 6.8% and 6.9%, respectively, used in 2014) and 8.4% at Broadspectrum. The WACC used in the Steel impairment test is 8.8% (the same as the rate used in 2015).

Main factors that affect the valuation and performance compared with 2015 and budget

The projected flows are based on the latest estimates approved by the Company, which take into account recent historical data. The main factors that affect the cash flow projections of the Services Division are revenue forecasts and the projected revenue margins. These projections are based on four basic components:

- a) The existing backlog, which offers certainty of a high percentage of revenue in the coming years. In 2016 the backlog was reduced both in the UK and in Spain (-27.1% and -6.3%) due to the reduction in public tendering. However, in the case of the UK, if the exchange rate effect is excluded, the fall was significantly lower (-15.5%). On the other hand, Ferrovial Servicios Internacional's backlog rose by almost 60% in 2016. The backlog at Broadspectrum amounted to EUR 6,117 million at 31 December 2016.
- b) Winning new contracts, which is calculated by applying a success rate (based on historical company data and market prospects) to the estimate of the contracts for which bids will be submitted in the coming years.
- c) The estimate of future margins, which are based on the company's historical margins adjusted by certain factors that might affect the markets in the future. In 2016 the EBITDA margin of the Services Division (excluding Broadspectrum) fell by approximately 120 basis points, due largely to the decline of the results of Amey (UK) as a result of the reduction in spending of local authorities, non-recurring restructuring costs and the performance of certain contracts, mainly the upkeep of roads.

The projections used in the 2016 impairment test of Amey were adjusted downwards in comparison to 2015, considering similar revenue figures to the last two years and EBITDA margins that will be recovered in the future, but that will not exceed pre-2014 figures.

In 2016 the profit from operations of Ferrovial Services Spain was in line with the budget estimates (used as the starting point for the impairment test model for 2015) and with the EBITDA margin for 2015 (10.7%). The business plan envisages the consolidation of the increase in margins achieved up to the present.

- d) The perpetuity growth rate ("g"), based on the prospects of the markets and industries in which the Company operates. The rates used are: 1.75% at Services Spain, and 2% at Amey (UK) and Steel (Chile) and 2.4% at Broadspectrum (Australia). These perpetuity growth rates are in line with the long-term inflation estimates in these four countries.

Impairment test results

The value of Amey resulting from application of this impairment test model is 231% higher than its carrying amount (2015: 234%). In this case the buffer is similar to that of 2015, despite the value being lower because the carrying amount of Amey (UK) fell as a result of the losses recognised in the year. In the case of Ferrovial Services Spain, the positive difference is 49% (2015: 66%).

The value of Steel resulting from application of this impairment test model is 146% higher than its carrying amount (2015: 18%).

The residual value after the projection period represents approximately 78% of the total value at Amey, 74% at Ferrovial Services Spain, and 69% at Broadspectrum.

In the case of Broadspectrum, the model used for the valuation is based on the projections used for the acquisition of the company and, accordingly, there is no significant difference between the carrying amount and the valuation performed.

Sensitivity analysis

Sensitivity analyses are also performed on this goodwill, mainly in relation to the gross profit from operations, the discount rate and the perpetuity growth rate, so as to ensure that possible changes in the estimate do not have an impact on the possible recovery of the goodwill recognised.

Specifically, a pessimistic scenario was taken into consideration with a perpetuity growth rate of 1% and a reduction in the gross profit from operations of 100 basis points. The valuation disclosed in this scenario evidences a buffer over the carrying amount of 111% in the case of Amey, 26% in the case of Ferrovial Services Spain, and 90% in the case of Steel.

On this basis, the valuation disclosed would equal the carrying amount if the reduction in the margin with respect to the base case was of 274 basis points for Amey, 287 basis points for Ferrovial Services Spain and 520 basis points for Steel, thereby leaving the assumption of perpetuity growth ("g") at 1%.

Lastly, it should be stated that in the case of both Amey and Ferrovial Services Spain, in a scenario in which the projected margins remain the same and assuming a zero perpetuity growth rate, there would be no impairment.

B. Construction Division goodwill (Webber and Budimex):

Methodology and discount rate

The goodwill of Webber and Budimex amounted to EUR 143 million and EUR 67 million, respectively, at 31 December 2016 (31 December 2015: EUR 128 million and EUR 69 million, respectively).

The impairment test methodology used for Webber was similar to that described above for the Services companies and included a discount rate (WACC) of 8.7% (compared to 8.2% in 2015) and a perpetuity growth rate of 2% (same rate as in 2015). The risk-free interest rate used to calculate the foregoing WACC is 2.4%, the same as the rate of the ten-year US bond at 31 December 2016.

In the case of Budimex, since it is listed on the Warsaw Stock Exchange, the goodwill was tested for impairment by ascertaining whether the closing market price at 31 December 2016 of Budimex shares was higher than its carrying amount plus the allocated goodwill. The test did not evidence the existence of any impairment.

Main factors that affect the valuation and performance compared with 2015 and budget

The projected flows are based on the latest estimates approved by the company, which take into account recent historical data. The main factors that affect the cash flow projections of Webber are revenue forecasts and the projected operating margins. These projections are based on four basic components, similar to those described in the preceding section on Services (the existing backlog, the obtainment of new contracts, the estimate of future margins and the perpetuity growth rate). It should be noted that the projected operating margins are lower than the historical margins of recent years, in line with average margins in the industry. The perpetuity growth rate used was 2%, which is similar to long-term inflation forecasts for the US without considering actual economic growth.

Impairment test results

The value of Webber resulting from application of this impairment test model is 23% higher than its carrying amount (compared to 26% in 2015).

The residual value of Webber represents 39% of the total value after the projection period.

The quoted market price of the Budimex share at 31 December 2016 was 321% higher than its carrying amount (compared to 393% in 2015).

Sensitivity analysis

A sensitivity analysis was performed on Webber's goodwill, particularly in relation to the profit from operations, the discount rate and the perpetuity growth rate, so as to ensure that possible changes in the estimate do not have an impact on the possible recovery of the goodwill recognised.

Specifically, a pessimistic scenario was taken into consideration with a perpetuity growth rate of 1% and a reduction in the profit from operations of 50 basis points. The value disclosed in this scenario evidences a buffer of 9% over the carrying amount.

On this basis, the valuation disclosed would equal the carrying amount if the reduction in the margin with respect to the base case was of 120 basis points, thereby leaving the assumption of perpetuity growth ("g") at 1%.

Lastly, it should be stated that in a scenario in which the margins remain the same but assuming a zero perpetuity growth rate (compared to 2%), there would be no impairment.

At Budimex, due to the significant buffer of the quoted market price over the carrying amount, the company believes that there is no evidence of impairment.

C. Toll Road Division goodwill:

Methodology and discount rate

The goodwill of the Toll Road business at 31 December 2016 amounted to EUR 169 million (31 December 2015: EUR 205 million). This goodwill arose on the merger transaction performed in 2009 by Ferrovial, S.A. and Cintra, S.A., and corresponds to the acquisition of the percentage of ownership of the non-controlling shareholders of Cintra. The goodwill arising on the difference between the acquisition price of the aforementioned ownership interest and the carrying amount thereof was allocated by calculating the difference between the fair value of the main shareholdings in concession operators held by Cintra, S.A. at that time and the carrying amount thereof, adjusted by the percentage acquired.

The recoverable amount of the toll roads was calculated as the higher of fair value less estimated costs to sell and value in use. The recoverable amount of concession operators with an independent financial structure and limited duration was calculated by discounting the cash flows expected to be received by shareholders until the end of the concession term. The Group considers that value in use must be obtained using models that cover the entire concession term, as the assets are in different phases of investment and growth and there is sufficient visibility to use a specific economic and financial plan for each phase during the concession term. Therefore, no residual value is considered to exist in these valuations. The projections were updated based on the historical evolution and specific features of each asset, using long-term modelling tools to estimate traffic, extraordinary maintenance, etc.

To calculate the discount rates shown in the table below, a normalised risk-free rate usually referenced to a 30-year bond, taking into account the location of each concession operator, a beta coefficient reflecting the company's leverage and risk, and a market premium of 6.0% (2015: 5.5%) are used. The table below shows the discount rate used for each asset in 2016 and 2015.

Discount rate (cost of equity or Ke)	2016	2015
Autema	8.4%	7.9%
Ausol	10.0%	8.1%

The increase in the discount rate for Ausol in 2016 was due to the use of more conservative parameters in the above-mentioned beta coefficient and market risk premium, as well as a slight increase in leverage following the refinancing in 2016.

Main factors that affect the valuation and performance compared with 2015 and budget

The main factor affecting cash flow projections of the toll roads are the revenue projections, which differ depending on whether the operator bears the demand risk (in which case the intangible asset model is used) or whether the grantor bears the demand risk and makes payments for capacity availability (in which case the financial asset model is used).

If the operator bears the demand risk, its revenue depends on traffic volumes and toll prices, which are generally updated with inflation. Of the two toll roads with goodwill, the intangible asset model is applied at Ausol, while the financial asset model is used at Autema, since the demand risk is assumed by the Catalonia Autonomous Community Government.

Traffic projections are prepared using long-term modelling tools that use data from public (or external) sources to estimate traffic in the corridor (which depends mainly on the growth in the population and car ownership) and the level of toll road capture.

Valuation projections and models begin with the budget for the following year approved by management. Any variances in traffic volumes in the year under way are taken into consideration when the initial budget and the long-term projections are reviewed. In 2016 Ausol's revenue grew by 10% compared with 2015 and 7% compared with the budget.

In the case of Autema, a project classified as a financial asset, the only uncertainties relate to counterparty credit risk and possible penalties arising from the service.

Impairment test results

In the case of Ausol, the measurement evidences a buffer of 250% over carrying amount (compared with 254% in 2015).

In 2016 Autema recognised impairment of goodwill amounting to EUR 21 million. The impairment loss was recognised as a result of the possible impact of the change of concession arrangement for the toll road approved by the Catalonia Autonomous Community Government through Decrees 161/2015 and 337/2016, which were appealed by the company as it considered that there are no legal grounds for this decision, as described in Note 6.5.1., Contingent liabilities and litigation. On the basis of the Company's legal position, the scenario assumed for the calculation of impairment takes into consideration that after winning litigation the amounts collectible will be received progressively over the coming years based on the previous concession arrangement. After recognising this impairment loss, the net value of the assets and liabilities relating to this investment is close to zero.

Sensitivity analysis

In the case of Ausol, a pessimistic scenario was built, taking into consideration a revenue reduction of around 10%. The value disclosed in this scenario evidences a buffer of 132% over the carrying amount.

3.2. INTANGIBLE ASSETS

At 2016 year-end, the balance of intangible assets other than infrastructure projects amounted to EUR 503 million (2015 year-end: EUR 234 million). The changes in "Intangible Assets" in the consolidated statement of financial position were as follows:

Changes in 2016 (Millions of euros)	Rights on concessions	Computer software	Commercial portfolio and customer databases	Contracts: intangibles and other	TOTAL
Investment:					
Balances at 01/01/16	203	110	135	28	476
Additions	0	27	0	2	29
Disposals	0	-2	0	0	-2
Transfers and other	-124	-40	0	144	-20
Changes in the scope of consolidation	0	108	201	43	352
Exchange rate effect	-17	-4	-8	-7	-35
Balances at 31/12/16	62	199	180	211	800
Accumulated amortisation:					
Balances at 01/01/16	-113	-85	-34	-11	-243
Additions	-3	-23	-72	-11	-109
Disposals	1	2	0	0	2
Transfers and other	72	44	0	-90	26
Changes in the scope of consolidation	0	0	0	0	0
Exchange rate effect	10	7	4	5	26
Balances at 31/12/16	-34	-55	-102	-108	-297
Carrying amount at 31/12/16	28	145	227	103	503

The most significant changes in this line item in 2016 relate mainly to the acquisition of certain companies in the Services segment (see Note 1.1.3) where the value of the related intangible assets were allocated (see Note 3.1.1) and the other intangible assets thereof were included. The total impact amounts to EUR 352 million, of which:

- The acquisition of Broadspectrum gave rise to an impact of EUR 201 million relating to the value of the contract backlog and the customer relationships.
- In addition, the inclusion of this company resulted in an additional impact of EUR 108 million in relation to the value of additions to software.
- The acquisition of Amest Kamiensk gave rise to an impact of EUR 11 million relating to the waste treatment plant management contract.
- The acquisition of Siemsa and Biotran gave rise to impacts of EUR 6 million and EUR 4 million, respectively, in relation to the measurement of the management contracts in the energy and pharmaceuticals industries and the rights to perform them.
- The acquisition of Transchile Charrúa Transmisión resulted in the addition of EUR 21 million relating to the value of the owned contract for electricity transmission management.

“Rights on Concessions” includes the rights to operate the tenders won in the Services industry in Spain, amounting to EUR 28 million (31 December 2015: EUR 29 million).

The carrying amount of software was EUR 145 million (31 December 2015: EUR 25 million).

Also, the value of the commercial portfolio and customer databases includes, in addition to the impact of the acquisition of companies discussed above, the contract backlog of Enterprise (UK), amounting to EUR 110 million (31 December 2015: EUR 101 million).

“Contracts: Intangibles and Other” also includes other intangibles associated with several concession arrangements in the UK managed outside the scope of IFRIC 12 (Tubelines for management and technical assistance on the London Underground, a Waste Management PFI and Amey Cespa WM with rights to operate in the waste treatment industry), amounting to EUR 87 million (31 December 2015: EUR 87 million).

The cash flow impact of the additions to intangible assets amounted to EUR -8 million (see Note 5.3), an amount lower than the additions recognised in the consolidated statement of financial position, mainly due to investments made in computer software which have not been paid in full.

No impairment losses were recognised or reversed in relation to these assets in 2016.

3.3. INVESTMENTS IN INFRASTRUCTURE PROJECTS

3.3.1. Intangible asset model

(Millions of euros)	Balance at 01/01/16	Total additions	Total disposals	Changes in the scope of consolidation and transfers	Exchange rate effect	Balances at 31/12/16
Spanish toll roads	793	0	0	0	0	793
US toll roads	5,764	437	0	-1,375	198	5,025
Other toll roads	384	0	0	0	0	384
Investment in toll roads	6,941	437	0	-1,375	198	6,202
Accumulated amortisation	-261	-75	0	40	-4	-300
Impairment losses	-28	0	11	0	0	-18
Net investment in toll roads	6,651	362	11	-1,334	195	5,885
Investment in other infrast. projects	485	12	-11	0	0	486
Amortisation - Other infrast. projects	-179	-27	11	0	0	-195
Total net investment - Other infrast. projects	306	-15	0	0	0	291
TOTAL INVESTMENT	7,426	449	-11	-1,375	198	6,689
Total amortisation and impairment losses	-469	-102	22	40	-4	-513
Total net investment	6,957	347	11	-1,334	195	6,176

The most significant changes in 2016 were as follows:

Exchange rate fluctuations resulted in an increase of EUR 195 million (2015: EUR 690 million) in the balance of these assets, the full amount of which was attributable to the change in the euro/US dollar exchange rate at the US toll roads (see Note 1.4).

As regards the US toll roads, the most significant impact relates to the exclusion from consolidation of the SH-130 toll road as a result of the loss of control, as explained in Note 1.1., the impact of which amounts to EUR -1,375 million (EUR -1,334 million as a net investment).

In addition, there were significant increases in the assets of the following toll roads: North Tarrant Express (EUR 12 million -2015: EUR 72 million-), North Tarrant Express Extension (EUR 281 million -2015: EUR 256 million-), LBJ (EUR 74 million -2015: EUR 362 million-) and I-77 Mobility Partners LLC (EUR 67 million -2015: EUR 29 million-). The total investment in these toll roads includes a balance at 31 December 2016 of EUR 807 million (2015: EUR 575 million) relating to property, plant and equipment in the course of construction (see Note 5.3).

Also, “Investment in Other Infrastructure Projects” includes concession arrangements awarded to the Services Division that are classified as intangible assets under IFRIC 12, basically those relating to Autovía de Aragón Sociedad Concesionaria, S.A., with a net investment of EUR 127 million (2015: EUR 138 million) and various integral waste treatment plants located in Spain, mainly in Barcelona, Toledo and Murcia (Ecoparc de Can Mata, S.L.U. , Gestión Medioambiental de Toledo, S.A. and Servicios Urbanos de Murcia, S.A.) among others, for a net amount of EUR 162 million (2015: EUR 165 million).

“Impairment Losses” includes the estimated impairment losses on arrangements to which no goodwill has been allocated. These possible impairment losses were calculated using the method indicated in Section 3.1.

In the case of the infrastructure project companies, all their concession assets have been pledged as security for the existing borrowings (see Note 5.2). The borrowing costs capitalised in this connection in 2016 are detailed in Note 2.6.

The changes in these assets in 2015 were as follows:

(Millions of euros)	Balance at 01/01/15	Total additions	Total disposals	Changes in the scope of consolidation / transfers	Exchange rate effect	Balances at 31/12/15
Spanish toll roads	2,615	4	-13	-1,813	0	793
US toll roads	6,098	686	0	-1,763	742	5,764
Other toll roads	982	0	-3	-595	0	384
Investment in toll roads	9,695	691	-16	-4,171	742	6,941
Accumulated amortisation	-575	-60	3	384	-14	-261
Impairment losses	-144	0	0	116	0	-28
Net investment in toll roads	8,976	631	-13	-3,671	728	6,651
Investment in other infrast. projects	453	16	0	16	0	485
Amortisation - Other infrast. projects	-139	-26	0	-14	0	-179
Total net investment - Other infrast. projects	314	-10	0	2	0	306
TOTAL INVESTMENT	10,147	707	-16	-4,154	742	7,426
Total amortisation and impairment losses	-858	-86	3	485	-14	-469
Total net investment	9,290	621	-13	-3,669	728	6,957

3.3.2. Financial asset model

The assets accounted for using the financial asset model pursuant to IFRIC 12 relate mainly to amounts receivable at long term (more than twelve months) from governments in return for services rendered or investments made under a concession arrangement. The changes in the years ended 31 December 2016 and 2015 were as follows:

Concession operator (Millions of euros)	Country	Concession term (years)	First year of concession	Balances at 31/12/16		Total 2016	Balances at 31/12/15		Total 2015
				Long-term account receivable	Short-term account receivable (Note 4.2)		Long-term account receivable	Short-term account receivable (Note 4.2)	
Autopista Terrasa Manresa, S.A.	Spain	50	1986	571	77	648	552	39	591
Auto-Estradas Norte, S.A.	Portugal	30	2001	0	0	0	291	48	339
Autoestrada do Algarve, S.A.	Portugal	30	2001	0	0	0	155	40	194
Toll roads				571	77	648	998	126	1,124
Concesionaria de Prisiones Lledoners	Spain	32	2008	68	1	70	70	1	71
Concesionaria de Prisiones Figueras	Spain	32	2011	114	2	116	116	3	120
Depusa Aragón	Spain	25	2015 (*)	13	0	13	3	0	3
Budimex Parking Wrocław	Poland	30	2012	10	0	10	11	0	11
Construction				206	4	209	200	5	204
Hospital de Cantabria	Spain	20	2006-2013	79	10	89	79	3	83
Waste treatment plants in Spain	Spain	16-20	2010-2012	51	10	61	58	12	70
Waste treatment plants in the UK and Poland	UK	18-28	2008-2016	71	169	239	252	0	252
Services				200	189	389	389	15	404
TOTAL GROUP				977	270	1,247	1,586	146	1,732

(*) Year in which concession was granted.

Changes (Millions of euros)	2016 infrastructure project receivables	2015 infrastructure project receivables
Beginning balance	1,586	1,467
Additions	298	386
Disposals	-215	-286
Transfers and other	-664	12
Changes in the scope of consolidation	0	0
Exchange rate effect	-29	7
Ending balance	977	1,586

Note: balances presented net of allowances.

"Transfers and Other" in 2016 includes, on the one hand, a decrease of EUR -438 million in relation to the assets classified as held for sale of the Portuguese AutoEstrada Norte and Autoestrada do Algarve toll roads (see Note 1.2.) and, on the other, the transfer to "Other Current Receivables" of EUR -226 million which, relating mainly to the Milton Keynes waste treatment plant in the UK (EUR -175 million), mature in 2017 (see Note 4.2).

With respect to the account receivable relating to the Autema project, no significant developments arose in relation to the change in the project concession regime introduced by the Catalonia Autonomous Community Government in 2015 (see Note 9.1). As indicated in the aforementioned Note, the Company considers that this change infringed the rule of law and appealed against the Decree in which the change was approved. Since it is considered that there are very sound legal arguments to win the appeal, it was resolved to continue to recognise the project as a financial asset. An impairment test was performed with respect to the goodwill that had been allocated to this project, and a loss of EUR 21 million was recognised (see Note 3.1.2). Based on the same assumptions as those used to calculate the impairment test on the goodwill, it was concluded that there was no impairment of the financial asset recognised at year-end.

3.3.3 Cash Flow Impact

The total cash flow impact of the additions to projects accounted for using the intangible asset and financial asset models amounted to EUR -388 million (see Note 5.3), which differs from the additions recognised in the consolidated statement of financial position primarily due to the following reasons:

- In projects in which the intangible asset model is applied, due to differences between the accrual basis and cash basis of accounting, as well as the capitalisation of the borrowing costs attributable to projects under construction, which do not generate cash outflows.
- In projects in which the financial asset model is applied, due to the increases in the account receivable as a balancing entry to income for services rendered, which do not generate cash outflows either.

3.4. PROPERTY, PLANT AND EQUIPMENT

The changes in “Property, Plant and Equipment” in the consolidated statement of financial position were as follows:

Changes in 2016 (Millions of euros)	Land and buildings	Plant and machinery	Other fixtures, tools and furniture	Total
Investment: Balances at 01/01/16	174	859	675	1,707
Additions	19	47	74	141
Disposals	-1	-91	-29	-121
Changes in the scope of consolidation and transfers	5	167	83	255
Exchange rate effect	-8	-9	1	-15
Balances at 31/12/16	189	973	804	1,967
Accumulated depreciation and impairment losses at 01/01/16	-47	-682	-488	-1,217
Depreciation charge for the year	-7	-55	-51	-112
Disposals	0	54	23	77
Changes in the scope of consolidation and transfers	6	4	-7	2
Exchange rate effect	3	10	2	14
Impairment losses on property, plant and equipment	0	0	0	0
Balances at 31/12/16	-45	-669	-522	-1,236
Carrying amount at 31/12/16	144	305	282	731

The most significant changes in 2016 were as follows:

Additions:

Of the total additions, amounting to EUR 141 million, the most significant arose at the Services Division amounting to EUR 61 million in relation to the investments made in the expansion of the capacity of landfills, the installation of new waste transfer and treatment facilities and the renewal of cleaning, transport equipment and luminaires associated with contracts in force. Also, in the Construction Division, acquisitions totalling EUR 60 million were made in relation to specific construction machinery.

Most noteworthy was the contribution to property, plant and equipment of EUR 148 million relating to the inclusion of Broadspectrum in the scope of consolidation. Similarly, the acquisition of Transchile gave rise to an increase of EUR 62 million in the Airports Division.

In addition, in 2016 the change in value of the euro against the US dollar and pound sterling reduced the balance of property, plant and equipment by EUR 16 million.

Disposals or reductions:

The property, plant and equipment disposals and reductions amounted to EUR 121 million, due largely to the write-off of fully depreciated or obsolete items, which did not have a material effect on the consolidated statement of profit or loss. Specifically, EUR 22 million were derecognised at the Construction Division and EUR 98 million at the Services Division.

Impact on cash flows:

The impact on cash flows arising from additions to property, plant and equipment amounted to EUR -169 million (see Note 5.3), an amount which is higher than the additions in the year (EUR 141 million), mainly as a result of payments relating to property, plant and equipment recognised in the consolidated statement of financial position in 2015. Disposals had no impact since, as indicated above, they related to the write-off of fully depreciated or obsolete items.

Other disclosures relating to property, plant and equipment:

The property, plant and equipment not used in operations are not material with respect to the ending consolidated balances. Impairment losses on other items of property, plant and equipment total EUR 68 million (2015: EUR 61 million), associated mainly with the Services Division.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

The property, plant and equipment in the course of construction amount to EUR 58 million (2015: EUR 21 million), corresponding basically to the Services Division (EUR 39 million). The changes relate mainly to the acquisition of Transchile.

The detail, by business segment, of the additions to property, plant and equipment is as follows:

(Millions of euros)	2016	2015
Construction	60	43
Toll Roads	4	5
Services	61	117
Other	16	0
TOTAL	140	165

Changes in 2015 (Millions of euros)	Land and buildings	Plant and machinery	Other fixtures, tools and furniture	Total
Investment: Balances at 01/01/15	162	844	637	1,643
Additions	6	72	86	165
Disposals	-5	-70	-40	-115
Changes in the scope of consolidation and transfers	4	-3	-10	-8
Exchange rate effect	6	15	2	23
Balances at 31/12/15	174	859	675	1,707
Accumulated depreciation and impairment losses at 01/01/15	-35	-672	-485	-
Depreciation charge for the year	-8	-63	-42	-113
Disposals	1	55	29	49
Changes in the scope of consolidation and transfers	-3	6	6	10
Exchange rate effect	-1	-9	-2	-12
Impairment losses on property, plant and equipment	0	0	6	6
Balances at 31/12/15	-47	-682	-488	-
Carrying amount at 31/12/15	127	176	187	490

3.5. INVESTMENTS IN ASSOCIATES

The detail of the investments in companies accounted for using the equity method at 2016 year-end and of the changes therein in 2016 is shown in the table below. Due to their significance, the investments in 407 ETR (43.23%) and Heathrow Airport Holdings (HAH) (25%) are presented separately.

2016 (Millions of euros)	HAH (25%)	407 ETR (43.23%)	Other	Total
Balance at 31/12/15	1,213	1,909	116	3,237
Share of results	-57	98	41	82
Dividends	-102	-234	-31	-367
Exchange differences	-155	109	1	-45
Pensions	-55	0	-18	-73
Other	-6	0	47	40
Balance at 31/12/16	837	1,881	156	2,874

Changes: The changes in "Investments in Associates" were due mainly to the distribution of dividends of EUR 367 million, partially offset by the share of results for the year (EUR 82 million), and the appreciation in value of the euro against the pound sterling and its depreciation with respect mainly to the Canadian dollar, which had a net negative effect of EUR -45 million. The negative effect of changes in the actuarial assumptions relating to the pension plans of HAH (EUR -55 million) is also worthy of mention.

Impact on cash flows: The difference between dividends of EUR 367 million in the foregoing table and dividends of EUR 427 million disclosed in the consolidated statement of cash flows (see Note 5.3) relate mainly to interest received on loans granted to companies accounted for using the equity method and the effect of certain foreign currency hedges related to dividends received.

In view of the importance of the investments in HAH and 407 ETR, set forth below is a detail of the balance sheets and statements of profit or loss of these two companies, adjusted to bring them into line with Ferrovial's accounting policies, together with comments on the changes therein in 2016.

Also, since both ownership interests were remeasured when control was lost, pursuant to IAS 28.40 and subsequent paragraphs, the possible existence of indications of impairment is assessed on an annual basis.

3.5.1. Information relating to HAH

a. Impairment test

It is important to note in relation to the measurement of this asset that the various sale transactions involving shares of this company carried out in recent years are an indication that the asset has not become impaired. Specifically, in the most recent sale transaction of 8.65% of HAH, carried out by Ferrovial in 2013, the sale price was 58% higher than the current consolidated carrying amount, and 35% higher if the effect of the sale of Glasgow, Southampton and Aberdeen Airports is adjusted.

The trend was also positive in 2016, highlights being the fact that gross profit from operations was 1.2%, higher than the 2016 budget used as the first year of the impairment test in 2015 and that the RAB grew by 2.1% in the year to stand at GBP 15,237 million. Also, traffic growth stood at 1.0% above the figure obtained in 2015.

Despite this, and because the gain recognised when control was lost was allocated mainly to goodwill, the investment was tested for impairment.

The main assumptions used to measure this asset for impairment testing purposes were as follows:

- The most recent business plan approved by the company was considered. This plan is based on the 5.35% return on assets established by the regulator for the current five-year period (Q6: 2014-2019), representing an annual price reduction of -1.5% ("x" factor) + inflation (RPI) until December 2019.
- In compliance with IAS 36.44, possible plans to increase the capacity of Heathrow airport (third runway project) were not taken into account. However, it should be stated that on 25 October 2016 the UK government announced its decision to select the construction of a third runway at Heathrow Airport in order to increase airport capacity in the southeast of England. The Davies Commission, which was created to study the various capacity expansion options, had unanimously recommended this as the best option in July 2015. However, this decision requires parliamentary approval of the National Policy Statement and subsequently the grant of a Development Consent Order by the Secretary of State, which are expected to be obtained between late 2017 and the end of 2020.
- The value of the investment was calculated by discounting the future cash flows per the business plan, using the adjusted present value (APV) method until 2048 and an exit multiple for that year. The unlevered discount rate (Ku) is approximately 7% (similar to that in 2015) and the tax shield generated by the debt is discounted at the cost of the debt.

The result of the valuation is higher than the carrying amount. Also, sensitivity tests were performed on the main variables (discount rate, long-term inflation and an exit multiple) and in all cases the amount of the valuation exceeds the carrying amount.

Also, it should be noted that the average valuation of HAH made by the stock market analysts that follow Ferrovial (more than 20 analysts) is 66% more than its carrying amount.

Based on the internal valuations performed and those of the analysts, on the positive evolution of the asset in the year and on the references of the most recent transactions performed by third parties, it was concluded that there were no indications of impairment in the year.

b. Changes in the balance sheet and statement of profit or loss 2016-2015

In view of the importance of this investment, following is a detail of the balance sheet and statement of profit or loss for this group of companies, adjusted to bring them into line with Ferrovial's accounting policies, together with comments on the changes therein in 2016.

The balance sheet figures shown relate to the full balances of HAH and are presented in pounds sterling. The exchange rates used in 2016 are EUR 1=GBP 0.85447 (2015: GBP 0.73749) for the balance sheet figures and EUR 1=GBP 0.82301 (2015: GBP 0.72374) for the statement of profit or loss.

Balance sheet

HAH (100%) GBP million	2016	2015	Change 16/15
Non-current assets	16,834	16,431	403
Goodwill	2,753	2,753	0
Investments in infrastructure projects	13,347	13,347	0
Non-current financial assets	32	31	1
Pension plan surplus	0	104	-104
Deferred tax assets	0	0	0
Financial derivatives	676	173	502
Other non-current assets	27	23	4
Current assets	1,025	996	29
Trade and other receivables	617	775	-158
Financial derivatives	78	0	78
Cash and cash equivalents	319	210	109
Other current assets	11	11	0
TOTAL ASSETS	17,860	17,428	432
Equity	540	1,255	-715
Non-current liabilities	15,439	14,729	710
Provisions for pensions	113	28	85
Borrowings	13,125	12,661	464
Deferred tax liabilities	761	922	-160
Financial derivatives	1,419	1,103	317
Other non-current liabilities	20	15	4
Current liabilities	1,881	1,444	437
Borrowings	1,501	986	515
Trade and other payables	365	358	7
Financial derivatives	2	90	-87
Other current liabilities	13	10	3
TOTAL LIABILITIES	17,860	17,428	432

• Equity

At 31 December 2016, equity amounted to GBP 540 million, down GBP -715 million from the year ended 31 December 2015. In addition to the loss for the period of GBP -189 million, the main noteworthy changes are the negative impact of GBP -182 million recognised in reserves relating to pension plans, GBP -21 million relating to effective derivatives and the dividends paid to shareholders amounting to GBP -325 million.

25% of the equity of the investee does not correspond to the carrying amount of the investment, since the carrying amount also includes the amount of the gain arising from the remeasurement at fair value of the investment retained following the sale of a 5.88% ownership interest in HAH in October 2011. The gain was recognised as an addition to goodwill. Therefore, in order to obtain the carrying amount at Ferrovial, it would be necessary to increase the 25% of the shareholders' equity presented above (GBP 135 million) by the amount of the aforementioned gain (GBP 581 million), giving a total of GBP 716 million which, translated at the year-end exchange rate (EUR 1 = GBP 0.85447), gives the investment of EUR 837 million.

• Borrowings

The borrowings of HAH (current and non-current) amounted to GBP 14,626 million at 31 December 2016, an increase of GBP 979 million with respect to 31 December 2015 (31 December 2015: GBP 13,647 million). This increase was due mainly to the effect of:

- A bond issue of GBP 829 million, increase of GBP 290 million of bank and other borrowings.
- Redemption of bonds amounting to GBP -761 million, repayment of GBP -234 million of bank and other borrowings.
- Increase of GBP 844 million as a result of the fair value adjustments made to bonds issued in foreign currencies and of the related exchange rate effect. This impact is offset by the changes in value of the cross-currency swaps arranged to hedge this debt (EUR 833 million).
- Other changes of EUR 11 million (mainly accrued interest payable and fees and commissions).

• Derivative financial instruments at fair value

- The notional principal amount of HAH's derivatives portfolio at 31 December 2016 totalled GBP 12,377 million, including interest rate derivatives (IRSs) with a notional amount of GBP 2,963 million (hedging floating-rate borrowings), cross-currency swaps hedging bonds issued in foreign currencies (notional amount of GBP 4,298 million) and index-linked swaps (ILSs) (notional amount of GBP 5,116 million). The purpose of the index-linked swaps is to offset the imbalance that can arise between the business revenue and the regulated asset base, which are indexed to inflation, and the interest payments on fixed-rate borrowings, which do not fluctuate in response to changes in inflation.

- The change in the net value (asset/liability position) of these financial instruments gave rise to a GBP 350 million decrease in liabilities in the year. The main impacts relate to:

- Cash settlements (net payments) of GBP 115 million.
- Accrual of borrowing costs (result on financing) of GBP -81 million.
- Effect on reserves of GBP -15 million.

- Fair value adjustments to these instruments (fair value-related result) of GBP 332 million, due mainly to the index linked swaps (GBP -425 million), interest rate swaps (GBP -76 million) and cross-currency swaps (GBP 833 million, although these are partially offset by the fair value adjustments of the cross-currency swaps associated with these financial instruments).

Statement of profit or loss 2016-2015

The following table shows the changes in HAH's statement of profit or loss in 2016 with respect to 2015.

HAH (100%) GBP million	2016	2015	Change 16/15
Operating income	2,809	2,767	42
Operating expenses	-1,126	-922	-204
Gross profit from operations	1,683	1,845	-162
Depreciation and amortisation charge	-708	-719	11
Profit from operations before impairment and disposals of non-current assets	975	1,126	-151
Impairment and disposals of non-current assets	-7	5	-11
Profit from operations	969	1,131	-162
Financial result	-1,231	-571	-660
Profit or loss before tax	-263	560	-822
Income tax	74	-22	95
Profit or loss from continuing operations	-189	538	-727
Profit/Loss from discontinued operations	0	0	0
Net profit/loss	-189	538	-727
Profit attributable to Ferrovial (Millions of euros)	-57	186	-243

Operating income improved mainly as a result of the increase in commercial revenue. The rise in operating expenses was due to the recognition in 2015 of a positive adjustment relating to pension plans (GBP 237 million). Disregarding this impact, cost efficiencies were achieved in the O&M sphere, which were partially offset by the additional expense required to maintain service levels and guarantee operating capacity. These effects were reflected in the gross profit from operations, which improved by 4.7% in like-for-like terms, i.e. eliminating the aforementioned reduction in operating expenses in relation to pension plans.

However, the financial result was adversely affected by the fair value adjustments to derivatives and liabilities at fair value (mainly index linked swaps and interest rate swaps), which totalled GBP -479 million (EUR -121 million net attributable to Ferrovial), caused mainly by higher inflation forecasts and the drop in interest rates. At 31 December 2015, these items totalled a positive amount of GBP 138 million (effect of EUR 39 million on the net profit of Ferrovial).

As indicated above, this negative impact on the statement of profit or loss caused by higher inflation is positive for business valuation purposes, since if these expectations are fulfilled, the increase in the value of the assets will be far higher than that of the derivatives, because the borrowings exposed to inflation represent less than 48% of the value of the regulated asset base, which is also exposed to inflation.

"Income Tax" includes the impact of the change in the tax rate in the UK from the current 18% to 17%, which will foreseeably take place in 2020 (GBP 50 million, EUR 15 million attributable to Ferrovial). In 2015 income of GBP 91 million (EUR 32 million attributable to Ferrovial) was recognised as a result of the reduction from 20% to 18%.

3.5.2. Information relating to 407 ETR

a. Impairment test

The evolution of this asset over the last ten years has been very positive, with average annual growth in revenue of 14%, in EBITDA of 17% and in dividends of 44%.

As regards the measurement of this concession, it should be noted that in 2016 the 407 ETR toll road outperformed the estimates in the budget used as the starting point for the impairment test in the previous year; sales increasing by 4.2% with respect to 2015, in local currency terms. On a year-on-year basis revenue increased by 13.2% due to the 9.5% increase in tolls and a 4.5% increase in traffic. Along similar lines, EBITDA increased by 17.3% with respect to 2015 and was 6.1% higher than budgeted. It should be noted that in both the in-house valuation of this concession carried out by Ferrovial and the average valuation of 407 ETR made by the stock market analysts that follow Ferrovial (more than 20 analysts) is more than three times its carrying amount.

Bearing in mind the aforementioned performance and the fact that the gain recorded when control was lost was recognised as an addition to the value of the concession and is being amortised, as required by IAS 28.40, it was not considered necessary to carry out an in-depth impairment test.

b. Changes in the balance sheet and statement of profit or loss for 2016-2015 relating to this group of companies at 31 December 2016 and 2015

These figures relate to the full balances of 407 ETR and are presented in millions of Canadian dollars. The exchange rates used in 2015 are EUR 1=CAD 1.4185 (2015: CAD 1.5026) for the balance sheet figures and EUR 1=CAD 1.4590 (2015: CAD 1.4232) for the statement of profit or loss.

Balance sheet 2016-2015

407 ETR (100%) CAD million	2016	2015	Change 16/15
Non-current assets	4,362	4,398	-35
Investments in infrastructure projects	3,938	3,965	-27
Non-current financial assets	383	338	45
Deferred tax assets	41	94	-53
Other non-current assets	1	1	-1
Current assets	965	730	235
Trade and other receivables	188	156	32
Cash and cash equivalents	778	575	203
TOTAL ASSETS	5,328	5,128	200
Equity	-3,059	-2,641	-418
Non-current liabilities	7,310	6,733	577
Borrowings	6,819	6,256	562
Deferred tax liabilities	491	477	15
Current liabilities	1,077	1,036	41
Borrowings	993	953	40
Trade and other payables	85	83	1
TOTAL LIABILITIES	5,328	5,128	200

Set forth below is a description of the main changes in the balance sheet of 407 ETR at 31 December 2016 with respect to the end of the preceding period:

- **Borrowings:** (current and non-current) borrowings as a whole increased by CAD 602 million with respect to December 2015, due mainly to a bond issue in May with a face value of CAD 500 million (Series 16-A1 maturing in 2047) and another series issued in November with a face value of CAD 350 million (Series 16-A2 maturing in 2027). These increases were offset by the repayment of Series 99-A4 in December 2016 for CAD -208 million.
- **In net debt terms** the change is smaller, since, parallel to the increase in borrowings, there was also an increase in cash and cash equivalents, including restricted cash, of EUR 203 million.
- **Equity:** equity dropped by CAD 418 million with respect to 2015, as a result of a profit for the year of CAD 373 million and a reduction due to the payment of a dividend of CAD 790 million to shareholders.

43.23% of the equity of the investee does not correspond to the consolidated carrying amount of the holding, since the latter also includes the amount of the gain arising from the remeasurement at fair value of the investment retained following the sale of a 10% ownership interest in this company in 2010, recognised as an addition to the value of the concession, and the goodwill that arose in 2009 as a result of the merger of Grupo Ferrovial, S.A. and Cintra Concesiones de Infraestructuras de Transportes, S.A. Therefore, in order to obtain the consolidated carrying amount at Ferrovial, it is necessary to increase the 43.23% of shareholders' equity presented above (CAD -1,322 million) by the amount of the aforementioned gain and of the goodwill (CAD 2,672 million and CAD 1,319 million, respectively), giving a total of CAD 2,669 million which, translated at the year-end exchange rate (EUR 1 = CAD 1.4185), gives the investment of EUR 1,881 million.

Statement of profit or loss 2016-2015

The following table shows the changes in the statement of profit or loss of 407 ETR in the year ended 31 December 2016 with respect to 2015:

407 ETR (100%) CAD million	2016	2015	Change 16/15
Operating income	1,135	1,002	132
Operating expenses	-150	-162	13
Gross profit from operations	985	840	145
Depreciation and amortisation	-105	-86	-19
Profit from operations	880	754	126
Financial result	-373	-327	-46
Profit before tax	507	427	80
Income tax	-134	-116	-18
Net profit	373	311	62
Profit attributable to Ferrovial (Millions of euros)	98	82	16

The main change in the statement of profit or loss relates to "Profit from Operations" (CAD +132 million) as a result of the increase in tolls and the increase in toll road traffic.

It must be stated that the profit attributable to Ferrovial also includes the depreciation and amortisation over the concession term of the

remeasurement recognised following the loss of control of the company as a result of the sale in 2010 mentioned above. Thus, EUR -19 million of depreciation and amortisation would have to be deducted from 43.23% of the local profit (CAD 161 million). Translating the resulting CAD 142 million by the average exchange rate (EUR 1 = CAD 1.4590) gives the EUR 98 million allocable to Ferrovial in 2016.

3.5.3. Other associates

See Appendix II for a detail of the associates, including their carrying amount accounted for using the equity method and their main aggregates.

The changes in 2016 in the investments in these companies were as follows:

2016 (Millions of euros)	Other
Balance at 31/12/15	116
Share of profits	41
Dividends received and equity reimbursed	-31
Exchange differences	1
Pensions	-18
Other	47
Balance at 31/12/16	156

The share of the profits includes most notably the contribution of the joint ventures of the Services Division (EUR 19 million), AGS Airports Holding (EUR 12 million), 407 East Development (EUR 5 million) and other associates (EUR 5 million).

Also, the dividends received relate to the Services Division (-EUR 23 million- arising mainly from the joint ventures of Amey, from FMM Company (Doha airport maintenance agreement) and from Calle 30), to the Toll Roads Division (-EUR 5 million- mainly 407 EDG) and to the Construction Division (-EUR 3 million- Poland). An impact of EUR -18 million was recognised relating to pension plans at AGS. The most noteworthy of the other impacts is the inclusion of Broadspectrum in the scope of the companies accounted for using the equity method (EUR 65 million).

The main company included in this balance is AGS Airports, which owns Aberdeen, Glasgow and Southampton airports. The carrying amount of AGS is EUR 251 million, the aggregate of the investment of EUR -2 million and the value of the participating loan recognised at EUR 253 million (see Note 3.6, Non-current financial assets). AGS was valued using an unlevered discount rate (Ku) of around 7.4% and evidences a significant buffer over its carrying amount. In addition, the analysts' average valuation stood at EUR 399 million, 1.6 times higher than AGS' carrying amount.

In addition to the companies mentioned above, there are other associates with a carrying amount of zero. Under IAS 28, if an investor's share of losses of an associate equals or exceeds its interest in the associate, the investor discontinues recognising its share of further losses, unless the investor has incurred legal or constructive obligations that make it necessary to recognise a liability for additional losses after the investor's interest is reduced to zero.

3.5.4. Other disclosures relating to companies accounted for using the equity method

There are no significant restrictions on the capacity of associates to transfer funds to the Parent in the form of dividends, debt repayments or advances other than such restrictions as might arise from the financing agreements of those associates or from their own financial situation, and there are no contingent liabilities relating to associates that might ultimately be assumed by the Group.

The most significant companies accounted for using the equity method in which the ownership interest is below 20% are Madrid Calle 30 and Amey Ventures Investment Limited (AVIL). The equity method is used because, although Ferrovial only has an indirect ownership interest of 10%, it has the power to appoint one member of the Board of Directors in the two cases and retains the capacity to block important decisions in matters that are not of a protective nature.

There are no significant companies in which the ownership interest exceeds 20% that are not accounted for using the equity method.

The guarantees granted by Group companies to companies accounted for using the equity method are detailed in Note 6.5.

The changes in this heading in the consolidated statement of financial position in 2015 were as follows:

2015 (Millions of euros)	HAH (25%)	407 ETR (43.23%)	Other	Total
Balance at 31/12/14	1,062	2,188	66	3,317
Share of profits	186	82	44	312
Dividends received and equity reimbursed	-90	-228	-19	-337
Exchange differences	41	-133	-2	-95
Other	14	0	26	40
Balance at 31/12/15	1,213	1,909	116	3,237

3.6. NON-CURRENT FINANCIAL ASSETS

The changes in “Non-Current Financial Assets” in the year ended 31 December 2016 were as follows:

Changes in 2016 (Millions of euros)	Non-current loans to associates	Restricted cash relating to infrastructure projects and other financial assets	Other long- term accounts receivable	Total
Balance at 01/01/16	411	261	83	755
Additions	52	153	-2	204
Disposals	-27	-112	-16	-154
Transfers and other	-17	-61	0	-78
Changes in the scope of consolidation	4	0	41	45
Exchange rate effect	-47	7	8	-32
Balance at 31/12/16	376	249	112	738

Note: balances presented net of allowances.

- “Long-Term Loans to Associates” includes mainly the loan granted to AGS amounting to EUR 253 million; participating loans to associates amounting to EUR 38 million (2015: EUR 38 million) and other ordinary loans to associates totalling EUR 85 million (2015: EUR 58 million).
- “Restricted Cash Relating to Infrastructure Projects and Other Financial Assets” relates primarily to deposits made at toll road concession operators, the use of which is limited to certain purposes established in the concession arrangement, such as payment of future investments or operating expenses and debt servicing. The additions relate mainly to two projects; LBJ Infrastructure Group for EUR 63 million and NTE Mobility Partners for EUR 62 million. The Note on Net cash position, provides detail on the main balances and changes recognised under this heading.
- Lastly, “Other Receivables” includes:
 - Trade accounts receivable by the Services Division from various public authorities, mainly municipal councils and autonomous community governments, which had been renegotiated at long term, amounting to approximately EUR 26 million (2015: EUR 25 million).
 - Other trade receivables, mainly from various public authorities in connection with long-term contracts, amounting to EUR 42 million (31 December 2015: EUR 51 million).
 - Long-term deposits and guarantees amounting to EUR 7 million (December 2015: EUR 6 million).
 - Available-for-sale financial assets of EUR 37 million relating to the Services Division. Specifically, this refers to a financial asset belonging to Broadpectrum, corresponding to non-controlling interests in certain companies.
 - The changes in these items in 2015, for information purposes, were as follows:

Changes in 2015 (Millions of euros)	Non-current loans to associates	Restricted cash relating to infrastructure projects and other financial assets	Other long- term accounts receivable	Total
Balance at 01/01/15	375	405	76	856
Additions	24	114	51	189
Disposals	0	-186	-9	-195
Transfers	-4	-102	-18	-124
Changes in the scope of consolidation	0	0	0	0
Exchange rate effect	16	31	-17	30
Balance at 31/12/15	411	261	83	754

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SECTION 4: WORKING CAPITAL

This section contains the Notes on current trade and other receivables (see Note 4.2), current trade and other payables (see Note 4.3) and inventories (see Note 4.1). The net balance of these items is called working capital.

Millions of euros	2015	Exchange rate effect	Changes in the scope of consolidation	Other	2016
Inventories	387	-5	26	108	516
Current trade and other receivables	2,320	-84	414	178	2,828
Current trade and other payables	-3,346	88	-380	-255	-3,893
TOTAL	-639	-1	60	31	-549

The increase in “Current Trade and Other Receivables” and “Current Trade and Other Payables” is due mainly to the inclusion of Broadspectrum (changes to the scope of consolidation), excluding the changes in the scope of consolidation and the exchange rate effect. The net change in working capital is EUR 31 million (see detail in Note 5.3).

The items detailed above include those arising from the recognition of Construction and Services revenue. It should be noted that, since there are differences between the billings made and the revenue recognised in the year as a result of the method used to recognise revenue from the majority of the contracts performed by these divisions (see Note 1.3.3.4), it is important to analyse the disclosures relating to contracts of this nature.

4.1. INVENTORIES

The detail of inventories at 31 December 2016 and 2015 is as follows:

(Millions of euros)	2015	Exchange rate effect	Changes in the scope of consolidation	Other	2016
Commercial inventories	246	-5	24	54	319
Raw materials and other supplies	98	-2	2	30	128
Precontract expenses and general fixtures	43	2	0	24	69
Inventories	387	-5	26	108	516

Of the commercial inventories recognised at 31 December 2016, EUR 239 million (2015: EUR 190 million) relate to the Real Estate business in Poland, of which EUR 100 million (2015: EUR 74 million) relate to land and building lots and EUR 139 million (2015: EUR 116 million) relate to property developments at different stages of completion.

EUR 100 million of raw materials and other supplies relate to the Construction Division, mainly at its subsidiaries in the US and Canada, amounting to EUR 49 million (2015: EUR 46 million), and Budimex, amounting to EUR 32 million (2015: EUR 13 million). In addition, at the end of 2016 EUR 27 million had been recognised in relation to the Services Division, mainly at its subsidiary Amey amounting to EUR 22 million (2015: EUR 25 million).

Lastly, as regards precontract expenses and general project fixtures, at 31 December 2016 EUR 66 million had been recognised, mainly in respect of the Construction Division (2015: EUR 42 million).

4.2. CURRENT TRADE AND OTHER RECEIVABLES

The detail of “Current Trade and Other Receivables” at 31 December 2016 and 2015 is as follows:

(Millions of euros)	2015	Exchange rate effect	Changes in the scope of consolidation	Other	2016
Trade receivables for sales and services	1,821	-64	456	-14	2,199
Other receivables	499	-20	-42	192	629
TOTAL RECEIVABLES	2,320	-84	414	178	2,828

a) Trade receivables for sales and services

The detail of “Trade Receivables for Sales and Services” at 31 December 2016 and 2015 is as follows:

Millions of euros	2015	Exchange rate effect	Changes in the scope of consolidation	Other	2016
<i>Trade receivables</i>	1,254	-6	267	-76	1,439
<i>Write-downs</i>	-283	2	-10	4	-287
Net trade receivables	971	-4	257	-72	1,152
<i>Amounts to be billed for work performed</i>	802	-65	215	71	1,023
<i>Write-downs</i>	-27	3	-35	-22	-81
Amounts to be billed for work performed, net	775	-62	180	49	942
Retentions	75	2	19	9	105
TRADE RECEIVABLES FOR SALES AND SERVICES	1,821	-64	456	-14	2,199

“Trade Receivables for Sales and Services” increased by EUR 378 million from EUR 1,821 million at 31 December 2015 to EUR 2,199 million at 31 December 2016. This change is explained fundamentally by:

- The main change arose as a result of changes in the scope of consolidation, noteworthy among which is the acquisition of Broadspectrum, contributing a balance on inclusion of EUR 394 million. Other important changes arising as a result of changes in the scope of consolidation relate to the inclusion of Pepper Lawson (EUR 43 million) and Siemsa (EUR 18 million).
- The exchange rate effect reducing this heading by EUR 64 million, mainly in relation to “Amounts to be Billed for Work Performed”, the change in which amounted to EUR 62 million. This reduction is a result mainly of the depreciation of the pound sterling against the euro, as explained in Note 1.4.

Also, at 31 December 2016 a total of EUR 60 million had been deducted from “Trade Receivables for Sales and Services” relating to assets derecognised as a result of factoring arrangements, since it was considered that they met the conditions stipulated in IAS 39.20 regarding the derecognition of financial assets. At 31 December 2015, no amount had been deducted in this connection.

Following is a detail, by type of debtor, of the main trade receivables:

	Construction		Services		Other and adjustments		Total	
Public sector	368	51%	888	58%	10	n/a	1,254	58%
Private-sector customers	241	33%	581	39%	41	n/a	875	39%
Group companies and associates	112	16%	53	3%	-96	n/a	70	3%
TOTAL	721	100%	1,522	100%	-45	n/a	2,199	100%

This detail shows that 58% of the Group's customers are public authorities and the rest are private-sector customers.

In order to manage credit risk relating to private customers, the Group has implemented pre- and post-contracting measures. Pre-contracting measures include the consultation of debtor registers, ratings, solvency studies, etc., while post-contracting measures during the execution of construction work include the follow-up of contractual incidents, non-payment events, etc.

The changes in the allowance for bad debts were as follows:

(Millions of euros)	2016	2015
Beginning balance	283	306
Changes in the scope of consolidation	9	0
Amounts charged to profit or loss	-1	-9
Charges for the year	22	22
Reversals	-22	-31
Amounts used	-4	-15
Exchange rate effect	-2	-1
Transfers and other	1	0
Ending balance	287	283

The provision recognised for Amounts to be billed for work performed amounts to EUR 81 million and relates to the Services business in the UK (EUR 57 million) and Australia (EUR 24 million).

Group management considers that the carrying amount of trade receivables approximates their fair value.

b) Other receivables

The detail of “Other Receivables” at 31 December 2016 and 2015 is as follows:

Millions of euros	2015	Exchange rate effect	Changes in the scope of consolidation	Other	2016
Advances to suppliers	127	-10	0	-20	97
Sundry accounts receivable	119	-2	37	5	159
Infrastructure project receivables	146	-6	-85	215	270
Receivable from public authorities	107	-2	6	-8	103
OTHER RECEIVABLES	499	-20	-42	192	629

“Sundry Accounts Receivable” includes mainly receivables not relating to normal business activities amounting to EUR 84 million (at December 2015: EUR 75 million). There are no items included in the change that are material taken individually.

Also, “Accounts Receivable Relating to Infrastructure Projects” includes current financial assets arising from the application of IFRIC 12 relating mainly to amounts receivable from public authorities in return for services rendered or investments made under a concession arrangement, as detailed in Note 3.3.

In this connection an infrastructure project receivable of Services UK amounting to EUR 175 million was reclassified from non-current to current, as mentioned in Note 3.3, Investments in infrastructure projects. “Changes in the Scope of Consolidation” includes the impact of the reclassification to “Assets Classified as Held for Sale” (see Note 1.2) of the Portuguese toll roads.

Lastly, “Receivable from Public Authorities” includes tax receivables from public authorities other than income tax receivables.

4.3. CURRENT TRADE AND OTHER PAYABLES

The detail of “Current Trade and Other Payables” at 31 December 2016 and 2015 is as follows:

(Millions of euros)	2015	Exchange rate effect	Changes in the scope of consolidation	Other	2016
Trade payables	1,995	-75	209	170	2,299
Amounts billed in advance for construction work	549	-6	21	0	565
Advances	337	-3	0	90	424
Other non-trade payables	464	-4	150	-5	605
TRADE AND OTHER PAYABLES	3,346	-88	380	255	3,893

a) Trade payables

The detail of the trade payables at 31 December 2016 and 2015 is as follows:

Millions of euros	2015	Exchange rate effect	Changes in the scope of consolidation	Other	2016
Trade payables	1,523	-74	198	172	1,819
Trade payables sent for reverse factoring	251	0	0	2	253
Retentions made from suppliers	221	-1	11	-4	227
TRADE PAYABLES	1,995	-75	209	170	2,299

The balance of “Trade Payables” increased by EUR 303 million compared to the balance recognised at 31 December 2015, mainly as a result of inclusions in the scope of consolidation, of which EUR 191 million related to Broadspectrum. The changes under “Other” relate to the increase in this item in construction activities in Poland and at Services UK, although the impact at the latter is mitigated as a result of changes in the pound sterling.

“Trade Payables” includes the balances payable to suppliers sent for reverse factoring (see Note 1.3.3.4 in Accounting policies) amounting to EUR 251 million (31 December 2015: EUR 253 million).

The carrying amount of the trade payables approximates their fair value.

b) Disclosure obligation in relation to payments to suppliers provided for in Additional Provision Three of Law 15/2010

In compliance with the obligation to disclose the average period of payment to suppliers provided for in Article 539 and Additional Provision Eight of the Spanish Limited Liability Companies Law (in accordance with the new wording of Final Provision Two of Law 31/2014 reforming the Spanish Limited Liability Companies Law), the Company hereby states that the average period of payment to the suppliers of all the Group companies domiciled in Spain in 2016 was 55 days.

Set forth below is the detail required by Article 6 of the Spanish Accounting and Audit Institute Resolution of 29 January 2016 in relation to the disclosures to be provided on the average period of payment to suppliers in the 2016 and 2015:

	2016 Days	2015 Days
Average period of payment to suppliers	55	48
Ratio of transactions settled	55	48
Ratio of transactions not yet settled	53	53

	Amount (euros)	Amount (euros)
Total payments made	1,108,783,232	1,007,118,250
Total payments outstanding	52,916,260	54,792,695

Reciprocal trade receivables and payables between Ferrovial Group companies are eliminated on consolidation and, accordingly, no balances payable to Group companies are presented in the consolidated statement of financial position. Therefore, the information shown in the foregoing table refers only to the Group's external suppliers, although it is hereby stated for information purposes that the average payment period between Group companies is normally 30 days.

c) Other non-trade payables

The detail of “Other Non-Trade Payables” is as follows:

(Millions of euros)	2015	Exchange rate effect	Changes in the scope of consolidation	Other	2016
Remuneration payable	151	6	132	-18	271
Accounts payable to public authorities	253	-10	20	11	274
Other payables	60	0	-2	2	60
OTHER NON-TRADE PAYABLES	464	-4	150	-5	605

“Remuneration Payable” relates to the employee remuneration earned but not paid during the year amounting to EUR 271 million. The change of EUR 131 million relates to the inclusion in the scope of consolidation of Broadspectrum.

Also, “Accounts Payable to Public Authorities” includes tax payables other than income tax, mainly VAT and employer social security taxes.

4.4. INFORMATION ON CONSTRUCTION CONTRACTS AND OTHER CONTRACTS UNDER WHICH THE RELATED REVENUE AND COSTS ARE RECOGNISED BY REFERENCE TO THE STAGE OF COMPLETION

Contract revenue associated with construction contracts and certain services contracts is recognised by reference to the stage of completion pursuant to IAS 11, as described in Note 1.3.3. Summary of the main accounting policies.

As indicated in that Note, the difference between the revenue recognised and the amounts actually billed to the customer is analysed systematically on a contract-by-contract basis. If the amount billed is lower than the revenue recognised, the difference is recognised as an asset under “Trade Receivables for Sales and Services - Amounts to Be Billed for Work Performed” (see Note 4.2), whereas if the amount of revenue recognised is lower than the amount billed, a liability is recognised under “Current Trade and Other Payables - Amounts Billed in Advance for Construction Work”.

Also, in certain construction contracts “advances” are agreed upon that are paid by the customer when work is commenced on the contract, the balance of which is offset against the various progress billings as the contract work is performed (these balances are recognised under “Trade Payables” in liabilities in the consolidated statement of financial position - see Note 4.3-a).

In contrast to the advances, in certain contracts the customer retains a portion of the price to be paid in each progress billing to guarantee the satisfaction of certain obligations under the contract. These “retentions” are not reimbursed until the contract is definitively settled (these balances are recognised under “Trade Receivables for Sales and Services” in assets in the consolidated statement of financial position (see Note 4.2).

Unlike “Amounts to Be Billed for Work Performed” and “Amounts Billed in Advance for Construction Work”, the “advances” and “retentions” are balances that will have an impact on future cash flows, since in the case of the “advances” a lower amount will be collected in the future as the advances are discounted from the progress billings, whereas the “retentions” will give rise to higher collections in the future, since the customer will reimburse the related amounts as and when the contract work is settled.

The detail of the amounts recognised in this connection at 31 December 2016 and 2015 is as follows:

(Millions of euros)	2015	Exchange rate effect	Changes in the scope of consolidation	Others	Transfers	2016
Amounts to be billed for works performed (Note 4.2. a)	775	-62	179	50	0	942
Amounts billed in advanced for construction work	-549	4	-94	0	75	-565
Contracts accounted for by reference to the stage of completion, net	226	-58	85	50	75	377
Retentions (Note 4.2. a)	75	2	19	9	0	105
Advances	-240	0	0	-50	0	-291
Amount net of advances and retentions	-165	2	19	-41	0	-186

The main impacts under this heading are due to the inclusion in the scope of consolidation of Broadspectrum, which represents an increase in “Amounts to Be Billed for Work Performed” (EUR 167 million), in “Amounts Billed in Advance for Construction Work” (EUR 83 million) and in “Retentions” (EUR 4 million).

Within “Amounts to be Billed for Work Performed”, three types of balances must be defined.

- Balances relating to modifications and claims (see Note 1.3.3.4 for the definition), for approximately EUR 90 million, which have not yet been approved by the customer and on which revenue of EUR 23 million was recognised in 2016. These amounts were recognised as assets using the probability criteria established in IAS 11. As indicated in Note 1.3.1, since following the entry into force of the new revenue recognition standard, IFRS 15, customer approval is required, this amount will foreseeably be adjusted against reserves at the date of first-time application. The estimated impact on reserves arising from this adjustment is EUR 60 million, including the tax effect (section (ii) in the Note on IFRS 15).
- Balances relating to contracts recognised by the input method. In this case, the revenue will depend on the advance on costs and the expected margin for the end of the contract. During the contract, the revenue recognised could differ from the amounts billing to the customer, but at the end, will be the same. The estimated balance is approximately EUR 230 million. A portion of these balances will be subject to adjustment due to the application of IFRS 15, arising from the identification of various performance obligations, the allocation of the price thereof and the change of revenue recognition method in certain contracts, as explained in Note 1.3.1. b). The estimated impact on reserves arising from these adjustments is approximately EUR 100 million, including the tax effect (sections (i) and (iii) in the Note on IFRS 15).
- Remaining balance of amounts to be billed for work performed, amounting to approximately EUR 620 million, which would relate to the difference between the date the projects covered by the principal contract are performed and the date the customer is billed for them (progress billings). This figure, in respect of the annual billing figure assignable to these balances, is approximately equal to one month’s billings.

SECTION 5: CAPITAL STRUCTURE AND FINANCING

The Notes in this section describe the changes in the financial structure of Ferrovial as a result of variations in equity (see Note 5.1) and in its consolidated net debt (see Note 5.2), taken to be the balance of cash and cash equivalents net of the financial debt, bank borrowings and debt securities, making a distinction between non-infrastructure project companies and infrastructure projects. They also describe the Group's exposure to the main financial risks and the policies for managing them (see Note 5.4), as well as the derivatives arranged in connection with those policies (see Note 5.5).

The equity attributable to the shareholders (see Note 5.1) decreased with respect to 2015, due to the impact of expense recognised directly in equity (arising from the exchange rate effect, pensions and derivatives) and to shareholder remuneration, which was offset in part by the increase in the consolidated net profit.

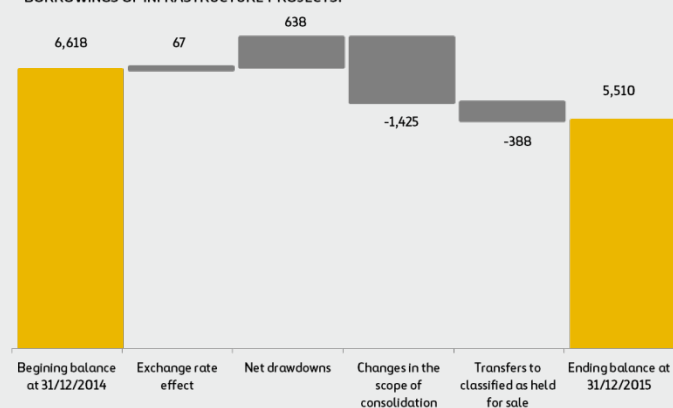
Equity attributable to the shareholders (Millions of euros)	
Beginning balance at 01/01/16	6,058
Net profit	376
Income and expense recognised directly in equity	-428
Transfers to profit or loss	141
Shareholder remuneration	-544
Other	-7
Ending balance at 31/12/16	5,597

The consolidated net debt of Ferrovial's non-infrastructure project companies is a positive net cash position of EUR 697 million, lower than it was at 31 December 2015 (EUR 1,514 million), mainly due to the effect of acquisition of Broadpectrum, with a total impact of EUR 934 million on the net cash position (EUR 499 million relating to the purchase price and EUR 435 million relating to the net cash position included on the acquisition date). The other changes are analysed through cash flows (see Note 5.3).

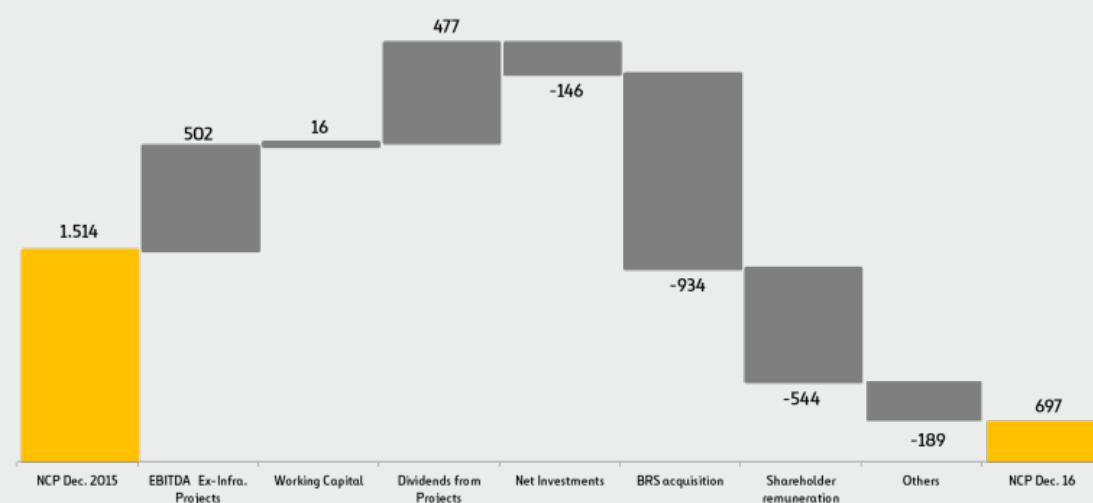
The consolidated net borrowings continue to make it possible to amply achieve the objective of maintaining an investment grade rating, where the Company considers a relevant metric a ratio, for non-infrastructure projects, of net debt (gross debt less cash) to gross profit from operations (EBITDA) plus dividends from projects of no more than 2:1. Ferrovial's rating remains unchanged at BBB.

There was a drop in the gross borrowings of infrastructure projects, due largely to the exclusion from consolidation of the SH-130 toll road, as discussed in Note 1.3, and the reclassification of the liabilities of the Portuguese toll roads to "Liabilities Classified as Held for Sale".

BORROWINGS OF INFRASTRUCTURE PROJECTS:



NET CASH POSITION NON-INFRASTRUCTURE PROJECT COMPANIES:



5.1. EQUITY

5.1.1 Changes in equity

The detail of the main impacts net of taxes that affected the changes in equity in 2016 and which explain the changes in equity in the period from December 2015 to December 2016 is as follows:

2016 (Millions of euros)	Attributable to the shareholders	Attributable to non- controlling interests	Total equity
Equity at 31/12/15	6,058	483	6,541
Consolidated profit for the year	376	7	383
Impact on reserves of hedging instruments	-80	-74	-154
Impact on reserves of defined benefit plans	-203	0	-203
Translation differences	-144	66	-78
Income and expense recognised directly in equity	-428	-8	-435
Amounts transferred to profit or loss	141	0	141
TOTAL COMPREHENSIVE INCOME	89	-1	88
Scrip dividend/other dividends	-226	-25	-252
Treasury share transactions	-317	0	-317
REMUNERATION OF SHAREHOLDERS	-544	-25	-569
Capital increases/reductions	0	45	45
Share-based payment	-17	0	-17
Other changes	10	215	225
OTHER TRANSACTIONS	-7	260	253
Equity at 31/12/16	5,597	717	6,314

Following is a description of the main changes in shareholders' equity in 2016, which gave rise to a reduction of EUR 461 million in equity attributable to the shareholders.

The profit for the year attributable to the Parent totalled EUR 376 million.

The income and expense recognised directly in equity relate to:

- Hedging instruments: recognition of the changes in value of the effective portion of derivatives qualifying for hedge accounting (see Note 5.5), the impact of which was EUR -80 million.
- Defined benefit plans: this item includes the impact on equity of actuarial gains and losses arising from adjustments and changes to the Group's defined benefit plan assumptions, as described in Note 6.2, which had an impact for the Parent of EUR -203 million net of taxes (EUR -130 million at fully consolidated companies (Amey) and EUR -73 million at the companies accounted for using the equity method (HAH/AGS)).
- Translation differences: the currencies in which Ferrovial has the greatest exposure in terms of its equity (mainly the Canadian dollar and the pound sterling), as detailed in Note 5.4, performed

in opposite ways in 2016, giving rise to translation differences of EUR -144 million attributable to the Parent. Thus, the depreciation of the pound sterling, exacerbated by the Brexit effect, had a negative effect of GBP -358 million: The appreciation of the Canadian dollar gave rise to translation gains of EUR 130 million. The impact of the other currencies was EUR 85 million (EUR 45 million relating to changes in the US dollar, EUR 13 million to changes in the Australian dollar, EUR 13 million to changes in the Chilean peso and EUR 14 million to changes in other currencies).

Amounts transferred to profit or loss:

- Amounts transferred to profit or loss: this relates to the transfer to profit or loss of translation differences relating to the exclusion from consolidation of the SH-130 toll road (EUR 15 million) and to the transfer to profit or loss of fair value changes in derivatives and translation differences relating to the sale of the Chicago Skyway toll road and the Eurolink M3 and M4/M6 toll roads (EUR 125 million). See Note 1.1.3, Changes in the scope of consolidation.

Remuneration of shareholders:

- Scrip dividend: for the third successive year, the shareholders at the Annual General Meeting of Ferrovial, S.A. held on 4 May 2016 approved a flexible shareholder remuneration scheme, whereby the shareholders can freely choose to receive newly issued shares of the Company by subscribing a capital increase against reserves or an amount in cash through the transfer to the Company (if they had not done so through the market) of the bonus issue rights corresponding to the shares held by them. As a result of this resolution, in 2016 two capital increases were performed with the following characteristics:
 - In May 2016 7,435,172 new shares were issued with a charge to reserves at a par value of EUR 0.20 per share, representing a capital increase of EUR 1 million, and EUR 94 million of bonus shares were purchased, representing a payment per share of EUR 0.311.
 - In October 2016 9,210,953 new shares were issued with a charge to reserves at a par value of EUR 0.20 per share, representing a capital increase of EUR 1 million, and EUR 133 million of bonus shares were purchased, representing a payment per share of EUR 0.408.
 - EUR -226 million are included in this connection in the foregoing table.
- Acquisition of treasury shares: the shareholders at the Annual General Meeting of Ferrovial, S.A. held on 4 May 2016 approved a treasury share purchase plan the objective of which was a subsequent capital reduction through the retirement of the shares purchased. This transaction is described in Note 5.1.2-c below.

As can be observed in the preceding table, the cash flow impact of the remuneration of shareholders in 2016 amounted to EUR 544 million (see Note 5.3), of which EUR 226 million related to the scrip dividend and EUR 317 million to treasury share transactions.

Other transactions:

- Capital increases corresponding to non-controlling interests: increase of EUR 45 million in the equity attributable to non-controlling interests, principally at the US North Tarrant Express Segments 3 toll road.
- Share-based remuneration schemes: in 2016 a total of 2,670,561 treasury shares were acquired, representing 0.36% of the share capital of Ferrovial and with a total par value of EUR 0.5 million, which were subsequently delivered, together with the treasury shares existing at the beginning of the year, to beneficiaries under share-based remuneration schemes. The total cost of acquisition of these shares was EUR 51 million and the result recognised on these transactions in the Company's equity amounts to EUR -17 million (EUR -13 million corresponding to share options, EUR -8 million to performance shares and EUR 4 million for other items).
- It should be noted, as discussed in Note 5.5, that the Company has arranged equity swaps in order to hedge against the possible impact on equity resulting from the exercise of the share-based remuneration schemes. These instruments gave rise to cash inflows of EUR 31 million and the changes in the fair value thereof had an impact on the financial result of EUR -18 million.

5.1.2. Components of equity

Following is an explanation of each of the equity items presented in the consolidated statement of changes in equity:

a) Share capital

At 31 December 2016, the share capital amounted to EUR 146,509,694.80 and had been fully subscribed and paid. The share capital is represented by 732,548,474 ordinary shares of a single class and with a par value of twenty euro cents (EUR 0.20) per share. The changes in 2016 detailed in the table below relate to the capital increase and reduction transactions described in the preceding paragraph:

Shares	Number	Par value
Beginning balance	732,211,074	146,442,214.80
Scrip dividend	16,646,125	3,329,225.00
Capital reduction	-16,308,725	-3,261,745.00
ENDING SHARES	732,548,474	146,509,694.80

At 31 December 2016, the only company with an ownership interest of over 10% was Rijn Capital BV, with 20.203% of the shares. This company is controlled by the Chairman of the Company's Board of Directors Rafael del Pino y Calvo Sotelo. The shares of the Parent are traded on the Spanish Stock Market Interconnection System (SIBE) and on the Spanish Stock Exchanges and all carry the same voting and dividend rights.

b) Share premium and merger premium

At 31 December 2016, the Company's share premium amounted to EUR 1,202 million, and the merger premium, which arose as a result of the merger of Grupo Ferrovial, S.A. with Cintra Concesiones de Infraestructuras de Transporte, S.A. (currently Ferrovial, S.A.) in 2009, totalled EUR 650 million. Both line items are considered to be unrestricted reserves.

c) Treasury shares

At 31 December 2015, 954,805 treasury shares were held. The following changes took place in 2016:

TRANSACTION PERFORMED / OBJECTIVE	NO. OF SHARES ACQUIRED	NO. OF SHARES USED FOR OBJECTIVE	TOTAL NO. OF SHARES
Balance at 31/12/15			954.805
Capital reduction	15,547,735	-16,308,725	-760,990
Discretionary shares and other	2,407,250	0	2,407,250
Compensation systems	2,670,561	-2,871,399	-200,838
Shares received as payment for the scrip dividend	374,947	0	374,947
Balance at 31/12/16			2.775.174

The shareholders at the Annual General Meeting of Ferrovial, S.A. held on 4 May 2016 approved a treasury share purchase plan for a maximum amount of EUR 275 million the objective of which was a subsequent capital reduction through the retirement thereof. As a result of this resolution, in 2016 15,547,735 shares were acquired at an average price of EUR 17.7 per share, giving rise to a payment totalling EUR 275 million. Subsequently, it was resolved to reduce capital by 16,308,725 shares, giving rise to a capital reduction of EUR 3 million and an impact of EUR -291 thousand, which was recognised against unrestricted reserves (merger premium) and related to the difference between the acquisition price and the par value of the retired shares. 2,407,250 treasury shares with a value of EUR 42 million were also acquired. Thus, treasury shares totalling EUR 317 million were acquired.

The fair value of the treasury shares held by Ferrovial at 31 December 2016 (2,775,174 shares) was EUR 47 million.

d) Valuation adjustments

"Valuation Adjustments" in the consolidated statement of changes in equity, the balance of which at 31 December 2016 was EUR -1,092 million, includes mainly the accumulated amount in reserves of the valuation adjustments made to derivatives (EUR -690 million), pension plans (EUR -563 million) and translation differences (EUR -135 million).

As regards the requirements of IAS 1 in relation to the disclosure of "income and expense recognised directly in equity", it is important to note that the only items that under the related accounting legislation may not be transferred in a future period to profit or loss are the valuation adjustments relating to pension plans.

f) Retained earnings and other reserves

This line items includes prior years' retained earnings and other reserves totalling EUR 4,731 million (2015: EUR 4,567 million). The other reserves include restricted reserves of the Parent, relating mainly to the legal reserve of EUR 29 million.

Adjustments relating to share-based remuneration schemes are also recognised under this heading.

g) Proposed distribution of profit

It is planned for the Board of Directors to propose to the Company's duly convened Annual General Meeting that the profit of FERROVIAL, S.A. be distributed as follows:

(Millions of euros)	Amount
Profit of FERROVIAL, S.A. (euros)	62,893,105.96
Distribution (euros)	
To voluntary reserves (euros)	62,893,105.96

The legal reserve has reached the legally required minimum.

h) Non-Group companies with significant ownership interests in subsidiaries

At 31 December 2016, the non-controlling interests in the share capital of the most significant fully consolidated Group companies were as follows:

Ferrovial Group subsidiary	Non-Group %	Non-Group shareholder
Toll Roads		
Autopista Terrasa-Manresa, S.A.	23.72%	Acesa (Autopista Concesionaria Española, S.A.)
Autopista del Sol, C.E.S.A.	20%	Unicaja
LBJ Infrastructure Group Holding LLC	26.4576%-15.9424%-6.6%	LBJ Blocker (APG)- Meridiam Infr. S.a.r.l. (MI LBJ)- Dallas Police and Fire P.S.
NTE Mobility Partners Holding, LLC	33.33% - 10%	Meridiam Infrastructure S.a.r.l. - Dallas Police and Fire Pension System
NTE Mobility Partners SEG 3 Holding LLC	28.8399%-17.4949%	NTE Segments 3 Blocker, Inc. (APG) - Meridiam Infrastructure NTE 3A/3B LLC
Construction		
Budimex S.A.	6.7%-34.2%	AVIVA OFE Aviva BZ WBK (listed on the stock exchange)

The main financial statement aggregates of the most significant Group companies in which other shareholders own interests are as follows (data in 100% terms):

2016 (Millions of euros)	Assets	Liabilities	Equity	Net cash position	Net profit (loss)
Autema	1,166	333	833	5	56
Autopista del sol	791	703	87	(490)	(5)
LBJ Express	2,421	1,943	477	(1,374)	(42)
NTE Mobility Partners, LLC	1,969	1,662	307	(979)	(19)
NTE Mobility Partners Segment 3 LLC	719	453	266	(507)	-
Budimex	1,314	1,084	230	592	92

The main changes in "Equity Attributable to Non-Controlling Interests" in 2016 were as follows:

Company	Balance at 31/12/15	Profit or loss	Derivatives	Translation differences	Dividends	Capital increase	Other impacts	Balance at 31/12/16
Autopista Terrasa Manresa	149	13	-6	0	0	0	0	156
Autopista del Sol	-3	-1	0	0	0	1	0	-3
LBJ Infrastructure Group	248	-21	0	7	0	0	0	234
NTE Mobility Partners	138	-8	0	4	0	0	0	133
NTE Mobility Partners Segments 3 LLC	84	0	0	4	0	43	-7	123
Budimex	54	38	0	-2	-19	0	0	70
Other	-186	-14	-67	54	-6	1	222	4
TOTAL	483	7	-73	66	-25	45	215	717

Worthy of note, in addition to the changes arising from the profit or loss for the year, derivatives, translation differences, dividends and capital increases, was the impact of the exclusion from consolidation in the year of the SH-130 toll road (EUR 28 million) and the sales of the Chicago Skyway toll road (EUR 213 million) and the Irish toll roads (EUR 4 million), as described in Note 1.1.3, Changes in the scope of consolidation. Also, "Equity Attributable to Non-Controlling Interests" decreased (EUR -26 million) as a result of the increased ownership interest in the Portuguese toll roads. These effects are included in the "Other Impacts" column

5.2. CONSOLIDATED NET DEBT

In order to present an analysis of the Group's net debt position, the following table contains a breakdown of the net cash position, distinguishing between infrastructure project companies and the other companies. The net cash position is understood to be the balance of the items included under "Cash and Cash Equivalents", together with restricted cash classified at long term relating to the infrastructure

projects, less financial debt (bank borrowings and debt securities) at short and long term.

Also, the net cash position includes cross-currency swaps with a positive value of EUR 83 million associated mainly with the Broad spectrum bonds, the positive impact of which amounts to EUR 68 million. The derivatives are accounted for in this way because they are associated in

full with the aforementioned borrowings and the related exchange rate effect is netted off therefrom.

Millions of euros	31/12/16						Total
	Bank borrowings/ Bonds	Cross currency swaps	Cash and cash equivalents	Long-term restricted cash	Net borrowing position	Intra-Group balances	
Non-infrastructure project companies	-2,667	83	3,301	0	717	-20	697
Infrastructure projects	-5,510	0	277	249	-4,983	20	-4,963
Total consolidated net debt	-8,185	83	3,578	249	-4,266	0	-4,266

The change in the year in consolidated net debt, which improved from EUR -4,542 million to EUR -4,266 million, amounted to EUR 276 million (see Note 5.3).

Millions of euros	31/12/15						Total
	Bank borrowings/Bonds	Cross-currency swaps	Cash and cash equivalents	Long-term restricted cash	Net borrowing position	Intra-Group balances	
Non-infrastructure project companies	-1,464	0	2,973	0	1,509	6	1,514
Infrastructure projects	-6,618	0	306	261	-6,051	-6	-6,057
Total consolidated net debt	-8,082	0	3,279	261	-4,542	0	-4,542

5.2.1. Infrastructure projects

a) Cash and cash equivalents and restricted cash

Infrastructure project financing agreements occasionally impose the obligation to arrange certain restricted accounts to cover short-term or long-term obligations relating to the repayment of the principal or interest on the borrowings and to infrastructure maintenance and operation.

Restricted cash is classified as short-term or long-term depending on whether it must remain restricted for less than or more than one year. In any event, these funds are invested in highly-liquid financial products earning floating interest. The type of financial product in which the funds may be invested is also restricted by the financing agreements or, where no restrictions are stipulated, the decision is made on the basis of the Group's policy for the placement of cash surpluses.

Short-term balances, which amount to EUR 62 million (31 December 2015: EUR 36 million), are recognised under "Cash and Cash Equivalents" in the consolidated statement of financial position whereas long-term balances, of EUR 249 million (31 December 2015: EUR 261 million), are classified as financial assets. Therefore, the restricted cash at 31 December 2016 amounted to EUR 311 million (December 2015: EUR 297 million), including both long- and short-term amounts. Accordingly, there was a net change of EUR 15 million, due to:

- The transfer of the restricted cash (EUR -48 million) of the Portuguese toll roads Norte Litoral and Euroscut Algarve to "Assets Classified as Held for Sale" (see Note 1.2).
- Drawdowns of EUR 58 million (excluding the exchange rate effect), mainly at Autopista del Sol C.E.A.S.A. (EUR 24 million), in connection with the obligations arising from the refinancing carried out in 2016 (see point b) below); and the Amey Group (EUR 21 million) as more financing was arranged.
- The exchange rate effect had a positive impact of EUR 5 million (see Note 1.4).

The other cash and cash equivalents relate to bank accounts and highly-liquid investments subject to interest rate risk.

b) Infrastructure project borrowings

b.1) Breakdown by project, significant changes in the year and main characteristics of the borrowings

Following is a breakdown of the borrowings by project, distinguishing between bonds and bank borrowings, short- and long-term, and of the changes in the year.

Millions of euros	31/12/16			Change 16/15		
	Bonds	Bank borrowings	Total	Bonds	Bank borrowings	Total
Non-current maturities	1,790	3,520	5,310	437	-447	-10
US toll roads	1,294	1,937	3,231	38	-132	-94
Spanish toll roads	496	684	1,179	496	30	525
Portuguese toll roads	0	328	328	-97	-292	-390
Other toll roads		67	67	0	67	67
Construction		143	143	0	3	3
Services		362	362	0	-122	-122
Current maturity	6	194	200	5	-1,103	-1,097
Spanish toll roads	6	9	15	6	-461	-455
US toll roads		0	0	0	-735	-735
Other	0	184	184	-1	92	92
TOTAL	1,796	3,714	5,510	442	-1,550	-1,108

Millions of euros	31/12/15		Total
	Bonds	Bank borrowings	
Non-current maturities	1,353	3,967	5,320
US toll roads	1,256	2,069	3,325
Spanish toll roads		654	654
Portuguese toll roads	97	620	718
Other toll roads	0	0	0
Construction		140	140
Services		484	484
Current maturity	1	1,297	1,297
Spanish toll roads		470	470
US toll roads		735	735
Other	1	92	92
TOTAL	1,354	5,264	6,618

Infrastructure project borrowings decreased by EUR -1,108 million with respect to December 2015, due mainly to the following:

- In relation to the changes in the scope of consolidation, as indicated in Note 1.2., the reclassification of the Portuguese toll roads Norte Litoral and Euroscut Algarve had an impact of EUR -388 million.
- Also, the acquisition of Transchile Charrúa Transmisión, S.A. gave rise to the inclusion of its borrowings amounting to EUR 67 million (see Note 1.1.3).
- SH-130. As discussed in the consolidated financial statements as at 31 December 2015, as a result of the reduction in traffic with respect to initial forecasts, the US toll road SH-130 was in the process of restructuring its borrowings, as a result of which it entered into a waiver agreement with its financing banks. In 2016 the company filed for Chapter 11 insolvency, the US equivalent of insolvency proceedings, as part of which, on 5 December the judge approved the "Plan of reorganization" and the "Disclosure Statement" whereby the Group's departure from the shareholder structure through a share sale procedure was resolved. This gave rise to a loss of control over the toll road, as discussed in the changes in the scope of consolidation (see Note 1.1.3) the impact of which on the debt for accounting purposes was EUR -1,425 million.
- Additional drawdowns against the borrowings already arranged at the end of 2015 amounting to EUR 570 million, of which:
- EUR 191 million relate to the NTE-Segment 3 toll road, EUR 187 million relate mainly to the SH-130 toll road until the date of loss of control (see preceding paragraph), EUR 43 million to I-77 Mobility Partners LLC, and EUR 37 million to LBJ.
- With respect to the Spanish toll roads, the refinancing of the two stretches of the Autopista del Sol (Ausol I and Ausol II) concession was completed in 2016, as indicated in the notes to the consolidated financial statements for 2015. The amount of the new financial structure totalled EUR 558 million, without recourse to the shareholders (the main characteristics of the borrowings are summarised below), and was used to repay the existing financing. Thus, at 31 December 2016 borrowings amounted to EUR 541 million (nominal amount of EUR 546 million), a net increase of EUR 71 million on 2015, due largely to the conversion into debt of the value of the hedges existing at the refinancing date.
- In the Services Division EUR 40 million were drawn down mainly in relation to the Milton Keynes waste treatment plant (Amey).
- Increase in borrowings as a result of the depreciation of the euro against the US dollar (see Note 1.4), which increased the value of the borrowings by EUR 97 million, offset by the appreciation of the euro against the pound sterling associated with the UK projects amounting to EUR -30 million, giving rise to a net impact on infrastructure project borrowings of EUR 67 million at 31 December 2016.

US toll roads:

North Tarrant Express Managed Lanes - NTE

This project is financed through a USD 400 million issue of Private Activity Bonds (PABs) with final maturity in 2039 (USD 60 million bearing fixed interest at 7.50% of which EUR 29 million mature in 2030 and EUR 31 million in 2031 and USD 340 million bearing fixed interest at 6.875% with final maturity in 2039). It also has a TIFIA loan of USD

759.3 million bearing fixed interest at 4.52% (USD 650.0 million of principal and USD 109.3 million of interest added to the principal) granted by the US Federal Government, which was drawn down in full at 31 December 2016 and has a repayment profile from 2035 to final maturity in 2050.

NTE Mobility Partners Seg 3 LLC

In September 2013 the financial close of the concession arrangement for the extension of the North Tarrant Express (NTE) toll road in Texas was achieved. The borrowings for this project were structured through the issue of USD 274 million of Private Activity Bonds (PABs), maturing at 25 and 30 years (7.00% fixed interest on USD 128 million and 6.75% fixed interest on USD 146 million), and a TIFIA loan of USD 531 million bearing a fixed rate of 3.84%, against which USD 281.9 million had been drawn down at 31 December 2016 (USD 274.3 million of principal and USD 7.6 million of interest added to the principal), with final maturity in 2054.

LBJ

This concession operator is financed through a USD 615 million issue of PABs with final maturity in 2040 (7.00% fixed interest on USD 473 million, of which USD 419 million have final maturity in 2040 and USD 54.5 million in 2034; and 7.50% fixed interest on USD 142 million, of which USD 91 million have final maturity in 2032 and USD 51 million in 2033). LBJ also has a TIFIA loan of USD 850 million granted by the US Federal Government with a repayment profile from 2036 to 2050, against which USD 992.1 million had been drawn down at 31 December 2016 (USD 850.0 million of principal and USD 142.1 million of interest added to the principal). This loan bears interest at a fixed rate of 4.22% and has final maturity in 2050.

I-77 Mobility Partners

This concession operator is financed through a USD 100 million issue of PABs (5.00% fixed interest), of which USD 7 million have final maturity between 2026 and 2030, USD 13 million have final maturity in 2037 and 80 million have final maturity in 2054. It also has a TIFIA loan of USD 189 million against which USD 48.2 million had been drawn down at 31 December 2016 (USD 47.7 million of principal and USD 0.4 million of interest added to the principal). This loan bears interest at a fixed rate of 3.04% and has final maturity in 2053.

Spanish toll roads:

Ausol I and II

In March 2016 the refinancing of the toll road was obtained. The new borrowings were structured in the form of senior bonds and debentures for EUR 507 million maturing in 30 years with a coupon of 3.75% (EUR 351.5 million for AUSOL I and EUR 155.5 million for AUSOL II) and a junior loan of EUR 50.8 million maturing in 10 years with a fixed interest rate of 7% (EUR 35.2 million for AUSOL I and EUR 15.6 million for AUSOL II).

The outstanding borrowings at 31 December 2016 amounted to EUR 505 million of senior bonds and EUR 41 million of the junior loan.

Cintra Inversora Autopistas de Cataluña / A. Terrasa Manresa

Following the refinancing transaction in 2008 through a syndicated structuring arrangement, the company is now financed through a credit facility with a tranche A and a tranche B with limits of EUR 300 million and EUR 316 million, respectively, both bearing interest at 6-month EURIBOR of -0.176%+1.50%. Both tranches have been drawn down in full and have final maturity in 2035. The company has also been granted a liquidity line of EUR 80 million, against which it has drawn down EUR 42.8 million (bearing interest at 6-month EURIBOR of -

0.176%+1.50%). It should also be noted that this company has a derivative with a notional amount of EUR 606 million, a guaranteed interest rate of 4.735% and maturity in 2035. The fair value of the derivative arranged (recognised under “Derivative Financial Instruments at Fair Value”, see Note 5.5) was EUR -307.7 million at year-end.

Portuguese toll roads:

Euroscut Azores

Syndicated bank financing with final maturity in 2033, against which EUR 338.3 million had been drawn down at 31 December 2016 (bearing interest at 6-month EURIBOR of -0.178%+0.80%). In relation to these borrowings, the concession operator has arranged a derivative with a notional amount of EUR 292.1 million, a guaranteed fixed interest rate of 4.115% and maturity in 2033. The fair value of the derivative arranged (recognised under “Derivative Financial Instruments at Fair Value”, see Note 5.5) was EUR -91.4 million at year-end.

b.2) Maturities by currency and fair value of infrastructure project borrowings

(Millions of euros)	Currency	Fair value 2016	Fair value 2015	Carrying amount 2016	2016	2017	2018	2019	2020	2021 and subsequent years	Total maturities
Bonds of infrastructure projects		1,983	1,605	1,796	0	0	0	0	0	1,822	1,822
TOLL ROADS		1,983	1,605	1,796	0	0	0	0	0	1,822	1,822
	USD	1,481	1,507	1,294	0	0	0	0	0	1,317	1,317
	EUR	502	98	502	0	0	0	0	0	505	505
Bank borrowings of infrastructure projects		3,714	5,264	3,714						3,351	3,351
TOLL ROADS		2,965	4,593	2,965	6	8	12	15	17	2,954	3,011
	USD	1,937	2,804	1,937						1,973	1,973
	EUR	1,028	1,790	1,028	6	8	12	15	17	980	1,038
AIRPORTS		68	0	68	2	2	2	2	62	0	70
	USD	68	0	68	2	2	2	2	62	0	70
CONSTRUCTION		147	147	147	2	2	2	2	2	138	148
	EUR	147	147	147	2	2	2	2	2	138	148
SERVICES		534	524	534	20	174	26	26	32	259	537
	GBP	213	209	213	2	153	1	1	1	56	213
	EUR	321	315	321	18	21	25	25	31	204	323
TOTAL BORROWINGS OF INFRASTRUCTURE PROJECTS		5,697	6,869	5,510	29	186	41	45	114	5,173	5,588

- The differences between the total maturities of the bank borrowings (EUR 5,588 million) and the carrying amounts thereof at 31 December 2016 (EUR 5,510 million) are explained mainly by the difference between the nominal values and carrying amounts of the debts, as certain adjustments are made in accordance with applicable accounting legislation. Thus, the accrued interest payable and the application of the amortised cost method represent an impact of EUR 78 million, taking into account that the maturities of the borrowings do not include interest.

The fair value reflected in the table above is calculated as follows:

- For fixed-rate bonds, subject to changes in value due to fluctuations in market interest rates: since they are quoted in an active market, the related market value is used.
- For fixed-interest bank borrowings, also subject to changes in value due to fluctuations in rates: future cash flows are discounted using a market interest rate, calculated using an internal valuation model.
- Lastly, for floating-rate bank borrowings: no significant differences are deemed to exist between the fair value of the borrowings and their carrying amount and, therefore, the carrying amount is used.

b.3) Information on credit limits and credit drawable for infrastructure projects

Set forth below is a comparative analysis of borrowings not drawn down at year-end:

2016 Millions of euros	Debt limit	Amount drawn down	Amount drawable	Carrying amount of debt
Toll roads	5,242	4,833	409	4,760
US toll roads	3,667	3,290	377	3,231
Spanish toll roads	1,237	1,205	32	1,195
Other toll roads	338	338	0	335
Airports	70	70	0	68
Construction	164	148	16	147
Services	542	537	6	534
TOTAL BORROWINGS	6,018	5,588	430	5,510

2015 Millions of euros	Debt limit	Amount drawn down	Amount drawable	Carrying amount of debt
Toll roads	6,497	6,041	456	5,947
US toll roads	4,562	4,138	424	4,059
Spanish toll roads	1,161	1,129	32	1,124
Other toll roads	775	775	0	764
Airports	0	0	0	0
Construction	169	148	21	147
Services	568	532	36	524
TOTAL BORROWINGS	7,234	6,722	512	6,618

The differences between the total bank borrowings drawn down and the carrying amount of the related debt at 31 December 2016 are explained mainly by the difference between the nominal values and carrying amounts of the debts, as certain adjustments are made in accordance with applicable accounting legislation (basically accrued interest payable and the application of the amortised cost method, which are detailed in point b.2 above).

Of the EUR 430 million drawable (31 December 2015: EUR 512 million), EUR 377 million relate mainly to amounts not drawn down against borrowings that were obtained to finance toll roads under construction in the US. It should be noted that this drawable amount is associated exclusively with the projects, based on the nature and performance thereof, as discussed below.

b.4) Guarantees and covenants for infrastructure project borrowings

The borrowings classified as project borrowings are without recourse to the shareholders of the projects or with recourse limited to the guarantees provided. The guarantees provided by subsidiaries of Ferrovial in connection with the borrowings of these projects are described in Note 6.5, Contingent liabilities. Bridge loans granted to infrastructure project companies prior to subsequent capital increases to be subscribed by the shareholders and guaranteed in full by the latter (equity bridge loans) are classified as borrowings of non-infrastructure project companies (see Note 5.2.2. below).

At 31 December 2016, all the toll road concession operators were achieving the significant covenants in force, except for the SH-130 toll road. As discussed in point b.1 above, the toll road is in insolvency proceedings, and expects an effective exit therefrom in the first quarter of 2017.

5.2.2. Net cash position excluding infrastructure projects

a) Borrowings of non-infrastructure project companies

a.1) Breakdown between current and non-current borrowings, changes in the year and main characteristics

(Millions of euros)	2016			Change 16/15		
	Non-current maturities	Current maturity	Total	Non-current maturities	Current maturity	Total
Corporate debt	2,044	29	2,073	745	1	746
Broad spectrum borrowings	395	12	407	395	12	407
Other borrowings	43	61	103	-36	2	-34
TOTAL BORROWINGS EXCLUDING INFRASTRUCTURE PROJECTS	2,481	102	2,584	1,105	14	1,119

2015 Millions of euros	Non-current maturities	Current maturity	Total
Corporate debt	1,298	29	1,327
Broad spectrum borrowings	0	0	
Other borrowings	78	59	138
TOTAL BORROWINGS EXCLUDING INFRASTRUCTURE PROJECTS	1,376	88	1,464

a.1.1) Corporate debt

The corporate debt comprises the following debt instruments:

- a) On the one hand, the debt consists of four corporate bonds totalling EUR 1,824 million at 31 December 2016 (31 December 2015: EUR 1,327 million). The characteristics of these bonds are as follows:

Issue date	Amount (nominal) (millions of euros)	Maturity	Annual coupon
30/01/13	500	30/01/18	3.375%
07/06/13	500	07/06/21	3.375%
15/07/14	300	15/07/24	2.500%
09/09/16	500	09/09/22	0.375%

The bonds issued in 2013 are traded on the secondary market of the London Stock Exchange, while those issued in 2014 and 2016 are admitted to trading on the Spanish AIAF fixed-income market. All these issues are guaranteed by Ferrovial S.A., the Parent of the Group. It must be stated that interest rate derivatives arranged in relation to the corporate bonds with a notional amount of EUR 250 million convert the fixed interest rate into a floating one, see Note 5.5.

- b) On the other hand, the Group has a liquidity facility, negotiated in 2014 with a series of creditor banks, with a current limit of EUR 1,250 million (31 December 2015: EUR 1,250 million), against which a nominal amount of USD 279 million was drawn down in 2016, which matures on 26 March 2021. The foreign currency and interest rate risks on these borrowings were hedged using the cross currency swaps described in Note 5.5, guaranteeing a hedged notional amount of EUR 250 million at a fixed interest rate of -0.4390%, thus giving rise to revenue for the Group.

Also, the Group has other facilities negotiated in 2015 with a current limit of EUR 20 million (31 December 2015: EUR 10 million).

The interest rate negotiated is tied to EURIBOR plus a spread based on the average rating assigned to the borrowings of Ferrovial S.A., the Parent of the Group.

Information on the credit limits and credit drawable of the corporate debt

The detail of the limits and the amounts drawable of the corporate debt at 31 December 2016 and at 31 December 2015 is as follows:

(Millions of euros)	2016			Consolidated debt
	Debt limit	Amount drawn down	Amount drawable	
Bonds	1,800	1,800	0	1,808
Syndicated facility	1,250	250	1,000	264
Other facilities	20	0	20	0
TOTAL CORPORATE DEBT	3,070	2,050	1,020	2,073

(Millions of euros)	2015			Consolidated debt
	Debt limit	Amount drawn down	Amount drawable	
Bonds	1,300	1,300	0	1,327
Syndicated facility	1,250	0	1,250	0
Other facilities	10	0	10	0
TOTAL CORPORATE DEBT	2,560	1,300	1,260	1,327

Corporate rating

The financial rating agencies Standard & Poor's and Fitch issued their opinions on the credit rating of Ferrovial's corporate debt at December 2016, which was assigned ratings of BBB and BBB, respectively, with a stable outlook, and, therefore, came under the "investment grade" category.

a.1.2) Broadspectrum borrowings

As mentioned in Note 1.1., in 2016 shares of Broadspectrum were acquired for EUR 499 million, as a result of which both the assets and the liabilities of this company were included in the Group's consolidated financial statements. The detail of the company's financial structure at 31 December 2016 is as follows:

Type of debt instrument	Limit (millions)	Amount drawn down (millions)	Balance (millions of euros)	Maturity	Interest rate
Bonds: High-yield bonds	USD 325	USD 325	273	2020	8.38%
Debentures: United States private placement (USPP)	USD 100	USD 100	95	2019	7.29% coupon
Syndicated loan	AUD 148 + USD 42 + NZD 32	AUD 36	25	2018	Ref. + 1.65%
Other borrowings	CLP 29,900 + CAD 25 + AUD 7 + NZD 5	CLP 1,400 + CAD 11	15	2016-2021	Between 3.98% and 4.05%
TOTAL BROADSPECTRUM BORROWINGS			407		

The high-yield bonds were issued on 13 May 2014 with an annual coupon of 8.375%. Certain cross-currency swaps have been arranged to convert the debt into a nominal amount equivalent to AUD 348 million at a floating rate.

The United States private placement (USPP) relates to long-term debentures issued without security to institutional investors. These debentures carry a coupon of 7.29%.

The syndicated loan comprises five revolving facilities denominated in various currencies other than the euro, which mature in July 2018. The applicable interest spread ranges between 1.30% and 2.65% depending on a ratio called the Total Leverage Ratio, which is the result of dividing net financial debt by cumulative EBITDA over the last twelve months.

Lastly, the other debt includes mainly the payables under finance leases and credit lines arranged with a series of banks totalling EUR 15 million at 31 December 2016.

The changes in the year associated with Broadspectrum's debt structure were as follows:

	Inclusion in scope of consolidation 31/05/16	Exchange rate effect	Other net change	31/12/16
Bonds: High-yield bonds	322	16	2	341
Debentures: United States private placement (USPP)	135	8	-47	95
Syndicated loan	85	0	-60	25
Other debt	43	5	-34	15
TOTAL BROADSPECTRUM BORROWINGS	585	29	-140	475
Cross-currency swaps	-68	0	0	-68
TOTAL BORROWINGS AFTER CURRENCY SWAPS	518	29	-140	407

It must be stated that the carrying amount of Broadspectrum's borrowings at 31 December 2016 includes a fair value adjustment made at 31 May 2016 (date of first-time consolidation) of EUR 40 million. To this end, the market price at that date was used for bonds traded on the market (the high-yield bonds) and, for the bonds not traded on the market (the USPP), the present value of the future flows discounted at a market interest rate was calculated. See point a.2) below for the calculation of the fair value of the bonds at 31 December 2016.

In relation to the changes in 2016, it should be noted that at the acquisition date of the company USD 150 million of USPP debentures had been issued. Of the USD 150 million, USD 50 million were settled at maturity on 29 December 2016. The EUR 95 million outstanding mature on 29 December 2019.

Furthermore, Broadspectrum's main sources of financing (USPP, syndicated loans and high-yield bonds) included a change in control clause, whereby the lenders could claim repayment as a result of the acquisition of the company. In this regard, at 31 December 2016 no repayment had been claimed in connection with the USPP (the deadline for which ended on 27 July) or the high-yield bonds. However, certain banks participating in the syndicated loan did submit claims, resulting in the repayment of EUR 60 million.

Lastly, mention must be made of the fact that Broadspectrum's total debt, except for the high-yield bonds, is guaranteed by assets of the aforementioned subgroup.

Information on Broadspectrum's credit limits and drawable credit

Set forth below is a comparative analysis of Broadspectrum's borrowings not drawn down at year-end:

(Millions of euros)	Debt limit	Amount drawn down	Amount drawable	Consolidated debt
High-yield bonds	238	238	0	273
USPP	95	95	0	95
Syndicated loan	161	25	137	25
Other borrowings	71	19	52	15
Total Broadspectrum	566	377	189	407

a.1.3) Other borrowings

“Other Borrowings” of EUR 103 million (31 December 2015: EUR 138 million) include mainly the bank loans and finance leases of the Construction and Services Divisions (excluding Broadspectrum of EUR 23 million, see point a.1.2. above). Thus, the non-infrastructure project companies have finance leases of EUR 31 million (31 December 2015: EUR 51 million), mainly in the Services and Construction Divisions.

With respect to the project finance bridge loans, in 2016 the project finance bridge loan for EUR 15 million existing at 31 December 2015 relating to the financing of the Milton Keynes waste treatment plant, was cancelled.

a.2) Maturities by currency and fair value of borrowings excluding infrastructure projects

Borrowings (millions of euros)	Currency	Fair value 2016	Carrying amount 2016	2017	2018	2019	2020	2021	2022 and subsequent years	Total maturities
Corporate debt		2,176	2,073	0	500	250	0	500	800	2,050
	EUR	2,176	2,073	0	500	250	0	500	800	2,050
Broadspectrum borrowings		455	407	0	25	95	248	2	7	377
	AUD	344	303	0	25	0	248	0	0	273
	USD	101	95	0	0	95	0	0	0	95
	CAD	7	7	0	0	0	0	0	7	7
	CLP	3	2	0	0	0	0	2	0	2
Other borrowings		104	104	15	1	7	8	10	24	65
	EUR	51	51	15	0	0	0	3	2	19
	GBP	12	12	0	0	1	3	0	9	12
	PLN	25	25	0	0	1	4	7	14	26
	OMR	9	9	0	0	0	0	0	0	0
	CLP	7	7	0	1	5	2	0	0	8
TOTAL BORROWINGS EXCLUDING INFRASTRUCTURE PROJECTS		2,735	2,584	15	526	352	256	512	832	2,492

The differences between the total maturities of borrowings and the carrying amounts of the debt at 31 December 2016 are explained mainly by the difference between the nominal values and carrying amounts of the debts, as certain adjustments are made in accordance with applicable accounting legislation (basically accrued interest payable and the application of the amortised cost method).

The fair value of bank borrowings excluding infrastructure projects coincides with the related carrying amount because the borrowings are tied to floating market interest rates and, therefore, changes in the benchmark interest rates do not affect their fair value.

Information on limits and amounts drawable – Other borrowings:

The detail of the limits and the amounts drawable of the other borrowings at 31 December 2016 and at 31 December 2015 is as follows:

Millions of euros)	2016			
	Debt limit	Amount drawn down	Amount drawable	Consolidated debt
Other borrowings	327	65	262	103

(Millions of euros)	2015			
	Debt limit	Amount drawn down	Amount drawable	Consolidated debt
Other borrowings	404	104	300	138

The differences between total bank borrowings and the carrying amount thereof at 31 December 2016 are explained mainly by the difference between the nominal values and carrying amounts of the debts, as certain adjustments are made in accordance with applicable accounting legislation.

Since the corporate bonds and the Broadspectrum bonds (high-yield bonds) are fixed-interest bonds traded on an active market, their fair value was taken to be the market price at the analysis date. In addition (as discussed in Note a.1.1. above), interest rate derivatives with a notional amount of EUR 250 million were arranged in relation to the corporate bonds, and cross-currency swaps were arranged at Broadspectrum converting the fixed rate associated with the bonds in US dollars into a floating rate in Australian dollars, with a notional amount of EUR 280 million (see Note 5.5). As regards the USPP bonds, since the bonds are not traded on the market, the present value of the discounted cash flows was calculated using a market interest rate.

Based on the aforementioned criteria, the estimated total fair value of bank borrowings and bonds excluding infrastructure projects was EUR 2,735 million at 31 December 2016 (31 December 2015: EUR 1,530 million).

The 2017 maturities amount to EUR 15 million and relate mainly to borrowings associated with Inagra, S.A. totalling EUR 11 million. The debt maturities do not include interest.

b) Cash and cash equivalents of non-infrastructure project companies

The method used to classify cash and cash equivalents at both short and long term is the same as that applied in the financial statements for 2015. The cash and cash equivalents correspond to bank accounts and highly liquid investments subject to interest rate risk. The changes therein are analysed in Note 5.3, Cash flow.

Also, at 31 December there were certain restricted accounts totalling EUR 37 million (31 December 2015: EUR 84 million) associated with the developments in progress of Budimex.

5.3. CASH FLOW

The consolidated statement of cash flows was prepared in accordance with IAS 7. This Note provides an additional breakdown in this connection. This breakdown is based on internal criteria established by

the Company for business purposes, which in certain cases differ from the provisions of IAS 7. The main criteria applied are as follows:

- In order to provide a clearer explanation of the cash generated, the Group separates cash flows into “Cash Flows Excluding Infrastructure Projects” where infrastructure project concession operators are treated as financial assets and the investments in the capital of these companies are therefore included in cash flows from investing activities and the yields from the investments (dividends and capital reimbursements) are included in cash flows from operating activities, and “Cash Flows of Infrastructure Projects”, consisting of cash flows from the operating and financing activities of infrastructure project concession operators.
- The treatment given to interest received on cash and cash equivalents differs from that in the statement of cash flows prepared in accordance with IAS 7, since this interest is included in cash flows from financing activities as a reduction of the amount recognised under “Interest Cash Flows”.
- Lastly, the statement of cash flows endeavours to present the changes in the net cash position as the net amount of borrowings, cash and cash equivalents and restricted cash. This method also departs from that established in IAS 7, which explains the changes in cash and cash equivalents.

December 2016	Note:	December 2016 (Millions of euros)			
		Cash flow excluding infrastructure projects	Cash flow of infrastructure projects	Eliminations	Consolidated cash flow
EBITDA (Gross profit from operations)	2.4	502	442	0	944
Dividends received	3.5	477	0	-50	427
Change in working capital (receivables, payables and other)	5.3	16	-68	0	-52
Cash flows from operating activities before tax		995	373	-50	1,319
Taxes paid in the year	2.8.1	-125	-23	0	-147
Cash flows from operating activities		870	351	-50	1,172
Investments	3.2, 3.3 & 3.4	-985	-388	72	-1,301
Disposals	1.1.3	340	0	0	340
Cash flows from investing activities		-645	-388	72	-961
Cash flows from operating and investing activities		226	-38	22	210
Interest cash flows	2.6	-48	-303	0	-351
Capital proceeds from non-controlling interests		2	122	-72	53
<i>Scrip dividend</i>		-226	0	0	-226
<i>Acquisition of treasury shares</i>		-317	0	0	-317
Remuneration of shareholders	5.1	-544	0	0	-544
Dividends paid to non-controlling shareholders of investees		-23	-50	50	-24
Exchange rate effect		-9	-111	0	-119
Change in the scope of consolidation	1.1.3	-440	1,702	0	1,262
Other changes in borrowings (not giving rise to cash flows)		18	-230	0	-212
Cash flows from financing activities		-1,043	1,131	-22	66
Change in net cash position	5.2	-817	1,093	0	276
Opening position		1,514	-6,057	0	-4,542
Final position		697	-4,963	0	-4,266

Changes in working capital (cash flow impact):

The variations in working capital disclosed in the foregoing table are the metric that explain the difference between the Group's EBITDA (Gross profit from operations) and its cash flows from operating activities before tax and arose from the difference between the timing of revenue and expenses for accounting purposes and the date on which the aforementioned revenue and expenses were transformed into cash, mainly due to changes in the balances of trade accounts receivable and payable to suppliers or other items in the consolidated statement of financial position. Thus a reduction in the balance of trade accounts receivable will give rise to an improvement in working capital and a reduction of the balance of payable to suppliers will give rise to a worsening of working capital.

The changes in this item do not exactly coincide with the changes in working capital (balance sheet) reported in Section 4 of the consolidated financial statements for the following reasons:

	Non-infrastructure project companies	Infrastructure projects and adjustments	TOTAL
Change in working capital (Balance Sheet). Section 4	118	-149	-31
Changes in working capital with an impact on cash flows from investing activities	-5	97	91
Changes in provisions with an impact on gross profit from operations or on working capital	-117	0	-117
Changes in other statement of financial position items with an impact on cash flows from operating activities	20	-16	5
Total working capital reported in statement of cash flows	16	-68	-52

The cash flows reported in 2015 were as follows:

December 2015	Note:	December 2015 (Millions of euros)			
		Cash flow excluding infrastructure projects	Cash flow of infrastructure projects	Eliminations	Consolidated cash flow
EBITDA (Gross profit from operations)	2.4	580	447	0	1,027
Dividends received	3.5	477	0	-78	399
Change in working capital (receivables, payables and other)		-168	-67	0	-234
Cash flows from operating activities before tax		889	380	-78	1,191
Taxes paid in the year	2.8.1	-29	-31	0	-61
Cash flows from operating activities		860	349	-78	1,130
Investments		-374	-556	92	-839
Disposals	1.1	74	0	0	74
Cash flows from investing activities		-300	-556	92	-765
Cash flows from operating and investing activities		560	-208	13	366
Interest cash flows	2.6	-35	-309	0	-344
Capital proceeds from/payments to non-controlling interests		-1	212	-92	119
<i>Script dividend</i>		-267	0	0	-267
<i>Acquisition of treasury shares</i>		-265	0	0	-265
Remuneration of shareholders	5.1	-532	0	0	-532
Dividends paid to non-controlling shareholders of investees		-40	-83	78	-44
Exchange rate effect		-23	-498	0	-521
Other changes in borrowings (not giving rise to cash flows)		-47	2,691	0	2,644
Cash flows from financing activities		-678	2,014	-13	1,322
Change in net cash position	5.2	-118	1,806	0	1,688
Opening position		1,632	-7,862	0	-6,230
Final position		1,514	-6,057	0	-4,542

The differences discussed above relate to the following items:

- Changes in working capital with an impact on cash flows from investing activities. The working capital accounts reported in Section 4, especially the items payable to suppliers, can relate to transactions that do not affect cash flows from operating activities, such as non-current asset purchases.
- Changes in provisions with an impact on gross profit from operations or on working capital. These relate to the recognition/reversal of provisions with an impact on gross profit from operations, which does not have an impact on cash, or provisions used with a balancing entry in working capital accounts (see Note 6.3).
- Changes in other statement of financial position items with an impact on cash flows from operating activities. The changes in working capital reported in Section 4 reflect only movements in items included under "Current Trade and Other Receivables", "Current Trade and Other Payables" and "Inventories". In certain cases, operating income and expenses relate not only to items shown in working capital (current items) but also to certain items recognised as non-current assets and liabilities, such as non-current trade receivables and non-current payables to suppliers, or even to items in equity accounts such as transactions relating to share-based remuneration schemes.

5.4. MANAGEMENT OF FINANCIAL RISKS AND CAPITAL

The Group's activities are exposed to a variety of financial risks, particularly interest rate risk, foreign currency risk, credit risk, liquidity risk and equity risk. The policies adopted by the Group in managing these risks are explained in detail in the directors' report.

Following are specific data on the Group's exposure to each of these risks and an analysis of the sensitivity to a change in the various variables, together with a brief description of the management of each risk.

In addition, in view of the importance of the UK's Brexit decision, this Note includes a separate in-depth analysis of the impact it has had for Ferrovial with respect to the various financial risks and how these risks are being managed.

a. Exposure to interest rate risk

Ferrovial's business is subject to economic cycles and interest rate risk management is taken into consideration. When interest rates are low, these levels are guaranteed in the future at non-infrastructure project level. At infrastructure project level, the banks and rating agencies require a higher percentage of fixed-rate debt. These strategies are achieved by issuing fixed-rate debt or by arranging hedging financial derivatives, a detail of which is provided in Note 5.5, Derivative financial instruments at fair value. The aim of these hedges is to optimise the finance costs borne by the Group.

The accompanying table shows a breakdown of the Group's debt, indicating the percentage of the debt that is considered to be hedged (either by a fixed rate or by derivatives). Not all the assets are hedged (the case of cash and cash equivalents and long-term restricted cash associated with the debt).

Borrowings (Millions of euros)	2016			
	Total gross debt	% of debt hedged	Net debt exposed to interest rate risk	Impact on results of + 100 b.p.
Non-infrastructure project companies	2,584	77%	587	6
Toll roads	4,760	98%	97	1
Construction	147	93%	10	0
Services	534	66%	179	2
Airports	68	100%	0	0
Infrastructure projects	5,510	95%	285	3
TOTAL BORROWINGS	8,093	90%	871	9

Borrowings (Millions of euros)	2015			
	Total gross debt	% of debt hedged	Net debt exposed to interest rate risk	Impact on results of + 100 b.p.
Non-infrastructure project companies	1,465	78%	324	3
Toll roads	5,947	92%	466	5
Construction	147	93%	11	0
Services	524	94%	33	0
Infrastructure projects	6,618	92%	510	5
TOTAL BORROWINGS	8,083	90%	834	8

Also, it must be borne in mind that the results relating to companies accounted for using the equity method include the results corresponding to the 25% ownership interest in HAH and the ownership interest of 43.23% in 407 ETR. As indicated in Note 3.5, the two companies have a significant volume of debt, of which 80% (HAH) and 100% (407 ETR) is hedged against interest rate risk.

Based on the foregoing, at the fully consolidated companies, a linear increase of 100 basis points in the market yield curves at 31 December 2016 would increase the finance costs in the statement of profit or loss by an estimated EUR 9 million, of which EUR 3 million relate to infrastructure projects and EUR 6 million to non-infrastructure project companies, with a net impact on the profit attributable to Ferrovial of EUR -7 million.

It is also necessary to take into account changes in the fair value of the financial derivatives arranged, which are indicated in Note 5.5.

As regards these interest rate hedging instruments, a linear decrease of 100 basis points in the market yield curves at 31 December 2016 would, in the case of the effective hedges, have a net impact of EUR -266 million on the equity attributable to the Parent (EUR -161 million at companies accounted for using the equity method, EUR -98 million at fully consolidated companies and EUR -7 million at companies classified as held for sale).

b. Exposure to foreign currency risk

Ferrovial analyses the changes in both short- and long-term exchange rates, establishing monitoring mechanisms such as equilibrium exchange rates, which, together with the planned net exposure per currency for the coming years both for dividends receivable and equity contributions in new projects, enables it to define its hedging strategy. These hedges are established by using foreign currency deposits or arranging derivatives (see Note 11 for more details).

The following tables show, by type of currency, the values of assets, liabilities, non-controlling interests and equity attributable to the Parent at December 2016, adjusted by the aforementioned currency forwards corresponding to each currency:

Currency (Millions of euros)	2016			
	Assets	Liabilities	Equity attrib. to the Parent	Non-controlling interests
Euro	7,116	5,963	996	157
Pound sterling	3,736	1,866	1,869	1
US dollar	6,802	5,855	459	487
Canadian dollar	2,019	517	1,502	0
Australian dollar	1,814	1,441	373	0
Polish zloty	1,401	1,156	173	72
Chilean peso	247	123	124	0
Other	262	162	100	0
TOTAL GROUP	23,397	17,083	5,597	717

Note 1.4 contains a detail of the changes in the year in the closing exchange rates. As a result of these changes, the impact of translation differences on equity at 31 December 2016 was EUR -144 million for the Parent and EUR 66 million for non-controlling interests. Of the aforementioned EUR -144 million, EUR -358 million correspond to changes in the pound sterling, EUR 130 million to changes in the Canadian dollar, EUR 44 million to changes in the US dollar and EUR 40 million to changes in other currencies.

Also, Ferrovial has estimated that a 10% appreciation of the euro at year-end against the main currencies in which the Group has investments would have an impact on the Parent's equity of EUR -459 million, of which 45% would relate to the impact of the pound sterling and 36% to that of the Canadian dollar. This fluctuation in the value of the euro would have an impact on total assets of EUR -1,578 million, of which 48% would relate to the investments in US dollars, 26% to the investments in pounds sterling and 14% to the investments in Canadian dollars.

Also, the detail of the net profit attributable to the Parent by type of currency for 2016 and 2015 is as follows:

Currency (Millions of euros)	Net profit	
	2016	2015
Euro	204	186
Pound sterling	-76	266
US dollar	101	232
Canadian dollar	102	70
Australian dollar	-30	-4
Polish zloty	53	15
Chilean peso	-9	-10
Other	31	-36
TOTAL GROUP	376	720

Note 1.4 contains a detail of the changes in the average exchange rates for the year. In this regard, the impact of a 10% appreciation of the euro against the other currencies on the statement of profit or loss would have amounted to EUR -23 million.

c. Exposure to credit and counterparty risk

The Group's main financial assets exposed to credit risk or counterparty risk are as follows:

(Millions of euros)	2016	2015	Change 16/15
Investments in financial assets (1)	693.95	991.36	-297.41
Non-current financial assets	1,714.13	2,341.26	-627.13
Financial derivatives (assets)	-1.75	-267.48	265.73
Trade and other receivables	2,819.74	2,319.82	499.92

(1) Included in "Cash and Cash Equivalents".

In managing this risk, Ferrovial monitors on an ongoing basis the ratings of the various counterparties, establishing diversification criteria, minimum rating requirements for financial counterparties and customer credit risk monitoring and selection.

d. Exposure to liquidity risk

The Group has established the necessary mechanisms that reflect the cash generation and need projections, in order to guarantee solvency, in relation to both short-term collections and payments and obligations to be met at long term.

Non-infrastructure project companies

At 31 December 2016, cash and cash equivalents amounted to EUR 3,301 million (2015: EUR 2,973 million). Also, at that date undrawn credit lines totalled EUR 1,471 million (2015: EUR 1,560 million).

Infrastructure projects

At 31 December 2016, cash and cash equivalents (including short-term restricted cash) amounted to EUR 277 million (2015: EUR 306 million). Also, at that date undrawn credit lines amounted to EUR 430 million (2015: EUR 512 million), which were arranged mainly to cover committed investment needs.

e. Exposure to equity risk

Ferrovial is also exposed to the risk relating to the evolution of its share price. This exposure arises specifically in equity swaps used to hedge against risks of appreciation of share-based remuneration schemes, the detail of which is shown in Note 11 to these consolidated financial statements.

Since these equity swaps are not classified as hedging derivatives, their market value has an impact on profit or loss and, accordingly, a EUR 1 increase/decrease in the Ferrovial share price would have a positive/negative impact of EUR 3 million on the net profit of Ferrovial.

f. Exposure to inflation risk

Most of the revenue from infrastructure projects is associated with prices tied directly to inflation. This is the case of the prices of both the toll road concession contracts and the HAH airports accounted for using the equity method.

Therefore, a scenario of rising inflation would result in an increase the cash flow from assets of this nature.

Unlike the company's assets, from the accounting standpoint the derivatives arranged at HAH the objective of which is to convert fixed-rate borrowings into index linked debt are measured at fair value through profit or loss, since they are considered to be ineffective derivatives. In this regard, an increase of 100 b.p. throughout the inflation curve would have an effect on the net profit attributable to Ferrovial (in proportion to its percentage of ownership) of EUR -133 million.

Also, in the case of the toll road concession operator Autema, there is a derivative tied to inflation that is deemed to qualify for hedge accounting, in which an increase of 100 b.p. throughout the inflation curve would have an effect on reserves of EUR -115 million.

g. Capital management

The Group aims to achieve a debt-equity ratio that makes it possible to optimise costs while safeguarding its capacity to continue managing its recurring activities and the capacity to continue to grow through new projects in order to create shareholder value.

Ferrovial's objective with regard to financial debt is to maintain a low level of indebtedness, excluding infrastructure project debt, such that it can retain its investment grade credit rating. In order to achieve this target it has established a clear and adequate financial policy in which a relevant metric refers to a maximum ratio, for non-infrastructure projects, of net debt (gross debt less cash) to gross profit from operations plus dividends from projects of 2:1.

At 31 December 2015, the net cash position was positive (assets higher than liabilities) and, therefore, the difference with respect to the maximum debt-equity ratio established is very significant. For the purpose of calculating this ratio, "net debt excluding infrastructure projects" is defined in Note 5.2 and "gross profit from operations plus dividends" is the profit from operations before impairment losses, disposals and depreciation and amortisation of the Group companies other than infrastructure concession operators, plus the dividends received from infrastructure projects.

h. Impact of Brexit on financial risks

Ferrovial's UK exposure on the basis of the different financial and business variables is detailed in the following table.

(Millions of euros)	2016		
	Total Ferrovial	United Kingdom exposure	% of total
Sales	10.759	3.171	29,5%
Gross profit from operations	944	35	3,7%
Net profit	376	-76	-
Equity	5.597	1.425	25,5%
Valuation - analyst consensus	-	-	21%
Construction backlog	9.089	749	8%
Services backlog	24.431	11.898	49%
Airports managed	HAH (25%), ACS (50%)		

This section includes an in-depth analysis of the impact that Brexit has had for Ferrovial with respect to the various financial risks and how these risks are being managed. The risk section of the directors' report contains a comprehensive analysis of Brexit and how it may affect the Group's various business areas.

Exchange rate

The Brexit result prompted a sharp depreciation of the pound sterling against the euro and other currencies. At 31 December 2016, the pound sterling had fallen by 13.72% compared with the year-ago exchange rate. In order to hedge its foreign currency risk, Ferrovial has arranged hedges with a notional amount of GBP 380 million, which approximately cover the dividends it expects to receive on its UK assets over the next three years. However, since the assets denominated in

pounds sterling represent 33% of the value of shareholders' equity and 21% of the value estimated by analysts, a depreciation of the pound sterling has a significant impact on the value of Ferrovial. The depreciation of the pound had an effect of EUR -358 million on equity. On the other hand, a series of factors should be borne in mind which may counterbalance this risk, such as the fall in interest rates, which has a positive effect on the value of assets, the rise in inflation or the possible impact of the infrastructure plans or the ultimate construction of the third runway at Heathrow airport. It should also be noted that the depreciation of the pound sterling did not have a significant impact on the consolidated statement of profit or loss, insofar as the gross profit from operations generated in the United Kingdom was relatively small (accounting for 3.8% of the total) due to the problems experienced by Amey during the year, and Heathrow contributed a net loss due to the impact of the inflation index-linked derivatives.

Interest rate

Another of the effects of Brexit was a reduction in interest rates. This scenario may well persist in the medium term if the Bank of England continues to pursue its expansionary policy aimed at boosting the economy. Lower interest rates should entail a lower discount rate when measuring Ferrovial's businesses in the United Kingdom and, therefore, have a positive impact on their value. By contrast, the fall in interest rates resulted in a negative impact on equity due to the lower discount rate applied when measuring liabilities, which could give rise to increased future payment obligations in respect of pension plan deficits. The impact on Ferrovial's equity due to the increase in pension plan deficits in 2016 was EUR -203 million. In addition, the aforementioned reduction in interest rates affected the value of the interest-rate derivatives arranged by Heathrow, with a net impact on equity of EUR -21 million (EUR -2 million in reserves, EUR -19 million in profit or loss).

Inflation

Lastly, Brexit resulted in higher inflation expectations. Such an increase is positive for regulated businesses such as Heathrow airport, whose regulatory asset base (RAB) and charges are indexed to inflation. The Company does in fact index a portion of its borrowings to inflation, mainly through derivatives, and the change in value of these derivatives had a negative impact of EUR -110 million for Ferrovial in 2016 due to the higher inflation expectations. However, if these expectations are fulfilled, the increase in the value of the assets will significantly exceed the increase in value of the derivatives since the value of the borrowings indexed to inflation represents 48% of the regulatory asset base (RAB), the value of which is also indexed to inflation.

Operational activities

The operational risk arising from Brexit is described in the section dedicated to risks in the directors' report (integrated report).

5.5. DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE

a) Breakdown by type of derivative, changes, expiry dates and main features

The table below includes a detail of the fair values of the derivatives arranged at 31 December 2016 and 2015, as well as the maturities of the notional amounts to which the derivatives relate (maturities of notional amounts are shown as positive figures and already-arranged future increases are presented as negative amounts):

Type of instrument (Millions of euros)	Fair value		Notional maturities					TOTAL
	Balances at 31/12/16	Balances at 31/12/15	2017	2018	2019	2020	2021 and subsequent years	
ASSET BALANCES	450	430	410	147	378	345	436	1,716
Index linked swaps, Toll Roads	321	355	-2	-2	-3	-1	62	53
Interest rate swaps, Corporate	16	15	0	0	0	0	250	250
Cross-currency swaps, Corporate	16	0	0	0	250	0	0	250
Cross-currency swaps, Broad spectrum	82	0	0	0	0	308	0	308
Equity swaps (*)	0	43	0	0	0	0	0	0
Exchange rate derivatives, Corporate	5	7	287	0	0	0	0	287
Other derivatives	11	11	126	149	131	38	124	567
LIABILITY BALANCES	505	697	1,695	219	39	42	1,197	3,192
Interest rate swaps, Toll Roads	399	613	7	8	11	14	858	898
Equity swaps (*)	4	0	62	0	0	0	0	62
Cross-currency swaps, Broad spectrum	3	0	25	0	0	0	0	25
Exchange rate derivatives, Corporate	6	0	951	0	0	0	0	951
Other derivatives	93	84	650	211	28	28	339	1,256
NET BALANCES (LIABILITY)	-55	-267	2,105	365	417	387	1,633	4,908

The cash flows composing the fair value of the derivatives mature as follows:

Type of instrument (Millions of euros)	Fair value		Cash flow maturities					TOTAL
	Balances at 31/12/16	Balances at 31/12/15	2017	2018	2019	2020	2021 and subsequent years	
ASSET BALANCES	450	430	1	25	22	88	315	450
Index linked swaps, Toll Roads	321	355	-22	10	11	12	309	321
Interest rate swaps, Corporate	16	15	4	4	3	3	3	16
Cross-currency swaps, Corporate	16	0	5	7	4	0	0	16
Cross-currency swaps, Broad spectrum	82	0	5	3	2	72	0	82
Equity swaps (*)	0	43	0	0	0	0	0	0
Exchange rate derivatives, Corporate	5	7	5	0	0	0	0	5
Other derivatives	11	11	5	2	1	1	3	10
LIABILITY BALANCES	505	697	79	54	52	48	272	505
Interest rate swaps, Toll Roads	399	613	42	42	41	39	236	399
Equity swaps (*)	4	0	4	0	0	0	0	4
Cross-currency swaps, Broad spectrum	3	0	3	0	0	0	0	3
Exchange rate derivatives, Corporate	6	0	6	0	0	0	0	6
Other derivatives	93	84	24	12	11	9	36	93
NET BALANCES (LIABILITY)	-55	-267	-78	-30	-30	39	43	-55

(*) The items indicated are the main derivatives arranged by the Group that do not qualify for hedge accounting, as explained in this Note.

Following is a description of the main types of derivatives and of the most significant changes therein in 2016:

Toll Road Division derivatives

Interest rate swaps, Toll Roads

In order to hedge the interest rate risk in toll road infrastructure projects, the concession holders have arranged interest rate hedges on the projects' debt, establishing a fixed or increasing interest rate for a total notional amount of EUR 898 million at 31 December 2016. Overall, the fair value of these hedges increased from EUR -613 million at 31 December 2015 to EUR -399 million at 31 December 2016, due largely to:

- The derecognition of the derivative relating to the SH-130 toll road (EUR 150 million), following the exclusion of the SH-130 concession operator from the scope of consolidation, effective December 2016, as described in Note 1.1.3, Changes in the scope of consolidation.
- The reclassification of the derivative of Auto Estradas Norte to "Assets Classified as Held for Sale" for EUR 33 million (see Note 1.1.3, Changes in the scope of consolidation).
- The termination of the derivative of Autopista del Sol, as part of its refinancing process, with an impact on cash of EUR 59 million (impact on profit or loss in 2016 up to termination of EUR -11 million).

In general, since these derivatives are considered to be effective, the changes in their fair value are recognised in reserves, with an impact of EUR -8 million (EUR -3 million attributable to the Parent, after tax and non-controlling interests).

The changes in settlements and accruals gave rise to an impact of EUR -48 million on the financial result and a net cash outflow (excluding Ausol, which is mentioned above) of EUR 43 million. There were also translation differences of EUR -4 million.

Index linked swaps, Toll Roads

This item relates exclusively to Autema, which in 2008 arranged an index linked swap to hedge income variability, by means of which an annual CPI of 2.50% was fixed. This hedge, which was considered effective, had an impact of EUR -35 million on reserves (EUR -20 million after tax attributable to the Parent).

Corporate derivatives

Interest rate swaps, Corporate

In relation to the bond issues launched in 2013, the Group arranged interest rate derivatives for a notional amount of EUR 250 million expiring in 2021. Since they convert a portion of the fixed interest rate on the bonds into a floating interest rate, these derivatives constitute a partial fair value economic hedge of the aforementioned bond issues and they all qualify for hedge accounting.

Cross-currency swaps, Corporate

In September 2016 Ferrovial arranged cross-currency swaps to hedge a drawdown of borrowings in US dollars (see Note 5.2.2). The notional amount of these instruments is USD 279 million (EUR 250 million) and they expire in 2019.

Equity swaps

Ferrovial has arranged equity swaps in order to hedge against the possible impact on equity resulting from the exercise of the share-based remuneration schemes granted to its employees.

The modus operandi of these equity swap contracts is as follows:

- The calculation base is a given number of Ferrovial shares and a reference price, which is normally the market price of the share on the grant date.
- For the duration of the contract, Ferrovial pays interest equivalent to a given interest rate (EURIBOR plus a spread, to be applied to the result of multiplying the number of shares by the exercise price) and receives remuneration equal to the dividends corresponding to those shares.
- When the swap expires, if the share price has increased, Ferrovial will receive the difference between the market price and the reference price. If the share price has fallen, Ferrovial will pay the difference to the bank.

At 2016 year-end, these derivatives had a notional amount equivalent to 3.4 million shares, which, based on the exercise price of the equity swaps (the price at which they must be settled with the banks), represented a total notional amount of EUR 62 million.

Exchange rate derivatives, Corporate

These derivatives relate to Corporate hedges of foreign currency risk, the main aim of which is to protect against the volatility of future cash flows in foreign currencies (basically the pound sterling, the Australian dollar and the US dollar). Their notional value amounted to EUR 1,237 million at 31 December 2016, of which EUR 682 million relate to the US dollar, EUR 365 million to the Australian dollar, EUR 150 million to the pound sterling and EUR 40 million to the New Zealand dollar. They expire at short term.

Derivatives, Services Division

Cross-currency swaps, Broadspectrum

The Australian company Broadspectrum, which was acquired in 2016 (see Note 1.1.3, Changes in the scope of consolidation), contributes cross-currency swaps with a notional amount of EUR 333 million, which are hedging debt issues denominated in US dollars and Chilean pesos.

These instruments had a net value of EUR 79 million at 31 December 2016 (of which EUR 82 million relate to US dollar hedges and EUR -3 million to Chilean peso hedges).

b) Main effects on profit or loss and equity

The changes for accounting purposes in the main derivatives arranged by fully consolidated companies, detailing the fair values thereof at 31 December 2016 and 2015, and the impact on reserves, profit or loss and other statement of financial position items are as follows:

Type of instrument (Millions of euros)	Balance at 31/12/16	Balance at 31/12/15	Change	Impact on reserves (I)	Changes in the scope of consolidation (II)	Impact on profit or loss due to fair value changes (III)	Impact on financial result (IV)	Cash (V)	Exchange rate (VI)	Other impacts on equity or profit or loss (VII)	Total
Index linked swaps, Toll Roads	321	355	-34	-35	0	0	0	-6	0	7	-34
Interest rate swaps, Toll Roads	-399	-613	214	-8	183	-11	-48	103	-4	0	214
Interest rate swaps, Corporate	16	15	2	0	0	5	0	-4	0	0	2
Cross-currency swaps, Corporate	16	0	16	1	0	0	1	-3	0	16	16
Cross-currency swaps, Broadspectrum	79	0	79	-9	82	-2	7	-3	4	0	79
Equity swaps	-4	43	-47	0	0	-18	0	-31	0	2	-47
Exchange rate derivatives, Corporate	-1	7	-8	0	0	4	0	15	-37	10	-8
Other derivatives	-83	-74	-9	12	0	-2	-16	-39	47	-12	-9
TOTAL	-55	-267	212	-38	265	-24	-56	32	10	23	212

- Derivatives are recognised at market value at the arrangement date and at fair value at subsequent dates. Changes in the value of these derivatives are recognised for accounting purposes as follows:
- The changes in the year in the fair value of the derivatives that qualify for hedge accounting are recognised in reserves (column I).
- The derivatives relating to inclusions and exclusions from the scope of consolidation are presented as Changes in the scope of consolidation (column II).
- The changes in fair value of the derivatives that do not qualify for hedge accounting or that are considered to be held for speculative purposes are recognised as a fair value adjustment in Group profit or loss (column III) and are reflected separately in the statement of profit or loss.
- “Impact on Financial Result”** (column IV) reflects the impacts on the financial result due to financing arising from the interest flows accrued during the year.
- “Cash”** (column V) indicates net payments and collections during the year.
- The impact of the difference between closing exchange rates at December 2016 and 2015 is also presented separately (column VI).
- Lastly, **“Other Impacts”** shows the impacts on profit or loss from operations or other impacts not considered in the other columns (column VII).

c) Derivative measurement methods

All the Group's derivative financial instruments and other financial instruments carried at fair value are included in LEVEL 2 of the fair value measurement hierarchy, since although they are not quoted on regulated markets, the inputs on which their fair values are based are observable, either directly or indirectly.

Although the fair value measurements are performed by the Company using an internally developed valuation tool based on best market practices, they are in any event compared with the valuations received from the counterparty banks on a monthly basis.

Equity swaps are measured as the difference between the market price of the share on the calculation date and the unit settlement (strike) price agreed at inception, multiplied by the number of shares under the contract.

The other instruments are measured by quantifying the net future cash inflows and outflows, discounted to present value, with the following specific features:

- Interest rate swaps: the future cash flows with floating reference rates are estimated by using current market projections at the measurement date for each currency and settlement frequency; and each flow is updated using the market zero-coupon rate that is appropriate for the settlement period and currency in question at the measurement date.

- Index linked swaps: the future cash flows are estimated by projecting the future behaviour implicit in the market curves on the measurement date for each currency and settlement frequency, for both reference interest rates and reference inflation rates. As in the cases described above, the flows are discounted using the discount rates obtained at the measurement date for each flow settlement period and currency.
- Cross-currency swaps: the future cash flows with floating reference rates are estimated by using current market projections at the measurement date for each currency and settlement frequency; and each flow is updated using the market zero-coupon rate that is appropriate for the settlement period and currency in question at the measurement date, including the cross-currency basis spreads. The present value of the flows in a currency other than the measurement currency is translated at the spot exchange rate prevailing at the measurement date.
- Foreign currency derivatives: as a general rule, the future cash flows are estimated by using the exchange rates and market curves associated with each currency pair (forward points curve), and each flow is updated using the market zero-coupon rate that is appropriate for the settlement period and currency in question at the measurement date. For other more complex instruments (options, etc.), the valuation models appropriate for each instrument are employed, taking into consideration the necessary market data (volatilities, etc.).

Lastly, credit risk, which is included in the measurement of derivatives pursuant to IFRS 13, is estimated as follows:

In order to calculate the adjustments associated with own and counterparty credit risk (CVAs/DVAs), Ferrovial applies a methodology based on calculating the future exposure of the various financial products using Monte Carlo simulations. To this potential exposure, a probability of default and a loss given default based on the parties' business and credit quality are applied, as well as a discount factor based on the currency and applicable maturity at the measurement date.

In order to calculate the probabilities of default of the Ferrovial Group companies, the Credit Risk Management department assesses the rating of the counterparty (company, project, etc.) using a proprietary, rating agency-based methodology. This rating is used to obtain market spread curves according to the currency and term in question (generic curves by rating level).

In order to calculate the probabilities of default of the counterparties, the CDS curves of those companies are used, if available; otherwise, the CDS curves of a similar entity (proxy) or a generic spread curve (by rating level) are used.

SECTION 6: OTHER DISCLOSURES

This section includes other Notes required under the applicable legislation.

Of particular note due to its importance is Note 6.5, Contingent liabilities and investment commitments, in which the main lawsuits that affect the Group companies are described, with particular emphasis on the guarantees provided by non-infrastructure project companies on behalf of infrastructure project companies.

The changes in liabilities other than current liabilities and borrowings, such as pension obligations (see Note 6.2) and provisions (see Note 6.3), are also analysed.

6.1. DEFERRED INCOME

The balance of “Deferred Income” totalled EUR 1,118 million at the end of 2016 (2015: EUR 1,088 million), of which EUR 1,112 million correspond to grants related to assets received from the infrastructure concession grantors, primarily in the Toll Roads Division (EUR 1,089 million) and in the Services Division (EUR 23 million).

Within the Toll Roads Division, these grants are mainly broken down into the following projects: LBJ Infrastructure Group (EUR 459 million); NTE Mobility Partners (EUR 561 million); NTE Mobility Partners Segments 3 LLC (EUR 56 million); and, lastly, I-77 Mobility Partners (EUR 13 millions).

The main change in 2016 took place at NTE Mobility Partners Segments 3 and I-77 Mobility Partners, subsidiaries of Cintra in the US, which received additional grants in 2016 amounting to EUR 10 million and EUR 5 million, respectively, offset by a decrease of EUR 9 million and EUR 5 million as a result of the grants being taken to profit or loss in the framework of the NTE Mobility Partners and LBJ Infrastructures projects.

There was also an increase of EUR 32 million at the US companies due to the appreciation of the US dollar with respect to the euro.

These grants related to assets are recognised in profit or loss over the periods and in the proportions in which depreciation expense on those assets is recognised. The impact of these grants on cash flows is presented as a reduction of cash flows from investing activities.

6.2. PENSION PLAN DEFICIT

This line item reflects the deficit relating to pension and other employee retirement benefit plans, including both defined benefit and defined contribution plans. The provision recognised in the consolidated statement of financial position at 31 December 2016 amounted to EUR 174 million (31 December 2015: EUR 46 million). Of this amount, EUR 172 million (31 December 2015: EUR 44 million) relate to defined benefit plans of the Amey Group in the UK.

The accompanying table analyses the changes in Amey’s pension plan deficit. As the table shows, the main change arises from the increase in the related liability, within “Actuarial Gains and Losses”, due to the decrease in the discount rate applied.

Millions of euros	Assets	Liabilities	Total
Balances at 31/12/15	955	-999	-44
Actuarial gains and losses	103	-257	-153
Contributions	21	0	21
Impact on profit or loss	30	-38	-8
Plan settlement	-31	31	0
Exchange rate effect	-135	147	12
Balances at 31/12/16	944	-1.116	-172

The Amey Group has nine defined benefit plans covering a total of 8,136 employees and nine defined contribution plans covering 12,191 employees. The most significant changes in 2016 that led to a EUR 128 million worsening in the deficit were as follows:

Amey defined benefit plans (Millions of euros)	2016
Actuarial gains and losses	-153
Company contributions	21
Impact on profit or loss	-8
Exchange rate effect	12
TOTAL CHANGES	-128

- An impact of EUR -153 million arising from actuarial gains and losses which increased the pension plan deficit (an increase in the related liability) recognised in equity: In relation to the obligations, there was a worsening in the actuarial assumptions used due to a decrease in the discount rate. This negative impact was offset partially by the return on the pension plan assets as a result of the positive performance of the related markets. More details are provided in section a) of this Note.
- Contributions of EUR +21 million made by the Company to the pension plans, which reduced the pension plan deficit (a decrease in the related liability). The ordinary contributions amounted to EUR 5 million, while the extraordinary contributions aimed at improving the pension plan deficit totalled EUR 16 million.
- A negative impact of EUR -8 million on profit or loss, which increased the pension plan deficit (an increase in the related liability), as detailed in section b) of this Note.
- A positive impact of EUR 12 million due to the exchange rate effect, giving rise to a decrease in the deficit.

Also, although they did not have any effect on the pension plan deficit, there were curtailments and settlements as a result of the payment of obligations to employees, which therefore reduced the related obligation at year-end and gave rise to a reduction of the same amount in the plan assets. In 2016 these curtailments and settlements totalled EUR 31 million.

a) Actuarial gains and losses recognised in reserves

The effects of changes in the actuarial assumptions relating to the defined benefit pension plans of the Amey Group are recognised directly in equity and are summarised (before taxes) in the following table:

Amey Group defined benefit plans (Millions of euros)	2016	2015
Actuarial gains/losses on obligations	257	-66
Actuarial gains/losses on plan assets due to the difference between the expected return at the beginning of the year and the actual return	-103	18
IMPACT ON EQUITY RECOGNISED	153	-47

The main actuarial assumptions used to calculate the defined benefit pension plan obligations are summarised as follows:

Amey Group defined benefit plans Main assumptions	2016	2015
Salary increase	2.77%	2.50%
Discount rate	2.65%	3.90%
Expected inflation rate	3.35%	3.15%
Expected return on assets	2.65%	3.90%
Mortality (years)	86-93	86-93

The mortality assumptions used by the Amey Group to calculate its pension obligations are based on the actuarial mortality tables, with an estimated life expectancy of between 86 and 93 years.

The defined benefit pension plan assets stated at their fair value for 2016 and 2015 are summarised as follows:

Amey Group defined benefit plans (Millions of euros)	2016	2015
Plan assets (fair value)		
Equity instruments	277	370
Debt instruments	563	511
Buildings	62	61
Cash and other	42	13
TOTAL PLAN ASSETS	944	955

b) Impact on profit or loss

The detail of the impact of the defined benefit pension plans on profit or loss is as follows:

Amey Group defined benefit plans (Millions of euros)	2016	2015
Impact on profit or loss before tax		
Current service cost	-4	-5
Interest cost	-34	-38
Expected return on plan assets	33	35
Other	-2	-1
TOTAL AMOUNT RECOGNISED IN PROFIT OR LOSS	-8	-10

c) Complete actuarial reviews

The Amey Group performs complete actuarial valuations every three years, depending on the plan, having completed the most recent reviews of all the plans in 2013 and 2014.

Based on these reviews, the extraordinary contributions to be made in the coming years have been reduced.

For 2017 the ordinary contributions agreed with the trustees shall remain the same as those made in 2016 (EUR 5 million for ordinary contributions and EUR 16 million for extraordinary contributions).

d) Sensitivity analysis

Set forth below is a sensitivity analysis showing the impact on profit or loss and on equity of a change of 50 basis points in the discount rate.

Amey Group defined benefit plans Sensitivity analysis discount rate (+ / - 50 b.p.)	Annual impact on profit or loss		Annual impact on equity	
	Before tax	After tax	Before tax	After tax
+ 50 b.p.	3	2	98	81
- 50 b.p.	-2	-2	-121	-100

6.3. PROVISIONS

The provisions recognised by the consolidated Group are intended to cover the risks arising from its various operating activities. They are recognised using the best estimates of the existing risks and uncertainties and their possible evolution.

This Note provides a breakdown of all the items composing "Long-Term Provisions" and "Operating Provisions" in liabilities in the consolidated statement of financial position. In addition to these items, there are other impairment losses and allowances that are presented as a reduction of certain asset line items and which are disclosed in the Notes relating to those specific assets.

The changes in the long- and short-term provisions presented separately in liabilities in the consolidated statement of financial position were as follows:

(Millions of euros)	Provision for landfills	Provision for compulsory purchases	Provision for replacements and upgrades pursuant to IFRIC 12	Provisions for litigation and taxes	Provisions for other long-term risks	Total long-term provisions	Short-term provisions	Total
Balance at 31 December 2015	113	30	99	416	179	837	622	1,459
Changes in the scope of consolidation and transfers	5	0	-19	66	-62	-6	137	131
Charges for the year:	11	0	29	37	7	83	159	242
<i>Gross profit from operations</i>	<i>7</i>	<i>0</i>	<i>0</i>	<i>35</i>	<i>7</i>	<i>50</i>	<i>159</i>	<i>209</i>
<i>Financial result</i>	<i>4</i>	<i>0</i>	<i>4</i>	<i>1</i>	<i>0</i>	<i>9</i>	<i>0</i>	<i>9</i>
<i>Impairment and disposals of non-current assets</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Income tax</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>0</i>	<i>1</i>	<i>0</i>	<i>1</i>
<i>Depreciation and amortisation charge</i>	<i>0</i>		<i>24</i>	<i>0</i>	<i>0</i>	<i>24</i>	<i>0</i>	<i>24</i>
Reversals:	-2	-1	-3	-94	-14	-114	-157	-271
<i>Gross profit from operations</i>	<i>-2</i>	<i>-1</i>	<i>-3</i>	<i>-96</i>	<i>-2</i>	<i>-101</i>	<i>-157</i>	<i>-258</i>
<i>Financial result</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3</i>	<i>0</i>	<i>3</i>	<i>0</i>	<i>3</i>
<i>Impairment and disposals of non-current assets</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-12</i>	<i>-12</i>	<i>0</i>	<i>-12</i>
<i>Income tax</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-1</i>	<i>0</i>	<i>-1</i>	<i>0</i>	<i>-1</i>
<i>Depreciation and amortisation charge</i>	<i>0</i>	<i>0</i>	<i>-3</i>	<i>0</i>	<i>0</i>	<i>-2</i>	<i>0</i>	<i>-2</i>
Amounts used recognised in current assets or liabilities	-2	0	0	-7	-11	-18	-49	-67
Amounts used recognised in other assets	0	0	3	0	-16	-15	0	-15
Exchange differences	-1	0	1	-8	-4	-12	-10	-22
Balance at 31 December 2016	124	29	109	415	79	757	702	1,459

The table above shows the changes in the year by detailing separately, on the one hand, the charges for the year and reversals that had an impact on the different lines in the consolidated statement of profit or loss and, on the other, other changes which did not have an impact thereon, such as: changes in the scope of consolidation and transfers, amounts used recognised in different headings in the consolidated statement of financial position and exchange rate effect.

In this regard, on analysing the effect on the consolidated statement of profit or loss, mention should be made of the net reversal (income) of EUR 49 million with an impact on gross profit from operations, as well as EUR 67 million relating to amounts used recognised in current assets or liabilities. The sum of both figures is consistent with the EUR 117 million allocated for the purpose of working capital in cash flows (see Note 5.3).

Also, the EUR 131 million relating to changes in the scope of consolidation and other reclassifications include mainly the acquisitions of companies in 2016 discussed in Note 1.2, the most significant of which was Broadpectrum.

Provision for landfills

“Provision for Landfills” contains the estimated cost of landfill closure and post-closure activities relating to the landfills operated by the Ferrovial Services business in Spain and UK. The provision is calculated based on a technical estimate of the consumption to date of the total capacity of the respective landfills. This provision is recognised and reversed with a charge/credit, respectively, to changes in provisions within gross profit from operations in the consolidated statement of profit or loss, as the costs required for closure of the landfill are incurred.

Provision for compulsory purchases

The provision for compulsory purchases recognised by the Spanish toll roads, totalling EUR 29 million (31 December 2015: EUR 30 million). This provision is charged against the concession infrastructure as the costs are incurred over the concession term

Provision for replacements and upgrades pursuant to IFRIC 12

This line item includes the provisions for investments in replacements established by IFRIC 12 (see Note 1.3.3.2). The balance of this heading increased by EUR 10 million from EUR 99 million at December 2015 to EUR 109 million at 31 December 2016. The exclusion from consolidation of the SH-130 toll road, as explained in Note 1.2., gave rise to an impact of EUR -14 million, the difference being the charges for the year. This provision is recognised and reversed with a charge/credit, respectively, to the depreciation and amortisation charge over the period in which the obligations accrue, until the replacement becomes operational.

Provisions for litigation and taxes

This line item includes:

- Provisions to cover the possible risks resulting from litigation in progress, amounting to EUR 168 million (31 December 2015: EUR 170 million), of which EUR 121 million (31 December 2015: EUR 174 million) relate to the Construction Division and EUR 42 million correspond to lawsuits involving the Services Division (31 December 2015: EUR 59 million), the details of which are in Note 6.5. to these consolidated financial statements. This provision is recognised and reversed with a charge/credit, respectively, to changes in provisions within gross profit from operations in the consolidated statement of profit or loss.
- Provisions for tax claims, amounting to EUR 247 million (31 December 2015: EUR 246 million), arising in relation to local or central government duties, income taxes and other taxes, as a result of the varying interpretations that can be made of the tax legislation in the various countries in which the Group operates. This provision is recognised and reversed with a charge/credit to gross profit from operations, financial result and/or income tax, depending on the nature of the tax for which the provision has been recognised (penalties, related interest, and/or tax deficiencies in assessments signed on a contested basis).

Provisions for other long-term risks

This line item includes the provisions recognised to cover certain long-term risks other than those attributable to litigation or taxes, such as third-party liability resulting from the performance of contracts, guarantees provided with enforcement risk and other similar items, which amounted to EUR 79 million at 31 December 2016 (31 December 2015: EUR 179 million).

Short-term provisions

These relate to provisions for risks in contracts in progress, mainly in the Construction Division, where they consist of provisions for construction work completion, site removals and losses amounting to EUR 540 million (2015: EUR 493 million). In the Services Division, these provisions amount to EUR 152 million (31 December 2015: EUR 120 million). These provisions are recognised and reversed with a charge/credit, respectively, to changes in provisions within gross profit from operations.

6.4. OTHER NON-CURRENT LIABILITIES

“Non-Current Liabilities – Other Payables” includes mainly the following:

- The participating loans granted by the State to several infrastructure project concession operators amounting to EUR 154 million (31 December 2015: EUR 153 million), of which EUR 104 million relate to the Toll Roads Division, EUR 40 million to the Services Division and EUR 10 million to the Construction Division.
- Long-term deposits and guarantees amounting to EUR 8 million (31 December 2015: EUR 8 million), of which EUR 5 million relate to the Services Division and EUR 3 million to the Toll Roads Division.
- Long-term trade payables of the Services Division in the UK, amounting to EUR 6 million (31 December 2016: EUR 11 million).

6.5. CONTINGENT LIABILITIES, CONTINGENT ASSETS, OBLIGATIONS AND COMMITMENTS**6.5.1. Litigation**

In carrying on its activities the Group is subject to possible contingent liabilities of varying kinds. These contingent liabilities lead to lawsuits or litigation in relation to which a provision is recognised based on the best estimate of the foreseeable disbursements required to settle the obligation. Therefore, it is not expected that any significant liabilities will arise, other than those for which provisions have already been recognised, that might represent a material adverse effect.

The detail of the most significant litigation, in terms of amount, in the Group's various business divisions is as follows:

a) Litigation in relation to the Toll Road business**Autopista Terrasa Manresa (Autema):**

In January 2015 the Catalonia Autonomous Community Government notified Autema of its intention to change the concession regime of the project established under Decree 137/1999 from a regime under which the Catalonia Autonomous Community Government undertook to pay the concession operator the difference between the tolls collected and the operating surplus established in the Economic and Financial Plan to a system whereby the remuneration earned by the concession operator will depend on the number of the infrastructure's users, with the Catalonia Autonomous Community Government subsidising a portion of the toll paid by the users. On 14 July the Catalonia Autonomous Community Government officially published Decree 161/2015 which included the amendment to the toll road concession arrangement. The company considers that there are sound arguments to conclude that the Catalonia Autonomous Community Government, on issuing Decree 161/2015, clearly exceeded the limits of the power to amend the arrangements. Accordingly, the company filed an appeal against the aforementioned Decree at the High Court of Catalonia.

As a result of the amendment to the concession regime and taking into consideration the solid legal position against this amendment, classification of this concession as a financial asset has been maintained. However, the test for impairment on goodwill has been revised and an impairment loss of EUR 55 million was recognised on the basis of the assumptions described in Note 3.1.2.

M-203 toll road:

On 24 April 2014, the concession operator filed a claim at the Madrid High Court requesting the termination of the concession arrangement due to a breach by the grantor and the annulment of the penalties imposed on the concession operator. Following the submission of the defence by the Autonomous Community Government of Madrid, and following the submission of evidence, the lawsuit proceedings were concluded awaiting judgment. On 12 February 2015 a judgment was received upholding in full the appeal for judicial review filed, i.e. ruling in favour of the termination of the concession arrangement requested by the concession operator and rendering null and void the order imposing penalties handed down on 6 August 2013. A cassation appeal has been filed by the Autonomous Community Government of Madrid against this judgment.

At 31 December 2015, the carrying amount of this asset was EUR 63 million. The aforementioned carrying amount is the amount that the Company considers to be recoverable from the Government adjusted for the risk of enforcement of certain guarantees provided in relation to this project (see Note 6.5.2).

I-77 toll road, North Carolina (US):

I-77 Mobility Partners LLC and the North Carolina Department of Transportation ("NCDOT") are subject to a joint lawsuit in a proceeding which seeks to annul the comprehensive agreement entered into by I-77 Mobility Partners LLC and NCDOT relating to an access toll road to Charlotte under a managed-lane regime. The claims of the claimants were dismissed by the judge on 8 January 2016. The period in which the claimants can file an appeal is currently open. If this appeal succeeds the impact would be to annul the concession arrangement currently granted to I-77, which would give rise to a right to indemnification for any damage and losses for the concession operator. The investment in this infrastructure project in which an ownership interest of 50.1% is held is EUR X million at 31 December.

AP 36 Ocaña – La Roda and Radial 4 toll roads:

With respect to the insolvency proceedings of the AP36 toll road, the company is currently in the liquidation process. Specifically, in December 2016 the Madrid Provincial Appellate Court definitively set aside the arrangement proposal submitted by the Government through SEITSA. Accordingly, at 31 December 2016 the only viable solution appears to be the definitive liquidation of the company.

With respect to the Radial 4 toll road, there have been no significant changes in the insolvency proceedings in 2016. Although the liquidation process has not yet commenced, taking into consideration the changes at the other companies involved in these proceedings, it appears that the final solution will be a liquidation process. On the basis of the foregoing, and in line with the conclusions reached in 2015, the conditions of loss of control continue to exist: there is no exposure to variable returns from the involvement with the investees and there is no real ability to use the aforementioned power over the investees, which led to the exclusion from the scope of consolidation of both projects in 2015.

b) Litigation relating to the Construction business

The Group's Construction Division is involved in various lawsuits relating primarily to possible defects in the construction of completed projects and claims for third-party liability.

The provisions recognised in relation to these risks at 31 December 2016 totalled EUR 134 million (2015: EUR 161 million) and relate to a total of approximately 127 lawsuits. The most significant litigation, in terms of amount, in this business area is as follows:

- **Muelle del Prat:** this corresponds to a claim relating to the construction project for the new container terminal at the Port of Barcelona. The work was performed by Ferrovial Agroman as part of an unincorporated temporary joint venture (UTE) with other companies. The claim –for an amount of EUR 97 million– was lodged by the Port of Barcelona in September 2011 against all the companies involved in the performance of the project and arose as a result of the damage caused by an accident during construction work. A judgment was handed down in 2013 partially upholding the claim filed by the customer, ordering the defendants jointly and severally to pay EUR 20.9 million plus interest. In the first six months of 2014 the insurance companies partially covered the payment of the aforementioned judgment. On 16 March, the Barcelona Provincial Appellate Court handed down a decision ruling in favour of the defendants and dismissing in full the claim lodged by the Barcelona Port Authority; the Port Authority has lodged a cassation appeal against this ruling.
- **Arbitration in relation to the construction project for Warsaw airport:** this corresponds to a claim filed against the UTE made up of Ferrovial Agroman and Budimex in relation to the termination of the contract to construct Terminal 2 of Warsaw Airport. In 2007 the customer executed the guarantee provided amounting to EUR 13.5 million and filed a claim against the construction joint venture for a total of EUR 67 million. In turn, the construction joint venture filed claims against the customer for the unlawful execution of the guarantee and for uncollected amounts totalling EUR 54.5 million. In September 2012, after the favourable award of the Arbitration Court (confirmed in 2013 by the Supreme Court), the customer returned the executed guarantee and paid the interest accrued from when the guarantee was executed. The Arbitration Court has not yet handed down an award on the core issue.

- Claim of the Directorate-General for Roads and Toll Roads in Poland: On 31 October 2016 the Polish Public Treasury (Directorate-General for Roads and Toll Roads - "GDDKiA") lodged a civil claim against a consortium in which Budimex was participating in order to submit a tender for the project to construct a section of the S8 Piotrkow Trybunalski - Rawa Mazowiecka expressway, which was ultimately awarded to another consortium. GDDKiA accused the consortium in which Budimex was participating of price fixing between competitors, which allegedly would have given rise to significant cost overruns in the performance of the construction work. The amount claimed included principal of EUR 123 million and unquantified interest (since July 2009). In February 2017 the company was notified that GDDKiA had withdrawn the claim, and at the date of preparation of these consolidated financial statements the withdrawal of the claim was pending acceptance by the Court. On the basis of the foregoing, it was not considered necessary to recognise a provision for this lawsuit at 2016 year-end.

c) Litigation relating to the Services business

- With respect to the Services business in the UK, the main lawsuit in which the Company was involved in December 2016 relates to the agreement entered into by Amey and Birmingham City Council. On 5 September 2016 a court decision was handed down ruling in Amey's favour with respect to all the matters disputed by the parties, although the other party has requested permission for the case to be heard at the appeal court. The company is currently negotiating with Birmingham City Council in order to reach an out-of-court settlement. At the end of the year the company had recognised a provision of EUR 50 million to cover risks arising from the final ruling on the dispute.
- With respect to the Services business in the UK, the process to settle the Services contract with Cumbria County Council (CCC) should be also noted. As a result of the termination of the contract in 2012, Amey claimed GBP 27.2 million from the customer and, in answer to the claim, CCC filed a counterclaim for GBP 22.4 million. In November 2013, Amey instigated a court proceeding in this connection. On 11 November 2016, a court decision was handed down ruling in Amey's favour acknowledging an account receivable of GBP 5.5 million. The customer has not lodged an appeal against this decision and, therefore, the litigation is considered to be concluded with respect to the principal claimed. The parties are currently discussing the final amount of the legal costs to be recovered from the customer, in accordance with the judge's orders in this connection, with judicial remedy being a possibility in the event the parties do not come to an agreement.

With respect to the Services business in Spain, the main lawsuit in which the Company was involved at 31 December 2016 related to a resolution of the Spanish National Markets and Competition Commission imposing a penalty on Cespa Group companies and Cespa, G.R. and other companies from the waste management and urban cleaning industry for participating in a market share agreement. In particular, the penalty imposed on Cespa, S.A. and Cespa, G.R. amounted to EUR 13.6 million. At the end of the year the National Appellate Court had not handed down a judgment in connection with the appeal filed on 11 March 2015 against the enforcement proceedings of the Spanish National Markets and Competition Commission. In the opinion of the company's legal advisers, there are robust arguments to challenge the judgment and, accordingly, on the basis of such arguments, the Group decided not to recognise any type of provision in this connection.

d) Tax litigation

As indicated in Note 6.3. the Group companies recognise provisions for taxes due to the varying interpretations that can be made of the tax legislation in the different countries in which the Group operates.

e) Other litigation

In addition to the litigation discussed above, of particular note is the Group continuing to maintain its contractual position vis-à-vis certain tax claims that had been filed by Promociones Habitat, S.A., which was sold by Ferrovial Fisa, S.L. on 28 December 2016. These claims are currently pending resolution or payment and a provision for the amount thereof has been duly recognised in the consolidated financial statements.

6.5.2. Guarantees

a) Bank guarantees and performance bonds issued by insurance companies and sureties

In carrying on its activities the Group is subject to possible contingent liabilities -uncertain by nature- relating to the liability arising from the performance of the various contracts that constitute the activity of its business divisions.

In order to cover the aforementioned liability, the Group has provided bank guarantees and performance bonds issued by insurance companies and sureties. At 31 December 2016, the balance provided amounted to EUR 5,944 million (2015: EUR 4,827 million).

The following table contains a breakdown by business area.

(Millions of euros)	2016	2015
Construction	3,992	3,106
Toll roads	317	290
Services	1,183	925
Services excluding Broadspectrum	896	925
Broadspectrum	287	-
Airports	7	8
Other	445	499
TOTAL	5,944	4,827

The EUR 5,944 million, by type of instrument, relate to EUR 2,935 million of bank guarantees, EUR 965 million of guarantees provided by insurance companies and EUR 2,044 million provided by bonding agencies. These guarantees cover the liability to customers for correct performance in construction or services contracts involving Group companies. Thus, if a project was not performed the customer would enforce the guarantee.

Despite the significant amount of these guarantees, the impact that might arise on the consolidated financial statements is very low, since the Group companies perform contracts in accordance with the terms and conditions agreed upon with the customers and recognise provisions within the results of each contract for risks that might arise from performance thereof (see Note 6.3). Accordingly, the only provisions relating to a possible enforcement of guarantees recognised at December 2016 amounted to EUR 2 million.

In relation to the responsibility for the correct performance of the agreements, it is important to indicate that in certain cases, these obligations are also guaranteed by guarantees granted by Group companies different from the ones that perform the contract. Moreover, a portion of these risks is covered by insurance policies such as third party liability or construction defect insurance policies.

Finally, of the total amount of the Group's bank guarantees listed in the above table, EUR 317 million (see Note 6.5.3.) secure its commitments to invest in the capital of infrastructure projects.

b) Guarantees provided by Group companies to other companies in the Group

As mentioned previously, in general there are guarantees provided among Group companies to cover third-party liability claims arising from contractual, commercial or financial relationships.

Although these guarantees do not have an effect on the consolidated Group, there are certain guarantees provided by non-infrastructure project companies to infrastructure project companies (see Note 1.1.2.) which, due to the classification of project borrowings as being without recourse, it is relevant to disclose (see b.1. below).

Other noteworthy guarantees have also been provided to companies accounted for using the equity method (see b.2. below).

b.1) Guarantees provided by non-infrastructure projects to infrastructure projects related to these projects' debt that could give rise to future additional capital disbursements if the events guaranteed take place (contingent capital guarantees)

Guarantees provided by non-infrastructure projects to infrastructure projects could be divided between the following two categories:

- Guarantees that address the correct performance in construction and service contracts which have been mentioned in Note 6.5.2-a).
- Guarantees related to risks different from the correct performance in construction and service contracts, which could give rise to future additional capital disbursements if the events guaranteed take place.

The latter guarantees are the ones that are going to be explained in further detail in this section since, as mentioned in Note 5.2. Net cash position, the borrowings for infrastructure projects are without recourse to the shareholders or with limited recourse to the guarantees provided and, therefore, it is relevant to distinguish those guarantees that if the guaranteed event occurs, could be executed and could result in disbursements to the infrastructure projects or holders of their debt other than the committed capital or investment mentioned in Note 6.5.3. (such guarantees are called contingent capital guarantees).

The detail, by beneficiary company, purpose and maximum amount, of the outstanding guarantees of this nature at 31 December 2016 relating to fully consolidated infrastructure project companies is as follows. It should be noted that the amounts below relate to Ferrovial participation:

	Guarantee purpose	Amount
Auto-Estradas Norte Litoral	Guarantee limited to compulsory purchase overruns	2
Ausol	Guarantee limited to covering compulsory purchase proceedings for 11 lots in Mijas (EUR 20 million) and the investment to bring tunnels into line with European legislation (EUR 13.7 million).	34
Subtotal guarantees - Cintra projects		36
Conc. Prisiones Lledoners	Technical guarantee to repay amounts to the bank in the event of termination of the contract. Does not cover insolvency (default) or breach by the grantor	73
Conc. Prisiones Figueras	Technical guarantee for failure to repay amounts to the bank in three specific cases relating to construction permit, General Urban Zoning Plan and modifications. Does not cover insolvency (default) or breach by the grantor	61
Subtotal guarantees - Construction projects		134
Servicios Urbanos de Murcia	Technical guarantee to obtain the certificate relating to the permit obtained through administrative silence, activities for the environmental authorisation and grant of a security interest up to a combined limit of EUR 70 million. Technical guarantee made available for vehicles with a limit of EUR 31.9 million (pdte confirmar con Servicios).	70
Subtotal guarantees - Services projects		70
TOTAL GUARANTEES - FULLY CONSOLIDATED INFRASTRUCTURE PROJECTS		241

The detail of the amounts of the guarantees (corresponding to the Ferrovial Group's percentage interest) in relation to the financing of the infrastructure projects accounted for using the equity method and, accordingly, the borrowings of which are not included in the Group's consolidated financial statements is as follows:

Beneficiary company	Guarantee purpose	Amount
Serrano Park (Cintra)	Limited guarantee to cover the debt service and maintenance reserve accounts in the event of a cash deficit.	2
URBICSA (Construction)	Technical guarantee for repayment in the event of termination of the agreement or breach of certain contracts on grounds attributable to the borrower or its shareholders. Does not cover insolvency or breach by the grantor.	49
TOTAL GUARANTEES - INFRASTRUCTURE PROJECTS ACCOUNTED FOR USING THE EQUITY METHOD		51

Of the aforementioned guarantees detailed by fully consolidated infrastructure projects and infrastructure projects accounted for using the equity method, only bank guarantees are provided to Ausol.

b.2) Other guarantees provided to companies accounted for using the equity method other than infrastructure projects

Certain construction and services contracts are performed by companies accounted for using the equity method often created specifically to perform contracts previously awarded to their shareholders. In these cases, the shareholders of those companies provide performance bonds relating to those contracts. The liability secured is similar to that indicated in Note 6.5.2.a).

Notable in this respect are the performance bonds provided by the Services Division in favour of various companies accounted for using the equity method, which total EUR 1,060 million, of which the most relevant are those related to contracts for the UK Ministries of Defence and Justice and for Doha international airport. It should be noted that the foregoing amounts correspond to works pending execution and to the percentage of ownership of Ferrovial.

c) Assets pledged as collateral

The assets pledged as collateral are described in the Notes as follows:

- Pledges of property, plant and equipment, see Note 3.4.
- Pledges of deposits or restricted cash, see Note 5.2.

d) Guarantees received from third parties

At 31 December 2016, Ferrovial had received guarantees from third parties totalling EUR 1,056 million, mainly in the Construction Division in relation to the fulfilment of certain rights held mostly by the Ferrovial Agroman companies in the United States (EUR 836 million), the Budimex Group (EUR 114 million) and the other construction companies (EUR 106 million).

6.5.3. Commitments

As described in Note 1.1, the infrastructure projects carried out by the Group are performed through long-term contracts where the concession operator is a company in which the Group has interests, either alone or together with other partners, and the borrowings necessary for financing the project are allocated to the project itself, without recourse to the shareholders or with recourse limited to the guarantees provided, under the terms set forth in Note 5.2. From the management viewpoint, therefore, Ferrovial takes into account only the investment commitments relating to the capital of the projects, since the investment in the assets is financed by the borrowings of the projects themselves.

a) Investment commitments

The investment commitments of the Group in relation to the capital of its projects are as follows:

(Millions of euros)	2017	2018	2019	2020	2021	2022 and subsequent years	TOTAL
Investments in fully consolidated infrastructure projects	72	132	0	0	20	0	224
Toll roads	69	132	0	0	20	0	221
Services	0	1	0	0	0	0	1
Construction	3	0	0	0	0	0	3
Investments in infrastructure projects accounted for using the equity method	41	37	28	398	210	136	849
Toll roads	34	4	28	398	210	136	810
Services	6	33	0	0	0	0	39
Construction	0	0	0	0	0	0	1
Total investments infrastructure projects	112	169	28	398	230	136	1,074

At 31 December 2016, the total investment commitments amounted to EUR 1,074 million (2015: EUR 460 million). The increase in investment commitments relates mainly to the equity investment of EUR 723 million for our 50% ownership interest in the I-66 toll road (tentative figure until financial close of the project), netted off by the investment made in 2016 in toll road infrastructure projects in the US and the UK.

As indicated in 6.5.2-a), a portion of these commitments, amounting to EUR 317 million, are secured by bank guarantees. It should be mentioned that the EUR 1,074 million include EUR 34 million that also appear in the guarantees referred to in section b.1) corresponding to the contingent capital of Ausol.

It should be noted that, although it is not included in the commitments in the table above, in relation to I-77, Ferrovial is guaranteeing the investment commitments of one partner amounting to 70 million euros. In return for granting this guarantee, if the partner fails to meet its disbursement, its participation will be diluted in proportion to the investment not paid out.

There are also property, plant and equipment purchase commitments in the Services Division totalling EUR 121 million (2015: EUR 92 million) which relate mainly to the acquisition of machinery or the construction of treatment plants, and EUR 4 million (2015: EUR 28 million) relating to the purchase of two waste treatment companies in Poland. The schedule of the commitments of the Services Division is as follows:

(Millions of euros)	2017	2018	2019	2020	2021	2022 and subsequent years	TOTAL
Acquisition of property, plant and equipment	59	19	3	2	36	1	121
Acquisition of companies	1	1	2	0	0	1	4
TOTAL SERVICES	60	20	5	2	36	2	125

It should be noted that the foregoing commitments of the Services Division are not secured by bank guarantees.

b) Commitments under operating and finance leases

The expense recognised in relation to operating leases in the statement of profit or loss for 2016 totals EUR 412 million (2015: EUR 376 million).

The future total minimum lease payments for non-cancellable operating leases are shown below:

2016 (Millions of euros)	Corporate	Construction	Toll roads	Services	Airports	Total
Within one year	4	35	3	97	0	138
Between one and five years	21	47	4	176	0	247
After five years	0	10	0	40	0	50
Lessee	25	92	7	312	0	435

2015 (Millions of euros)	Corporate	Construction	Toll roads	Services	Airports	Total
Within one year	4	59	3	21	0	87
Between one and five years	13	80	3	22	0	118
After five years	0	21	0	19	0	40
Lessee	18	160	6	62	0	245

The Group does not have any significant commitments as a lessor under operating leases.

c) Environmental commitments

Any operation designed mainly to prevent, reduce or repair damage to the environment is treated as an environmental activity.

Costs incurred to protect and improve the environment are taken to the income statement in the year in which they are incurred, irrespective of when the resulting monetary or financial flow takes place.

Provisions for probable or certain environmental liability, litigation in progress and indemnities or other outstanding obligations of undetermined amount not covered by insurance policies are recorded when the liability or obligation giving rise to the indemnity or payment arises. These provisions include most notably the provisions for landfill closure discussed in Note 6.3, the balance of which at 31 December 2016 was EUR 124 million (31 December 2015: EUR 113 million).

6.6. REMUNERATION OF THE BOARD OF DIRECTORS

6.6.1. Bylaw-stipulated directors' remuneration

Under the Company's current remuneration scheme, regulated by Article 56 of its bylaws, the shareholders at the General Meeting determine the maximum annual remuneration for all the members of the Board of Directors, which is revised on the basis of the indices or aggregates defined by the General Meeting. This remuneration comprises (i) fixed remuneration and (ii) fees for actual attendance at Board and Committee meetings. Remuneration is linked solely to the functions and responsibilities assigned to each director, their membership of Board Committees and other objective circumstances that the Board of Directors deems relevant, thereby ensuring their independence and commitment in the long term.

On the same date as that on which these consolidated financial statements were authorised for issue, the Board of Directors prepared and made available to the shareholders the Annual Report on Directors' Remuneration referred to in Article 541 of the Spanish Limited Liability Companies Law. That Report describes in greater detail matters relating to the Company's remuneration policy applicable in the year and contains an overview of how the remuneration policy was applied in 2016 and a detail of the individual remuneration earned by each of the directors in 2016.

The table below shows the itemised bylaw-stipulated emoluments of the members of the Board of Directors earned in 2016 and 2015. It also includes the supplementary fixed remuneration relating to the bylaw-stipulated emolument paid in a single payment after year-end. If because there are more meetings than initially envisaged or for any other reason the amount of the attendance fees added to that of the fixed components exceeds the total maximum amount of remuneration for Board membership established for the year in question, the difference is deducted from the amount of the supplementary fixed remuneration proportionally for each director on the basis of his or her position on the Board.

Director (Thousands of euros)	2016			Total
	Fixed remuneration	Attendance fees	Supplementary fixed remuneration	
Rafael del Pino y Calvo-Sotelo	35	114	92	241
Santiago Bergareche Busquet	35	74	81	190
Joaquín Ayuso García	35	59	58	152
Iñigo Meirás Amusco	35	57	46	138
Juan Arena de la Mora	35	56	46	137
María del Pino y Calvo-Sotelo	35	57	46	138
Santiago Fernández Valbuena	35	78	46	159
José Fernando Sánchez-Junco Mans	35	68	46	149
Joaquín del Pino y Calvo-Sotelo	35	48	46	129
Oscar Fanjul Martín	35	63	46	144
Philip Bowman (since 29/07/16)	15	12	20	46
Leopoldo del Pino y Calvo-Sotelo (until 21/01/16)	2	0	3	5
Howard Lance (until 14/04/16)	10	12	13	35
TOTAL	377	699	588	1,663

(Thousands of euros)	2015			Total
	Fixed remuneration	Attendance fees	Supplementary fixed remuneration	
Rafael del Pino y Calvo-Sotelo	35	112	92	239
Santiago Bergareche Busquet	35	66	81	181
Joaquín Ayuso García	35	67	58	159
Iñigo Meirás Amusco	35	56	46	137
Juan Arena de la Mora	35	66	46	147
María del Pino y Calvo-Sotelo	35	54	46	135
Santiago Fernández Valbuena	35	50	46	131
José Fernando Sánchez-Junco Mans	35	64	46	145
Joaquín del Pino y Calvo-Sotelo (since 29/10/15)	6	12	8	26
Leopoldo del Pino y Calvo-Sotelo (since 29/10/15)	6	12	8	26
Howard Lance (since 18/10/14)	35	30	46	111
Oscar Fanjul Martín (since 31/07/15)	15	19	19	53
Jaime Carvajal Urquijo (until 30/07/15)	20	47	27	94
Portman Baela, S.L. (until 09/09/15)	24	31	32	87
Karlovy, S.L. (until 29/10/15)	29	24	38	91
TOTAL	415	708	638	1,762

6.6.2. Individual remuneration of the executive directors

a) Remuneration earned in 2016 and 2015

The two executive directors in 2016 earned the following remuneration for discharging their functions, in addition to the remuneration discussed in the preceding section. It also includes information on the Second Deputy Chairman who, although in 2016 and 2015 did not discharge executive functions, exercised share options granted to him in 2008 when he was an executive director.

Remuneration of executive directors (Thousands of euros)	2016			
	Rafael del Pino	Joaquín Ayuso (3)	Iñigo Meirás	TOTAL
Fixed remuneration	1,455	0	1,200	2,655
Variable remuneration	2,261	0	1,872	4,133
Relating to boards of other subsidiaries	0	36	0	36
Exercise of share options (2)	9,383	1,616	170	11,169
Life insurance premiums	8	0	4	12
Share plans (1)	1,918	0	1,918	3,836
Total 2016	15,025	1,652	5,164	21,841

(1) In March 2016, since the agreed metrics had been complied with, a number of shares equivalent to the units allocated in 2013 were delivered, after the relevant withholdings had been performed. The CNMV was notified on 15/03/16.

(2) Rafael del Pino exercised 1,179,600 share options and Iñigo Meirás exercised 20,000 share options under the 2008 Plan, which expired in 2016.

As in all the share option or share-based plans granted by Ferrovial since 2000, the Executive Chairman exercised his option in the last quarter prior to expiry.

(3) Joaquín Ayuso exercised 200,000 share options. He was granted this share-option plan in 2008 when he discharged the position of executive director.

Remuneration of executive directors (Thousands of euros)	2015			
	Rafael del Pino	Joaquín Ayuso (3)	Iñigo Meirás	TOTAL
Fixed remuneration	1,335	0	1,100	2,435
Variable remuneration	2,034	0	1,837	3,871
Relating to boards of other subsidiaries	0	31	0	31
Exercise of share options (2)	0	3,685	3,475	7,160
Life insurance premiums	6	0	3	9
Share plans (1)	2,323	0	2,323	4,646
Total 2015	5,698	3,716	8,738	18,152

(1) In March 2015, since the agreed conditions had been complied with in full, a number of shares equivalent to the units allocated in 2012 were delivered, after the relevant withholdings had been performed. The CNMV was notified on 18 March 2015.

(2) Iñigo Meirás exercised 538,000 options in 2015.

(3) Joaquín Ayuso exercised 409,600 options in 2015. This 2008 Share Option Plan, to which he retains entitlement, was awarded to him when he was an executive director.

b) Share-based payment systems

Following is a detail of the targets-based remuneration schemes linked to the performance of the share, entitlement to which has not yet accrued.

Executive Directors' Plan Situation at 31/12/16		Units	No. of voting rights	% of voting power
Rafael del Pino y Calvo-Sotelo	Assignment	78,500	78,500	0.01%
	Assignment	69,800	69,800	0.01%
	Assignment	74,000	74,000	0.01%
Iñigo Meirás Amusco	Assignment	78,500	78,500	0.01%
	Assignment	69,800	69,800	0.01%
	Assignment	74,000	74,000	0.01%

6.6.3. Remuneration of the members of the Board of Directors due to membership of other managing bodies of Group companies or associates

The Ferrovial, S.A. director Joaquín Ayuso García, who is in turn a member of the managing bodies of other Group companies or associates, received EUR 36 thousand in this connection in 2016. In turn, Howard Lee Lance, Ferrovial, S.A. director until 14 April 2016, received up to that date EUR 24 thousand as a result of his membership of the managing bodies of other Group companies or associates (2015: both of them received EUR 31 thousand in this connection).

6.6.4. Pension funds and plans or life insurance premiums

As in 2015, no contributions were made in 2016 to pension plans or funds for former or current members of the Company's Board of Directors or for directors of Ferrovial, S.A. who are members of other boards of directors and/or senior executives of Group companies or associates. Similarly, no obligations in this connection were acquired in 2016.

As regards life insurance premiums, the Company has insurance policies covering death (for which premiums totalling EUR 12 thousand were paid in 2016; EUR 9 thousand in 2015), of which the executive directors are beneficiaries. No life insurance premiums were paid for the directors of Ferrovial, S.A. who are members of other boards of directors and/or senior executives of Group companies or associates.

Lastly, Ferrovial, S.A. took out a third-party liability insurance policy. The insureds under this policy are the directors and executives of the Group companies the parent of which is Ferrovial, S.A. The directors of Ferrovial, S.A. are included among the insureds of this policy. The premium paid in 2016 for this insurance policy amounted to EUR 577,849.

6.6.5. Advances and loans

At 31 December 2016, no advances or loans had been granted by the Company to the directors in their capacity as such or as members of other boards of directors and/or as senior executives of Group companies or associates.

6.6.6. Remuneration of senior executives

The joint remuneration earned by the Company's senior executives in 2016 was as follows:

Remuneration of senior executives (Millions of euros)	2016	2015
Fixed remuneration	5,094	5,006
Variable remuneration	4,994	5,431
Performance-based share award plan	7,053	8,626
Exercise of share options and/or other financial instruments (see description)	698	5,988
Remuneration as members of managing bodies of other Group companies, jointly controlled entities or associates	30	29
Contributions to pension funds or plans, or related obligations	0	0
Insurance premiums	16	17
Other	0	1,899
Total	17,885	26,996

The aforementioned remuneration corresponds to the following posts: General Secretary, Chief Financial Officer, General Director of HR, General Director of Construction, General Director of Real Estate, General Director of Services, General Director of Airports, General Director of Toll Roads, General Director of Information Systems and Innovation, Director of Internal Audit, Director of Communications and Corporate Responsibility and Director of Corporate Strategy. This does not include remuneration for senior executives who were also executive directors, which was addressed in Note 6.6.2.

The Company has also introduced a flexible remuneration system called the Flexible Remuneration Plan, which provides employees with the possibility of voluntarily modifying their remuneration package based on their personal needs, replacing a portion of their remuneration with the award of certain payments in kind. These products include a group life and retirement-related savings insurance plan. Participants may request that a portion of their gross annual remuneration be paid by the Company in the form of a premium for a group life and retirement-related savings insurance policy. In this connection, the senior executives requested contributions of EUR 83 thousand from the Company, instead of the equivalent remuneration shown in the foregoing table (2015: EUR 153 thousand).

6.6.7. Other disclosures on remuneration

The agreements between the Company and senior executives, including one executive director, specifically provide for the right to receive the indemnities referred to in Article 56 of the Workers' Statute in the event of unjustified dismissal.

At 31 December 2016, additional rights had been established in the contract of one senior executive.

In order to encourage loyalty and long-service, a deferred remuneration scheme was recognised for eleven senior executives, including one executive director. The scheme consists of extraordinary remuneration that will only be paid when one of the following circumstances occurs:

- Removal of the senior executive by mutual agreement upon reaching a certain age.
- Unjustified dismissal or termination by the Company at its discretion without any justification for dismissal, prior to the senior executive reaching the age initially agreed upon, if the amount of this remuneration exceeds that resulting from applying the Workers' Statute.
- The death or disability of the senior executive.

To cover this incentive, each year the Company makes contributions to a group savings insurance policy, of which the Company is both policyholder and beneficiary. These contributions are quantified on the basis of a certain percentage of the total monetary remuneration of each senior executive. The contributions made in 2016 amounted to EUR 2,342 thousand (2015: EUR 2,259 thousand), of which EUR 542 thousand correspond to executive directors.

Individuals are occasionally hired to hold executive positions, mainly from abroad, in areas unrelated to senior management. The contracts of these individuals include certain clauses that provide for indemnities in the event of unjustified dismissal.

6.7. SHARE-BASED PAYMENT

a) Share option plan

Until 2008 Ferrovial used a remuneration system based on the delivery of share options. In 2016 the directors and executives who held share options under the aforementioned 2008 share option plan exercised the share options for the following amounts (the achievement in full of the objectives meant that all the share options could be exercised): Chairman: EUR 9,383 thousand; Chief Executive Officer: EUR 170 thousand; Second Deputy Chairman: EUR 1,616 thousand. Following the exercise of these share option plans, there are no more share option plans in place.

As in all the share option or share-based plans granted by Ferrovial since 2000, the Executive Chairman exercised his option in the last quarter prior to expiry.

The summary of the changes in the Company's share option plans in 2016 and 2015 is as follows:

	2016	2015
Number of options at beginning of year	1,627,600	8,153,024
Plans granted	-	-
Shares surrendered and other	-	-76,750
Plans expired	-	-242,400
Options exercised	1,627,600	6,206,274
Number of options at end of year	-	1,627,600

b) Performance-based share award plan

At 2016 year-end, Ferrovial had two remuneration systems in place for directors, consisting of the performance-based award of shares:

- The three-year plan approved by the Board of Directors on 19 December 2012: this plan consists of the delivery of shares of Ferrovial, S.A. The total number of shares that can be granted annually under the plan may not exceed 1,900,000, representing 0.26% of Ferrovial, S.A.'s share capital, and will be linked to at least three years' service at the Company (barring special circumstances) and the achievement during this period of ratios calculated on the basis of EBITDA as a percentage of net productive assets, to cash flows from operating and investing activities and total shareholder return with respect to a comparable group.
- The three-year plan approved by the Board of Directors on 29 October 2015 consisting of the delivery of shares of Ferrovial, S.A. The annual cost of the plan may not exceed EUR 22 million. The terms and conditions concerning award and duration are similar to those of the plan explained above: this plan will be linked to at least three years' service at the Company (barring special circumstances) and to the achievement during this period of ratios calculated on the basis of EBITDA as a percentage of net productive assets and total shareholder return in relation to a comparable group. The plan is intended for executive directors, senior executives and executives. The application of this plan to executive directors was authorised at the Company's Annual General Meeting held on 4 May 2016. Per the notification issued to the CNMV on 10 May 2016, the date of allocation of units for 2016 to the executive directors for the purpose of calculating the duration and terms and conditions of the aforementioned plan was 15 February 2016 (subject to the aforementioned approval by the General Meeting).

There were 3,266,221 shares outstanding at 31 December 2016 relating to these two plans.

The changes in the aforementioned remuneration schemes in 2016 and 2015 are summarised as follows:

	2016	2015
Number of shares at beginning of year	3,844,520	4,451,888
Plans granted	1,073,895	1,132,766
Plans settled	-1,489,856	-1,674,439
Shares surrendered and other	-100,378	-40,321
Shares exercised	-61,960	-25,374
Number of shares at end of year	3,266,221	3,844,520

These share award plans include the plans described above in Note 6.6. on remuneration of executive directors and senior executives.

In 2016 the staff costs recognised at the Company in relation to these remuneration systems amounted to EUR 4,781 thousand (2015: EUR 4,693 thousand) with a charge to equity. These plans were accounted for as futures and, therefore, the value of the foreseeable dividends up to the delivery date is discounted to the value of the shares at the grant date, using a rate of return equal to the average cost of borrowings over the share award period, and they are equity settled and, therefore, they are measured when granted and the initially calculated value thereof is not re-estimated. The related amounts are recognised under "Staff Costs" with a credit to reserves.

6.8. RELATED PARTY TRANSACTIONS**Legislation**

In relation to the disclosures on transactions that the Company (or Group companies) performs with related parties, Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, on the information on related party transactions that must be disclosed by issuers of securities listed on official secondary markets must be taken into consideration.

Article 1.1 of the aforementioned order requires the inclusion in the half-yearly financial reports of quantified information on all the transactions performed by the reporting company with related parties. Also, Article 3.1 of the Order considers related party transactions to be any transfers of resources, services or obligations between related parties regardless of whether or not there is any consideration.

Related party transactions

The main transactions between the Company (or its Group companies) and related parties carried out in 2016 in the ordinary course of business of the Company and of the Group, which were performed on an arm's length basis, are disclosed below.

Where the profit or loss from a transaction cannot be stated, as it pertains to the entity or individual supplying the related good or service, the transaction has been marked with an asterisk (*).

a) Significant shareholders

As disclosed in Note 6.8 to the consolidated financial statements for 2015, through a relevant event communication sent to the Spanish National Securities Market Commission (CNMV) on 4 August 2015 (no. 227311), the markets were informed of the communications received by the Company from its main shareholder, Portman Baela, S.L. and from Karlovy, S.L., in relation to the sale of their ownership interest in the share capital of the Company to its direct and indirect shareholders.

In 2016 the transactions included up to that time in the "Significant Shareholders" section are included under "Transactions with Directors, Senior Executives and Other Related Parties", together with the other transactions performed between directors (or persons or entities related to them) and the Company or Group companies.

Transactions with significant shareholders					2016			2015		
Name/ Company name	Ferrovial Group company	Nature of transaction	Type of transaction		Amount	Profit or loss	Balance	Amount	Amount	Amount
Members of "controlling family group" / entities related to them	Ferrovial Agroman, S.A. / subsidiaries	Commercial	Construction and renovation work		(-)	(-)	(-)	268	202	7
	Ferrovial Servicios, S.A. / subsidiaries	Commercial	Integrated management of services at Madrid offices		(-)	(-)	(-)	355	53	18
	Ferrovial Servicios, S.A. / subsidiaries	Commercial	Integrated management of services		(-)	(-)	(-)	1	0	0

b) Transactions with directors, senior executives and other related companies

The transactions performed with the Company's directors and senior executives in 2016 are shown below. The table also includes the transactions performed with persons or entities considered to be related to the Company (if they were so considered during a portion of the year, the transactions performed in that period are indicated):

Transactions with directors, senior executives and other related parties (1 of 2)				2016			2015		
(Thousands of euros)				Amount	Profit or loss	Balance	Amount	Profit or loss	Balance
Name/ Company name	Ferrovial Group company	Nature of transaction	Type of transaction						
Rafael del Pino y Calvo-Sotelo	Ferrovial Servicios / subsidiaries		Maintenance, cleaning and gardening services	(-)	(-)	(-)	16	1	8
	Ferrovial Agroman / subsidiaries	Commercial	Construction and renovation work monitoring and advisory services	6	0	0	53	4	105
María del Pino y Calvo-Sotelo	Ferrovial Agroman / subsidiaries	Commercial	Real estate renovation	99	0	0	4	0	0
Joaquín del Pino y Calvo-Sotelo	Ferrovial Agroman / subsidiaries	Commercial	Construction and renovation work	17	2	0	53	2	0
Ana María Calvo-Sotelo y Bustelo	Ferrovial Servicios / subsidiaries	Commercial	Maintenance and cleaning services	27	2	2	(-)	(-)	(-)
Joaquín Ayuso García	Ferrovial Agroman / subsidiaries	Commercial	Real estate renovation	2	0	0	4	0	0
Almirall Laboratorios	Ferrovial Servicios / subsidiaries	Commercial	Waste collection services	8	0	5	8	1	2
Criu, S.L.	Ferrovial Servicios / subsidiaries	Commercial	Maintenance and cleaning services	16	2	2	(-)	(-)	(-)
	Ferrovial Agroman / Subsidiaries	Commercial	Construction, maintenance and repair work	460	0	129	(-)	(-)	(-)
Maxam Europe and group companies	Ferrovial Agroman / subsidiaries	Commercial	Receipt of supplies of explosives and detonators	857	(*)	-74	816	(*)	-87
Telefónica and group companies	Several	Commercial	Receipt of telecommunications services	7,374	(*)	0	20,509	(*)	-1,882
	Corporate	Commercial	Rebiling of cancellation costs	0	0	0	1,938	0	1,336
	Ferrovial Agroman / subsidiaries	Commercial	Construction and renovation work	0	0	0	77	466	0
Marsh and group companies	Ferrovial Servicios / subsidiaries	Commercial	Maintenance and waste collection services	800	67	0	3,035	402	1,121
	Several	Commercial	Receipt of consultancy and insurance services	4,432	(*)	-65	1,719	(*)	-123
Meliá Hotels and group companies	Several	Commercial	Receipt of hotel and catering services	4	(*)	-1	2	(*)	-1
	Ferrovial subsidiaries	Commercial	Maintenance and waste collection services	78	5	40	92	6	30
	Ferrovial Agroman / subsidiaries	Commercial	Construction and renovation work	6,693	89	969	10,750	-367	8,059
Bankia	Several	Commercial	Receipt of financial services	525	(*)	0	1,235	(*)	0
	Several	Commercial	Financing agreements. Guarantee purpose	87,456	(*)	87,456	295,300	(*)	295,300
	Several	Commercial	Interest received	147		0	66	66	0
	Several	Commercial	Payment of interest	1,520	(*)	0	5,698	(*)	0
	Several	Commercial	Balance drawn down against guarantee facilities	125,707	(*)	125,707	132,700	(*)	132,700
	Several	Commercial	Transactions with derivatives	14,283	(*)	0	11,078	(*)	0
	Ferrovial Servicios / subsidiaries	Commercial	Maintenance services	1	0	5	8	1	5
Bankinter	Several	Commercial	Receipt of financial services	18	(*)	0	17	(*)	0
	Several	Commercial	Payment of interest	176	(*)	0	1,189	(*)	0
	Several	Commercial	Interest received	261		0	317	317	0
	Several	Commercial	Balance drawn down against guarantee facilities	9,882	(*)	9,882	3,000	(*)	3,000
	Several	Commercial	Financing agreements	10,898	(*)	10,898	7,100	(*)	0
	Ferrovial Servicios / subsidiaries	Commercial	Maintenance services	176	7	0	168	6	35

Transactions with directors, senior executives and other related parties (1 of 2) (Thousands of euros)				2016			2015		
Name/ Company name	Ferrovial Group company	Nature of transaction	Type of transaction	Amount	Profit or loss	Balance	Amount	Profit or loss	Balance
Bimaran Pozuelo, S.L.	Ferrovial Agroman / subsidiaries	Commercial	Construction and renovation work	1,207	-184	60	282	191	0
Polan, S.A.	Ferrovial Servicios / subsidiaries	Commercial	Integrated management of services	162	12	79	(-)	(-)	(-)
Fundación Rafael del Pino	Ferrovial Servicios / subsidiaries	Commercial	Cleaning	2	0	1	(-)	(-)	(-)
Red Eléctrica de España, S.A.U.	Ferrovial Agroman / subsidiaries	Commercial	Construction work	932	-84	671	(-)	(-)	(-)
Hispania Activos Inmobiliarios Socimi, S.A.	Ferrovial Agroman / subsidiaries	Commercial	Construction and renovation work	1,746	-198	193	(-)	(-)	(-)
	Ferrovial Servicios / subsidiaries	Commercial	Provision of maintenance services	18	0	22	(-)	(-)	(-)
Los Estanquillos, S.L.	Ferrovial Agroman / subsidiaries	Commercial	Construction advisory services	72	3	0	(-)	(-)	(-)
Fundación Seres	Corporate	Commercial	Donation	18	(*)	0	18	(*)	0
Lafarge Holcim	Ferrovial Agroman / subsidiaries	Commercial	Purchase of cement	14,269	0	1,136	8,844	(*)	-545
La Rioja Alta	Ferrovial Servicios / subsidiaries	Commercial	Receipt of food services	1	(*)	0	1	(*)	0
Panda Security	Ferrovial Agroman / subsidiaries	Commercial	Receipt of IT services	1	(*)	0	4	(*)	0
Summit	Ferrovial Agroman / subsidiaries	Commercial	Acquisition of tools and electrical material	20	(*)	0	2	(*)	0
	Several	Commercial	Arrangement of insurance policies	2,043	(*)	0	7,774	(*)	2
Zurich Insurance	Ferrovial Servicios / subsidiaries	Commercial	Lease of offices	88	(*)	-6	300	(*)	-6
	Ferrovial Servicios / subsidiaries	Commercial	Maintenance and cleaning services	0	0	8	9	1	8

(*) No profit or loss is stated as the relevant amount pertains to the entity or person providing the service.

The information on remuneration and loans to directors and senior executives may be consulted in Note 6.6.

c) Intra-Group transactions

Set forth below is information on transactions between Ferrovial, S.A. companies which, in all cases forming part of their ordinary businesses as regards purpose and conditions, were not eliminated on consolidation for the following reason.

As explained in detail in Note 1.3.2, the balances and transactions relating to construction work performed by the Construction Division for the Group's infrastructure concession operators are not eliminated on consolidation since, at consolidated level, contracts of this type are classed as construction contracts in which the work -to the extent that it is completed- is deemed to be performed for third parties, as the ultimate owner of the work is the grantor both from a financial and legal viewpoint.

In 2016 Ferrovial's Construction Division billed those concession operators for EUR 112,252 thousand (2015: EUR 439,532 thousand) for work performed and related advance payments and, in this respect, recognised sales totalling EUR 397,122 thousand (2015: EUR 652,303 thousand).

In 2016 the profit from these transactions attributable to Ferrovial, S.A.'s holdings in the concession operators in question and not eliminated on consolidation, net of taxes and non-controlling interests, was EUR 34,694 thousand. In 2015 it was EUR 93,359 thousand.

6.9. CONFLICTS OF INTEREST

In accordance with the legislation in force (Article 229 of the Spanish Limited Liability Companies Law), there were no direct or indirect conflicts of interest with the Company, without prejudice to the related party transactions of the Company (or its Group companies) disclosed in the notes to the consolidated financial statements or, where applicable, to the resolutions relating to matters of remuneration or appointments.

The director Santiago Fernández Valbuena abstained from participating in the discussion and vote on a transaction with the Telefónica Group since he holds the position of non-executive chairman of SP Telecomunicações Participações LTDA, a Telefónica, S.A. subsidiary.

6.10. FEES PAID TO AUDITORS

Pursuant to Royal Decree 1514/2007, of 16 November, approving the Spanish National Chart of Accounts, following is a disclosure of the total fees relating to the "audit services" and "other consultancy services" provided by the auditors of the 2016 and 2015 financial statements of the Group companies, including both the principal auditor of Ferrovial, S.A. and the other auditors of all its investees, both in Spain and abroad.

“Fees for Audit Services” includes the following items:

- “Audit Services” relates to strictly statutory audit services.
- “Audit-Related Services” relates to services other than statutory audit services which by law or by regulation can only be provided by the Company's auditor, such as the review of financial information in bond issues and services which due to their nature are normally provided by the Company's auditor, such as the review of tax returns.

The total of “Other Consultancy Services” provided by the principal auditor represented 12.99% of the total fees for audit services in 2016. This amount also includes EUR 0.1 million for tax advisory services provided by the auditor.

Millions of euros	2016	2015
Fees for audit services	5.8	5.1
Principal auditor	4.8	5.0
Audit services	4.5	4.6
Audit-related services	0.3	0.4
Other auditors	1.1	0.1
Audit services	1.0	0.1
Audit-related services	0.0	0.0
Other consultancy services	2.0	0.8
Principal auditor	0.6	0.6
Other auditors	1.4	0.2

6.11. EVENTS AFTER THE REPORTING PERIOD

At the date of authorisation for issue of these consolidated financial statements, no significant events had taken place.

6.12. APPENDICES

APPENDIX I. DISCLOSURES ON THE TAX REGIME ESTABLISHED IN ARTICLES 107 AND 108 OF LAW 27/2014.

In 2014 Ferrovial opted to be taxed under the regime established currently in Articles 107 and 108 of the Spanish Income Tax Law, of 27 November, ("LIS"), which became applicable from 1 January 2014 and, consequently, all of 2016.

Under this tax regime:

1. Dividends and capital gains obtained by Ferrovial arising from ownership interests in non-resident operating companies (which represent at least 5% of the share capital of these companies or which were acquired for more than EUR 20 million) are exempt from income tax if the requirements provided for in Article 21 of the Spanish Income Tax Law ("exempt income") are fulfilled.

2. The dividends paid by Ferrovial with a charge to the aforementioned "exempt income", or to income arising from permanent establishments abroad to which the exemption provided for in Article 22 of the Spanish Income Tax Law is applicable are treated as follows:

(iv) Where the recipient is a non-resident shareholder in Spain (and does not operate through tax havens or by means of a permanent establishment in Spain), dividends are not subject to withholdings or taxation in Spain.

(v) Where the recipient is an entity subject to Spanish income tax, the dividends received shall give rise to the exemption in order to avoid double taxation of dividends of resident entities included in Article 21 of the Spanish Income Tax Law ("exempt income"), if the requirements provided for in the aforementioned law are met.

(vi) Where the recipient is a natural person resident in Spain subject to personal income tax, the dividends received shall be considered savings income and the tax credit for the avoidance of double taxation in Spain may be taken in accordance with the terms of the Personal Income Tax Law, with respect to the taxes paid abroad by Ferrovial.

In 2016 all of the dividends paid by Ferrovial were paid out of "exempt income".

3. The capital gains obtained by the shareholders of Ferrovial arising from the transfer of their ownership interests in the Company are treated as follows:

(i) Where the shareholder is a non-resident in Spain (and does not operate through tax havens or a permanent establishment in Spain) the portion of the capital gain that relates to the reserves recognised by Ferrovial with a charge to the aforementioned "exempt income" or to changes in value attributable to Ferrovial's investments in non-resident entities that meet the requirements to be able to apply the foreign income exemption established in Articles 21 and 22 of the Spanish Income Tax Law shall be deemed not subject to taxation in Spain.

(ii) Where the shareholder is an entity subject to Spanish income tax with an ownership interest in Ferrovial that meets the requirement (5% ownership interest in the share capital or that the acquisition cost of the ownership interest exceeds EUR 20 million and it has

been held for one year), the exemption provided for in Article 21 of the Spanish Income Tax Law may be applied.

(iii) Where the shareholder is a natural person resident in Spain subject to personal income tax, it shall pay tax on the capital gain obtained in accordance with the standard income tax rules.

The amount of exempt income pursuant to Article 21 and 22 of the Spanish Income Tax Law obtained by Ferrovial in 2016 and the related tax paid abroad is as follows:

A) EXEMPTION FOR FOREIGN SOURCE DIVIDENDS AND INCOME

a.1 Exemption for foreign source dividends

Amounts in euros	
Cintra Global Holding, LTD	12,400,000.00
Financinfrastructures Ltd. dividend	7,600,000.00
407 Toronto Highway B.V. dividend	4,800,000.00
Cintra Infraestructuras Internacional, S.L.U.	5,300,150.00
Cinsac, LTD dividend	5,000,000.00
Eurolink Motorway Operation (M4-M6) Ltd. dividend	300,150.00
Cintra Infraestructuras, S.A.	36,595,827.21
Norte Litoral dividend	22,239,997.72
Algarve BV dividend	13,207,843.09
Via Livre dividend	1,147,986.40
Ferrovial, S.A.	4,650,000.00
Hellas Toll dividend	4,650,000.00
Ferrovial Agroman Internacional, S.L.U.	50,413,410.94
Valivala dividend	50,413,410.94
Total	109,359,388.15

a.2 Exemption for income of permanent establishments abroad

No income was obtained from permanent establishments abroad in 2016.

B) EXEMPTION FOR FOREIGN SOURCE CAPITAL GAINS:

No capital gains were obtained to which the exemption included in Article 21 of the Spanish Income Tax Law is applicable because (i) either the sales were made between Group companies and were eliminated on preparation of the consolidated tax return, (ii) or they were reported in corporate restructuring transactions which opted for the tax neutrality regime provided for in Article 76 et seq of the Spanish Income Tax Law.

Nevertheless, the capital gains that would have been reported for tax purposes had these regimes not been not applicable (consolidated tax group or tax neutrality) are as follows:

b.1 Elimination of capital gains for intra-group sales of foreign companies:

200

	Amounts in euros
Ferrovial, S.A.	-73,944
TOTAL	-73,944

b.2 Deferred capital gains arising in corporate restructuring processes:

	Amounts in euros
Ferrovial, S.A.	3,045,684,105.03
Ferrovial Internacional, S.L.U.	755,050,176.77
Cintra Infraestructuras Internacional, S.L.U.	7,614,702.38
TOTAL	3,808,348,984.18

In order to enable the shareholders of Ferrovial to adopt the aforementioned tax regime, the Company performed a market assessment at the end of the year of its ownership interests (held directly and indirectly through investments in other entities that have adopted this special tax regime) in non-resident entities and permanent establishments abroad that meet the requirements to be able to apply the foreign source income exemption established in Articles 21 and 22 of the Spanish Income Tax Law.

The result of this assessment means that these assets represent 92% of the total market value of Ferrovial. At 31 December 2015, this percentage amounted to 89%.

Taxation of Ferrovial's scrip dividend

In 2016 Ferrovial S.A. implemented two shareholder remuneration schemes under a framework known as the "Ferrovial Scrip Dividend", which provide the Company's shareholders with the free choice of (i) receiving newly issued bonus shares of the Company; (ii) transferring in the market the bonus issue rights corresponding to the shares held by them; or (iii) receiving a cash amount through the transfer to Ferrovial of the aforementioned bonus issue rights.

Set forth below are the main tax implications of these schemes, based on the tax legislation in force in Spain except for Navarre and the Basque Country and on the interpretation made by the Spanish Directorate-General of Taxes in its response to several requests for a binding rulings.

Delivery of new shares: for tax purposes, the delivery of new shares is considered to be a delivery of bonus shares and, therefore, does not constitute income for the purposes of personal income tax, income tax or non-resident income tax, regardless of whether or not the recipients of these shares act through a permanent establishment in Spain. The delivery of new shares is not subject to withholdings or pre-payments. The acquisition cost, both of the new shares and the shares to which they correspond, will be the result of distributing the total cost of acquisition for tax purposes of the portfolio by the number of shares; both the original shares and the bonus shares that correspond to them. The age of the bonus shares will be the age that corresponds to the shares that gave rise to them. Consequently, in the event of their subsequent transfer, the income obtained will be calculated by reference to this new value.

Sale to the market of the bonus issue rights: if the shareholders sell their bonus issue rights to the market, the amount obtained will not be subject to withholdings or pre-payments and will be subject to the tax rules indicated below (applicable until the end of 2016(*)):

a) In the case of personal income tax and non-resident income tax applicable to shareholders without a permanent establishment in Spain, the amount obtained on the sale to the market of the bonus issue rights is subject to the same rules established in tax legislation for pre-emption rights. Consequently, the amount obtained on the sale of the bonus issue rights reduces the acquisition cost for tax purposes of the shares which give rise to such rights, pursuant to Article 37.1.a) of Personal Income Tax Law 35/2006, of 28 November, and pursuant to Final Provision Six of Law 26/2014, of 27 November, amending Personal Income Tax Law 35/2006, of 28 November, the Consolidated Spanish Non-Resident Income Tax Law approved by Legislative Royal Decree 5/2004, of 5 March, and other tax legislation. Therefore, if the amount obtained on the sale of the bonus issue rights is higher than the acquisition cost of the shares which gave rise to them, the difference is considered to be a capital gain for the seller in the tax period in which this occurs; all of the foregoing without prejudice to the potential application to non-resident income tax payers not operating through a permanent establishment in Spain of the tax treaties entered into by Spain to which they could be entitled or to the exemptions that may be applicable to them under Spanish domestic law.

b) In the case of income tax and non-resident income tax applicable to shareholders operating through a permanent establishment in Spain, taxes will be paid in accordance with applicable accounting standards and, as appropriate, with the special tax rules applicable to the shareholders subject to the aforementioned taxes.

Sale to Ferrovial of the bonus issue rights: lastly, if the holders of bonus issue rights decide to avail themselves of the Ferrovial Purchase Commitment, the tax regime applicable to the amount obtained on the sale to Ferrovial of the bonus issue rights received in their capacity as shareholders will be as follows:

- (iv) if the shareholder is a natural person resident for tax purposes in Spain or a legal entity that does not satisfy the requirements to apply the exemption provided for in Article 21 of Spanish Income Tax Law 27/2014, the applicable tax regime shall be the regime which applies to the dividends paid directly in cash and, therefore, the amount obtained will be subject to the corresponding withholding tax;
- (v) if the shareholder is a natural person or legal entity not resident for tax purposes in Spain or a tax haven, and does not operate through a permanent establishment in Spain, the amount obtained shall not be subject to taxation in Spain pursuant to Chapter XIII of Title VII of Spanish Income Tax Law 27/2014, and, therefore, shall not be subject to withholding tax. In these cases, for this regime to apply the shareholder shall be required to evidence its tax residence by providing the corresponding certificate issued by the tax authorities in question;
- (vi) if the shareholder is a legal entity resident in Spain for tax purposes or, if it is not a tax resident but operates through a permanent establishment in Spain and satisfies the requirements for the application of the exemption provided for in Article 21 of Spanish Income Tax Law 27/2014, the amount obtained shall be exempt from taxation in Spain and, therefore, shall not be subject to withholding tax.

It should be borne in mind that the taxation scenarios of the various options relating to the scheme known as the "Ferrovial Scrip Dividend" set out above do not explain all the possible tax consequences. Accordingly, the shareholders should consult their tax advisers on the specific tax effect of the proposed scheme and pay attention to any changes that could take place, both in in-force legislation and in the criteria of the interpretation thereof, as well as the particular circumstances of each shareholder or holder of bonus issue rights.

APPENDIX II SUBSIDIARIES (fully consolidated companies) (Millions of euros)

The participation percentage and the net cost of the ownership interest correspond to the present values of the “Parent Company” over the “Company”.

Company	Type of company	Parent	% of ownership	Net cost of the ownership interest	Audit.
CORPORATE					
SPAIN (Registered office: Madrid, Spain)					
Betonal, S.A. (a)		Ferrovial, S.A. (a)	99.0%	4	
Ferrovial Inversiones, S.A. (a)		Ferrovial, S.A. (a)	99.6%	0	
Frin Gold, S.A. (a)		Ferrovial, S.A. (a)	99.0%	0	
Inversiones Trenza, S.A. (a)		Ferrovial, S.A. (a)	99.9%	1	
Promotora Ibérica de Negocios, S.A. (a)		Ferrovial, S.A. (a)	99.0%	0	
Can-Am, S.A. (a)		Ferrovial, S.A. (a)	100.0%	3	
Ferrovial Emisiones, S.A. (a)		Ferrovial, S.A. (a)	99.0%	0	■
Triconitex, S.L. (a)		Ferrovial, S.A. (a)	100.0%	2	
Ferrovial CORPORATE, S.A. (a)		Ferrovial, S.A. (a)	100.0%	5	■
Ferrofin, S.L. (a)		Ferrovial, S.A. (a)	85.6%	1,554	■
Ferrovial Internacional, S.L.U. (a)		Ferrovial, S.A. (a)	100.0%	6,329	■
Tetabomoo, S.A. (a)		Ferrovial, S.A. (a)	99.0%	0	
Teraoui, S.A. (a)		Ferrovial, S.A. (a)	99.0%	0	
Temaui, S.L. (a)		Ferrovial, S.A. (a)	100.0%	(1)	
UNITED KINGDOM (Registered office: Oxford, United Kingdom)					
Ferrocop UK Ltd.		Ferrovial, S.A. (a)	100.0%	1	■
Ferrovial International, Ltd. (a)		Ferrovial Internacional, S.L.U. (a)	100.0%	5,704	■
IRELAND (Registered office: Dublin, Ireland)					
Landmille Ireland DAC		Ferrovial Internacional, S.L.U. (a)	100.0%	633	■
LUXEMBOURG; Luxembourg					
Krypton RE, S.A.		Ferrovial, S.A. (a)	100.0%	4	■
NETHERLANDS (Registered office: Amsterdam, Netherlands)					
Landmille Netherlands B.V.		Ferrovial International, Ltd. (a)	100.0%	43	
UNITED STATES (Registered office: Austin, USA)					
Landmille US LLC		Ferrovial Holding US Corp	100.0%	0	
Ferrovial Holding US Corp		Cintra Infraestructures, S.E. (a)	100.0%	694	
REAL ESTATE					
SPAIN (Registered office: Madrid, Spain)					
Ferrovial FISA, S.L. (a)		Ferrovial, S.A. (a)	100.0%	60	
Vergarapromoinvest, S.L. (a)		Ferrovial FISA, S.L. (a)	99.7%	26	
AIRPORTS					
SPAIN (Registered office: Madrid, Spain)					
Ferrovial Aeropuertos Internacional, S.A.U. (a)	Project	Ferrovial Internacional, S.L.U. (a)	100.0%	17	■
Ferrovial Aeropuertos SPAIN, S.A. (a)		Ferrovial, S.A. (a)	99.0%	25	■
NETHERLANDS (Registered office: Amsterdam, Netherlands)					
Hubco Netherlands B.V.		Ferrovial Airports International, Ltd. (a)	100.0%	783	■
CHILE (Registered office: Santiago, Chile)					
Ferrovial Transco Chile SpA	Project	Ferrovial Aeropuertos Internacional, S.A.U. (a)	65.9%	36	■
Ferrovial Transco Chile II SpA	Project	Ferrovial Transco Chile SpA	100.0%	0	■
Transchile Charrúa Transmisión	Project	Ferrovial Transco Chile SpA	100.0%	99	■
UNITED KINGDOM (Registered office: Oxford, United Kingdom)					
Faero UK Holding Limited		Hubco Netherlands B.V.	100.0%	288	■
Ferrovial Airports International, Ltd. (a)		Ferrovial International, Ltd. (a)	100.0%	0	■
Ferrovial Airports Denver UK Ltd.		Ferrovial Airports International, Ltd. (a)	100.0%	4	■
UNITED STATES (Registered office: Denver, USA)					
Ferrovial Airports Denver Corp	Project	Ferrovial Airports Denver UK Ltd.	100.0%	4	■
Ferrovial Airports Great Hall Partners LLC	Project	Ferrovial Airports Denver Corp	100.0%	4	■
Denver Great Hall Holding LLC	Project	Ferrovial Airports Great Hall Partners LLC	80.0%	1	■
Denver Great Hall LLC	Project	Denver Great Hall Holding LLC	100.0%	1	■
SERVICES					
SPAIN (Registered office: Madrid, Spain)					
Ferrovial Servicios (a)		Ferrovial, S.A. (a)	100.0%	264	■
Albaida Residuos, S.L. (a)		Cespa Gestion de Residuos, S.A. (a)	100.0%	5	
Autovía de Aragón, Sociedad Concesionaria, S.A. (a)	Project	Ferrosar Infraestructuras (a)	60.0%	11	■
Ferrosar Infraestructuras (a)		Ferrovial Servicios (a)	100.0%	18	■
Ferrosar Servicios Auxiliares, S.A. (a)		Ferrovial Servicios (a)	100.0%	10	■
Siemsa Control y Sistemas S.A.U.		Siemsa Industria S.A.	100.0%	1	■
Siemsa Industria S.A.		Ferrovial Servicios (a)	100.0%	17	■
Sitkol, S.A. (a)		Compañía Española de Servicios Públicos Auxiliares S.A. (a)	99.0%	5	
Valorizaciones Farmaceuticas, S.L.		Biotran Gestion de Residuos, S.L.U.	50.0%	0	
SPAIN (Registered office: Madrid, Albacete)					
Ayora Gestión Biogás, S.L. (a)		Compañía Española de Servicios Públicos Auxiliares S.A. (a)	80.0%	0	■
SPAIN (Registered office: Madrid, Alicante)					
Reciclados y Compostaje Piedra Negra, S.A. (a)		Cespa Gestion de Residuos, S.A. (a)	100.0%	7	■
SPAIN (Registered office: Madrid, Almería)					
Técnicas Medioambientales Avanzadas, S.L.		Albaida Residuos, S.L. (a)	55.0%	0	

■ Deloitte
■ BDO
■ KPMG
■ El Sayed, El Ayouty & co
■ Valdés, García, Marín & Martínez, Llp

■ Morison Finanzista Audit Sp. Z O.O.
■ Mahinder Puri & Company
■ Hib Lebrija Álvarez y Cia S.C.
■ Blasco y Asociados S.C.

Company	Type of company	Parent	% of ownership	Net cost of the ownership interest	Audit.
Tratamiento Residuos Medioambientales, S.L.		Albaida Residuos, S.L. (a)	55.0%	0	
SPAIN (Registered office: Madrid, Barcelona)					
Cespa Gestion de Residuos, S.A. (a)		Compañía Española de Servicios Públicos Auxiliares S.A. (a)	100.0%	87	■
Cespa Gestión y Tratamiento de Residuos, S.A. (a)		Cespa Gestion de Residuos, S.A. (a)	100.0%	21	■
Compañía especial de recuperaciones i acondicionaments, SL (a)		Cespa Gestion de Residuos, S.A. (a)	81.1%	0	
Compañía Española de Servicios Públicos Auxiliares S.A. (a)		Ferrovial Servicios (a)	100.0%	533	■
Ecoenergía Can Mata A.I.E.		Cespa Gestion de Residuos, S.A. (a)	70.0%	0	
Ecoparc de Can Mata, S.L. (a)	Project	Compañía Española de Servicios Públicos Auxiliares S.A. (a)	100.0%	11	■
Ecoparc del Mediterrani		Cespa Gestion de Residuos, S.A. (a)	48.0%	3	■
Company Mixta de limpieza de Almendra-lejo, S.A.		Compañía Española de Servicios Públicos Auxiliares S.A. (a)	51.0%	0	
Residus del Maresme, S.L.		Compañía Española de Servicios Públicos Auxiliares S.A. (a)	51.0%	0	
SPAIN (Registered office: Madrid, Cáceres)					
Biogas Extremadura		Biotran Gestion de Residuos, S.L.U.	51.0%	0	
SPAIN (Registered office: Madrid, Ciudad Real)					
Reciclum, Reciclaje y valorización de residuos, S.L.		Biotran Gestion de Residuos, S.L.U.	100.0%	0	
SPAIN (Registered office: Madrid, Granada)					
Ingeniería ambiental Granadina, S.A. (a)		Compañía Española de Servicios Públicos Auxiliares S.A. (a)	80.0%	3	■
SPAIN (Registered office: Madrid, Guipuzcoa)					
Onerder S.A.		Cespa Gestion de Residuos, S.A. (a)	51.6%	0	
SPAIN (Registered office: Madrid, Málaga)					
Andaluz de Señalizaciones, S.A. (a)		Ferrosar Infraestructuras (a)	100.0%	1	
SPAIN (Registered office: Madrid, Murcia)					
Cespa Servicios Urbanos de Murcia, S.A. (a)	Project	Compañía Española de Servicios Públicos Auxiliares S.A. (a)	100.0%	10	■
SPAIN (Registered office: Madrid, Tarragona)					
Contenedores de Reus, S.A. (a)		Cespa Gestion de Residuos, S.A. (a)	100.0%	1	■
SPAIN (Registered office: Madrid, Cantabria)					
SMART Hospital Cantabria, SA (a)	Project	Ferrovial Servicios (a)	85.0%	8	■
SPAIN (Registered office: Madrid, Toledo)					
Gestion Medioambiental de Toledo, S.A	Project	Compañía Española de Servicios Públicos Auxiliares S.A. (a)	60.0%	8	■
SPAIN (Registered office: Madrid, Valencia)					
Tratamientos, Residuos y Energías Valencianas, S.A		Cespa Gestion de Residuos, S.A. (a)	55.0%	2	
SPAIN (Registered office: Madrid, Valladolid)					
Biotran Gestion de Residuos, S.L.U.		Cespa Gestion de Residuos, S.A. (a)	100.0%	11	■
Valveni soluciones para el desarrollo sostenible		Biotran Gestion de Residuos, S.L.U.	50.0%	0	
SPAIN (Registered office: Madrid, Vizcaya)					
Cespa Jardinería, S.L. (a)		Compañía Española de Servicios Públicos Auxiliares S.A. (a)	100.0%	7	■
POLAND (Registered office: Warsaw, Poland)					
Fbserwis SA		Ferrovial Services International, Ltd (a)	51.0%	13	■
Fbserwis Dolny Śląsk Sp. z o.o.		FBSerwis, SA	100.0%	6	■
Fbserwis A Sp. z o.o.		FBSerwis, SA	100.0%	0	■
Fbserwis B SP. z o.o.		FBSerwis, SA	100.0%	0	■
Amest Kamieński Sp. z o.o. (5)		FBSerwis, SA	80.0%	8	■
PORTUGAL (Registered office: Lisbon, Portugal)					
Ferrovial Serviços, SA		Ferrovial Services International Ltd (a)	100.0%	23	■
Sopovico Soc. Port. Vías de Com-Cons. Infraestructuras		Ferrovial Serviços, SA	100.0%	0	■
PORTUGAL (Registered office: Maia, Portugal)					
Citrup, Lda		Ferrovial Serviços, SA	70.0%	0	■
Ferrovial Serviços - Ecoambiente, ACE		Ferrovial Serviços, SA	60.0%	0	
COLOMBIA (Registered office: Bogotá, Colombia)					
Ferrovial Servicios Colombia SAS		Ferrovial Services International, Ltd (a)	100.0%	0	
Ferrovial Servicios Públicos Colombia, SAS ESP		Ferrovial Services International, Ltd (a)	100.0%	0	
Ferrovial Servicios, S.A, Sucursal Columbia		Ferrovial Servicios, S.A. (a)	100.0%	0	
UNITED KINGDOM (Registered office: Oxford, United Kingdom)					
Ferrovial Services International, Ltd. (a)		Ferrovial International, Ltd. (a)	100.0%	562	■
Ferrovial Services UK, Ltd.		Ferrovial Services International, Ltd. (a)	100.0%	521	
Amey UK Plc		Ferrovial Internacional, S.L.U. (a)	100.0%	566	■
A.R.M. Services Group Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
Access Hire Services Ltd		Enterprise Managed Services Ltd	100.0%	0	
Accord Asset Management Ltd		Accord Ltd	100.0%	0	
Accord Consulting Services Ltd		Accord Ltd	100.0%	0	
Accord Environmental Services Ltd		Accord Ltd	100.0%	0	
Accord Ltd		Enterprise plc	100.0%	0	■
Accord Network Management Ltd		Accord Asset Management Ltd	100.0%	0	
Allerton Waste Recovery Park Interim SPV Ltd		Amey/Cespa Ltd	100.0%	0	
Amey (IOW) SPV Ltd	Project	Amey Ventures Asset Holdings Ltd	100.0%	0	■
Amey Airports Ltd		Amey plc	100.0%	0	

(a) Form part of Ferrovial, S.A. tax framework and subsidiary companies.

Company	Type of company	Parent	% of ownership	Net cost of the ownership interest	Audit.
Amey Building Ltd	Amey plc		100.0%	0	
Amey Community Ltd	Amey plc		100.0%	0	■
Amey Construction Ltd	Amey plc		100.0%	0	■
Amey Datel Ltd	Amey OW Ltd		100.0%	0	
Amey Facilities Partners Ltd	Comax Holdings Ltd		100.0%	0	
Amey Finance Services Ltd	Amey plc		100.0%	0	■
Amey Fleet Services Ltd	Amey plc		100.0%	0	■
Amey Group Information Services Ltd	Amey plc		100.0%	0	■
Amey Group Services Ltd	Amey plc		100.0%	0	■
Amey Highways Ltd	Amey plc		100.0%	0	
Amey Holdings Ltd	Amey UK plc		100.0%	0	■
Amey Investments Ltd	Amey plc		100.0%	0	■
Amey IT Services Ltd	Amey plc		100.0%	0	
Amey LG Ltd	Amey plc		100.0%	0	■
Amey LUL 2 Ltd	Amey Tube Ltd		100.0%	0	■
Amey Mechanical & Electrical Services Ltd	Amey Community Ltd		100.0%	0	■
Amey Metering Ltd	Enterprise Managed Services Ltd		100.0%	0	■
Amey OW Group Ltd	Amey plc		100.0%	0	
Amey OW Ltd	Amey OW Group Ltd		100.0%	0	■
Amey OWR Ltd	Amey OW Group Ltd		100.0%	0	■
Amey plc	Amey Holdings Ltd		100.0%	0	■
Amey Power Services Ltd	Enterprise Managed Services Ltd		100.0%	0	■
Amey Programme Management Ltd	Amey plc		100.0%	0	■
Amey Public Services LLP	Amey LG Ltd		66.7%	0	■
Amey Rail Ltd	Amey plc		100.0%	0	■
Amey Railways Holding Ltd	Amey plc		100.0%	0	
Amey Roads (North Lanarkshire) Ltd	Amey LG Ltd		66.7%	0	■
Amey Services Ltd	Amey plc		100.0%	0	■
Amey Technology Services Ltd	Amey plc		100.0%	0	
Amey TPT Limited	Amey OWR Ltd		100.0%	0	■
Amey Tramlink Ltd	Amey Technology Services Ltd		100.0%	0	
Amey Tube Ltd	JNP Ventures Ltd		100.0%	0	
Amey Utility Services Ltd	ARM Services Group Ltd		100.0%	0	■
Amey Ventures Asset Holdings Ltd	Amey Investments Ltd		100.0%	0	■
Amey Ventures Ltd	Amey plc		100.0%	0	■
Amey Ventures Management Services Ltd	Amey Investments Ltd		100.0%	0	■
Amey Wye Valley Ltd	Amey LG Ltd		80.0%	0	■
AmeyCespa (AWRP) ODC Ltd	AmeyCespa Ltd		100.0%	0	■
AmeyCespa (East) Holdings Ltd	AmeyCespa Ltd		100.0%	0	■
AmeyCespa (East) Ltd	AmeyCespa (East) Holdings Ltd		100.0%	0	■
AmeyCespa (MK) Holding Co Ltd	Amey Ventures Asset Holdings Ltd		50.0%	0	■
AmeyCespa (MK) Holding Co Ltd	Cespa Ventures Limited		50.0%	0	■
AmeyCespa (MK) ODC Ltd	AmeyCespa Ltd		100.0%	0	■
AmeyCespa (MK) SPV Ltd	AmeyCespa (MK) Holding Co Ltd		100.0%	0	■
AmeyCespa Ltd	Amey LG Ltd		50.0%	0	■
AmeyCespa Ltd	Cespa UK Ltd		50.0%	0	■
AmeyCespa Services (East) Ltd	AmeyCespa (East) Ltd		100.0%	0	■
AmeyCespa WM (East) Ltd	AmeyCespa Services (East) Ltd		100.0%	0	■
Brophy Grounds Maintenance Ltd	Enterprise Public Services Ltd		100.0%	0	■
Byzak Ltd	Globemile Ltd		100.0%	0	■
Cespa UK Ltd	Cespa Compañía Española de Servicios Públicos Auxiliares, S.A (a)		100.0%	0	■
Cespa Ventures Ltd	Cespa UK Ltd		100.0%	0	■
Comax Holdings Ltd	Amey plc		100.0%	0	■
Countrywide Property Inspections Ltd	Durley Group Holdings Ltd		100.0%	0	
CRW Maintenance Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
Durley Group Holdings Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
Enterprise (AOL) Ltd	Accord Ltd		100.0%	0	■
Enterprise (ERS) Ltd	Trinity Group Holdings Ltd		100.0%	0	
Enterprise (Venture Partner) Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	■
Enterprise Building Services Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
Enterprise Business Solutions 2000 Ltd	Enterprise Holding Company No 1 Ltd		90.0%	0	
Enterprise Fleet Ltd	Enterprise Managed Services Ltd		54.5%	0	
Enterprise Foundation (ETR) Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
Enterprise Holding Company No.1 Ltd	Enterprise plc		100.0%	0	■
Enterprise Islington Ltd	Accord Ltd		99.0%	0	
Enterprise Lighting Services Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
Enterprise Managed Services (BPS) Ltd	Enterprise Managed Services Ltd		100.0%	0	■
Enterprise Managed Services Ltd	Amey Utility Services Ltd		100.0%	0	■
Enterprise plc	Amey plc		100.0%	0	■
Enterprise Public Services Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	■
EnterpriseManchester Partnership Ltd	Enterprise Managed Services Ltd		80.0%	0	■
Globemile Ltd	Enterprise Managed Services Ltd		100.0%	0	■
Haringey Enterprise Ltd	Accord Ltd		100.0%	0	

■ Deloitte
■ BDO
■ KPMG
■ El Sayed, El Ayouty & co
■ Valdés, García, Marín & Martínez, Llp

■ Morison Finanzista Audit Sp. Z.O.O.
■ Mahinder Puri & Company
■ Hib Lebrija Álvarez y Cia S.C.
■ Blasco y Asociados S.C.

Company	Type of company	Parent	% of ownership	Net cost of the ownership interest	Audit.
Heating and Building Maintenance Company Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	■
Hillcrest Developments (Yorkshire) Ltd	Durley Group Holdings Ltd		100.0%	0	
ICE Developments Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
J J McGinley Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	■
JDM Accord Ltd	Accord Ltd		100.0%	0	
JNP Ventures 2 Ltd	Amey Tube Ltd		100.0%	0	
JNP Ventures Ltd	Amey Ventures Ltd		100.0%	0	
MRS Environmental Services Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	■
MRS St Albans Ltd	MRS Environmental Services Ltd		100.0%	0	
Nationwide Distribution Services Ltd	Amey LG Ltd		100.0%	0	■
Novo Community Ltd	Amey Community Ltd		100.0%	0	■
Sherard Secretariat Services Ltd	Amey plc		100.0%	0	■
Slough Enterprise Ltd	Accord Environmental Services Ltd		100.0%	0	■
TPI Holdings Ltd	Amey OW Ltd		100.0%	0	
Transportation Planning International Ltd	TPI Holdings Ltd		100.0%	0	
Trinity Group Holdings Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
Wimco Ltd	Amey Railways Holding Ltd		100.0%	0	
UNITED KINGDOM (Registered office: Glasgow, United Kingdom)					
Byzak Contractors (Scotland) Ltd	Byzak Ltd		100.0%	0	
C.F.M Building Services Ltd	Enterprise Managed Services Ltd		100.0%	0	■
UNITED KINGDOM (Registered office: Liverpool, United Kingdom)					
Fleet and Plant Hire Ltd	Enterprise Managed Services Ltd		100.0%	0	■
UNITED KINGDOM (Registered office: Manchester, United Kingdom)					
Accord Leasing Ltd	Accord Ltd		100.0%	0	
Arkeco Environmental Services Ltd	MRS Environmental Services Ltd		100.0%	0	
Brophy Enterprise Ltd	Brophy Grounds Maintenance Ltd		100.0%	0	
CCMR Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
Datamerser Ltd	Durley Group Holdings Ltd		100.0%	0	
Enterprise Consulting and Solutions Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
Enterprise Maintenance Services Ltd	First Claims Response (Manchester) Ltd		100.0%	0	
Enterprise Transport Services Ltd	Accord Ltd		100.0%	0	
Enterprise Utility Services (DCE) Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
Enterprise Utility Services (TBC) Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
Enterprisekeepmoat Ltd	Accord Ltd		100.0%	0	
First Claims Response (Manchester) Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
First Claims Response Ltd	First Claims Response (Manchester) Ltd		100.0%	0	
Lancashire Enterprises (Europe) Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
Prism Research Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
Rhuburt Street Lighting Ltd	Enterprise Public Services Ltd		100.0%	0	
Schofield Lathian Group Ltd	Accord Ltd		100.0%	0	
TSC Services Ltd	Trinity Group Holdings Ltd		100.0%	0	
W.M.Y. Consulting Ltd	Enterprise Holding Company No 1 Ltd		100.0%	0	
UNITED ARAB EMIRATES (Registered office: Dubai, UAE)					
Ferrovial Technical Services Middle East LLC	Ferrovial Services International, Ltd (a)		85.0%	0	
MOROCCO (Registered office: Tánger, Morocco)					
Cespa Nadafara S.A.R.L	Compañía Española de Servicios Públicos Auxiliares S.A (a)		98.8%	0	
AUSTRALIA (Registered office: Melbourne, Australia)					
Amey Consulting Australia Pty Ltd	Amey OW Ltd		100.0%	0	
AUSTRALIA (Registered office: Sydney, Australia)					
Ferrovial Services Australia PTY, Ltd.	Ferrovial Services UK LTD		100.0%	514	■
Ferrovial Services Consolidated PTY, Ltd.	Ferrovial Services Australia PTY, Ltd.		100.0%	0	
Broadspectrum Ltd.	Ferrovial Services Australia PTY, Ltd.		100.0%	499	■
APP Corporation Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	1	■
Appoint Consulting Pty Ltd	APP Corporation Pty Ltd		100.0%	0	■
Aquas Holdings Pty Ltd	Broadspectrum Limited		100.0%	0	■
Australian Quality Assurance & Superintendence Pty Ltd	Appoint Consulting Pty Ltd		100.0%	0	■
BR & I Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	0	
Broadspectrum (Australia) Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	0	
Broadspectrum (Chile) Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	0	
Broadspectrum (East Timor) Pty Ltd	Broadspectrum (International) Pty Ltd		100.0%	0	
Broadspectrum (Finance) Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	0	
Broadspectrum (Holdings) Pty Ltd	Broadspectrum Limited		100.0%	57	
Broadspectrum (India) Pty Ltd	Broadspectrum (International) Pty Ltd		100.0%	0	
Broadspectrum (International) Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	55	
Broadspectrum (IP) Holdings Pty Limited	Broadspectrum Pty Limited		100.0%	0	
Broadspectrum (Oil and Gas) Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	0	■
Broadspectrum (Sydney Ferries) Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	0	
Broadspectrum (USM) Holdings Pty Ltd	Broadspectrum (International) Pty Ltd		100.0%	100	
Broadspectrum Holdings (Delaware) Pty Ltd LLC (Australian incorporation only)	Broadspectrum (International) Pty Ltd		100.0%	0	
Broadspectrum Protection Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	0	
Broadspectrum Services Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	0	

(a) Form part of Ferrovial, S.A. tax framework and subsidiary companies.

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Company	Type of company	Parent	% of ownership	Net cost of the ownership interest	Audit.
BRS Employee Plan Co Pty Limited	Broadspectrum (Holdings) Pty Ltd		100.0%	0	
CI Australia Pty Limited	APP Corporation Pty Ltd		100.0%	0	
ICD (Asia Pacific) Pty Limited	Broadspectrum (Australia) Pty Ltd		100.0%	0	
Ten Rivers Pty Ltd (previously Transfield Services (NWDF) Pty Ltd)	Broadspectrum (Holdings) Pty Ltd		100.0%	0	
Transhare Plan Company Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	0	
TS (Procurement) Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	0	
Eastern Catering Services Holdings Pty Ltd	Easternwell Group Investments Pty Ltd		100.0%	0	
Eastern Catering Services Pty Ltd	Eastern Catering Services Holdings Pty Ltd		100.0%	0	
Eastern Well Service No 2 Pty Ltd	Easternwell Group Investments Pty Ltd		100.0%	0	
Easternwell Drilling Holdings Pty Ltd	Easternwell Group Investments Pty Ltd		100.0%	0	
Easternwell Energy Rigs Pty Ltd	Easternwell Drilling Holdings Pty Ltd		100.0%	0	
Easternwell Group Assets Pty Ltd	Easternwell Group Investments Pty Ltd		100.0%	0	
Easternwell Group Investments Pty Limited	Piver Pty Ltd		100.0%	0	
Easternwell Group Operations Pty Ltd	Easternwell Group Investments Pty Ltd		100.0%	0	
Easternwell Group Pty Ltd	Broadspectrum (Oil and Gas) Pty Ltd		100.0%	175	
Easternwell Training Pty Ltd	Easternwell Group Investments Pty Ltd		100.0%	0	
Easternwell WA Pty Ltd	Piver Pty Ltd		100.0%	0	
O.G.C. Services Pty Ltd	Easternwell Group Investments Pty Ltd		100.0%	0	
Piver Pty Ltd	Easternwell Group Pty Ltd		100.0%	0	
BE & MG Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	0	
Broadspectrum (Asset Management Optimisation) Pty Ltd	Broadspectrum (International) Pty Ltd		100.0%	0	
Broadspectrum Australia (QLD) Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	0	
Broadspectrum Australia (WA) Pty Ltd	Broadspectrum (Holdings) Pty Ltd		100.0%	0	
Broadspectrum Metrolink Pty Ltd	Broadspectrum Limited		100.0%	0	
Collinsville Operations Pty Ltd	Broadspectrum Limited		100.0%	0	
Transfield Services (Brisbane Ferries) Pty Ltd	Broadspectrum Limited		100.0%	0	
Australian Drilling Solutions Pty Ltd	Piver Pty Ltd		100.0%	0	
Colby Corporation Pty Limited	Porcelain Holdings Pty Ltd		100.0%	0	
Easternwell Drilling Pty Ltd	Easternwell Drilling Holdings Pty Ltd		100.0%	0	
Easternwell Engineering Pty Ltd	Easternwell Group Investments Pty Ltd		100.0%	0	
Easternwell TS Pty Ltd	ETSH Pty Ltd		100.0%	0	
ETSH Pty Ltd	Easternwell Group Investments Pty Ltd		100.0%	0	
EWG Aircraft Pty Ltd	Easternwell Group Investments Pty Ltd		100.0%	0	
EWS Aircraft Pty Ltd	Easternwell Group Investments Pty Ltd		100.0%	0	
Gorey & Cole Drillers Pty Ltd	Gorey & Cole Holdings Pty Ltd		100.0%	0	
Gorey & Cole Holdings Pty Ltd	Piver Pty Ltd		100.0%	0	
Peak Drilling Pty Ltd	Piver Pty Ltd		100.0%	0	
Porcelain Holdings Pty Ltd	Piver Pty Ltd		100.0%	0	
SDC Plant & Equipment Pty Ltd	Sides Drilling Pty Ltd		100.0%	0	
Sides Drilling Contractors Pty Ltd	Sides Drilling Pty Ltd		100.0%	0	
Sides Drilling Pty Ltd	Piver Pty Ltd		100.0%	0	
Silver City Drilling (QLD) Pty Ltd	Easternwell Group Investments Pty Ltd		100.0%	0	
Easternwell Drilling Services Holdings Pty Ltd	Easternwell Drilling Holdings Pty Ltd		100.0%	1	■
Easternwell Drilling Services Assets Pty Ltd	Easternwell Drilling Services Holdings Pty Ltd		100.0%	0	■
Easternwell Drilling Services Labour Pty Ltd	Easternwell Drilling Services Holdings Pty Ltd		100.0%	0	■
Easternwell Drilling Services Operations Pty Ltd	Easternwell Drilling Services Holdings Pty Ltd		100.0%	0	■
CANADA (Registered office: Alberta, Canada)					
Broadspectrum (Alberta) Limited	Broadspectrum Canada (Holdings) Limited		100.0%	0	
Broadspectrum (Canada) Limited	Broadspectrum Canada (Holdings) Limited		100.0%	1	
Broadspectrum (Ontario) Limited	Broadspectrum Canada (Holdings) Limited		100.0%	0	
Broadspectrum Canada (Holdings) Limited	Broadspectrum (International) Pty Ltd		100.0%	1	
CHILE (Registered office: Los Andes, Chile)					
Steel Ingeniería	Ferrovial Servicios Chile, S.L.		100.0%	35	■
CHILE (Registered office: Santiago, Chile)					
Ferrovial Servicios Chile, S.L.	Ferrovial Servicios International, Ltd (a)		99.0%	12	■
Ferrovial Servicios Salud, S.L	Ferrovial Servicios, S.A. (a)		100.0%	0	■
Ingeniería Ambiental y Servicios S.A.	Broadspectrum Chile S.p.A.		92.7%	0	
Siemsa Chile, SPA	Siemsa Industria S.A.		100.0%	0	■
CHILE (Registered office: Antofagasta, Chile)					
Broadspectrum Chile S.p.A.	Inversiones Broadspectrum (Chile) Limitada		100.0%	21	■
Inversiones Broadspectrum (Chile) Holdings Limitada	Broadspectrum (International) Pty Ltd		100.0%	4	

■ Deloitte

■ BDO

■ KPMG

■ El Sayed, El Ayouty & co

■ Valdés, García, Marín & Martínez, Llp

■ Morison Finanzista Audit Sp. Z O.O.

■ Mahinder Puri & Company

■ Hib Lebrija Álvarez y Cia S.C.

■ Blasco y Asociados S.C.

Company	Type of company	Parent	% of ownership	Net cost of the ownership interest	Audit.
Inversiones Broadspectrum (Chile) Limitada	Inversiones Broadspectrum (Chile) Holdings Limitada		100.0%	0	
MAURITIUS (Registered office: Ebene Cybercity, mauritius)					
Broadspectrum (Mauritius) Ltd	Broadspectrum (International) Pty Ltd		100.0%	0	
NEW ZEALAND (Registered office: Auckland, New Zealand)					
Broadspectrum (New Zealand) Limited	Broadspectrum (International) Pty Ltd		100.0%	81	■
TSNZ Pulp & Paper Maintenance Limited	Broadspectrum (New Zealand) Limited		100.0%	0	■
APP Corporation (New Zealand) Limited	Broadspectrum (New Zealand) Limited		100.0%	1	■
UNITED STATES (Registered office: Houston, USA)					
Broadspectrum Americas Inc.	Broadspectrum (Delaware) General Partnership		100.0%	153	
Broadspectrum Downstream Services, Inc.	Broadspectrum Oil and Gas, Inc		100.0%	0	
Broadspectrum Holdings (Delaware) Pty Ltd (US incorporation only)	Broadspectrum (International) Pty Ltd		100.0%	143	
Broadspectrum Infrastructure Inc	Broadspectrum Americas Inc.		100.0%	25	
Broadspectrum Oil and Gas, Inc.	Broadspectrum Americas Inc.		100.0%	0	
Broadspectrum Oilfields, LLC	Broadspectrum Upstream Holdings, LLC		100.0%	0	
Broadspectrum Specialty Services, Inc	Broadspectrum Oil and Gas, Inc		100.0%	0	
Broadspectrum Upstream Holdings, LLC	Broadspectrum Oil and Gas, Inc		100.0%	0	
Amey Consulting USA, Inc.	Amey OW Ltd		100.0%	0	
UNITED STATES (Registered office: New York, USA)					
Broadspectrum (Delaware) General Partnership	Broadspectrum Holdings (Delaware) Pty Ltd LLC (US incorporation only)		61.7%	212	
UNITED STATES (Registered office: State College, USA)					
HRI, Inc.	Broadspectrum Oil and Gas, Inc		100.0%	5	
QATAR (Registered office: Doha, Qatar)					
Transfield Services Mannai Oil and Gas WLL	Broadspectrum (International) Pty Ltd		49.0%	0	■
Amey Consulting LLC	Amey OW Ltd		49.0%	0	
MALASIA (Registered office: Kuala Lumpur, Malasia)					
Transfield Services (Asia) Sdn Bhd (Malaysia)	Broadspectrum (International) Pty Ltd		100.0%	0	■
INDIA (Registered office: Pune, India)					
TS (Technology and Consulting) Private Limited	Broadspectrum (India) Pty Ltd		75.0%	0	
CONSTRUCTION					
SPAIN (Registered office: Madrid, Spain)					
Ferrovial Agroman, S.A. (a)	Ferrovial, S.A. (a)		100.0%	711	■
Ferroconservación, S.A. (a)	Ferrovial Agroman, S.A. (a)		99.0%	20	■
Arena, S.A. (a)	Ferrovial Agroman, S.A. (a)		100.0%	0	
Editesa, S.A. (a)	Ferrovial Agroman, S.A. (a)		99.1%	2	
Cadagua, S.A. (a)	Ferrovial Agroman, S.A. (a)		100.0%	40	■
Compañía de Obras Castillejos, S.A. (a)	Ferrovial Agroman, S.A. (a)		100.0%	8	■
Ditecpesa, S.A. (a)	Ferrovial Agroman, S.A. (a)		100.0%	1	■
Técnicas de Pretensado y Serv.Aux, S.A. (a)	Editesa, S.A. (a)		100.0%	3	
Urbaeeste, S.A. (a)	Ferrovial Agroman, S.A. (a)		99.0%	0	
Ferrovial Railway, S.A. (a)	Ferrovial Agroman, S.A. (a)		98.8%	0	
Ferrovial Medio Ambiente y Energía, S.A. (a)	Ferrovial Agroman, S.A. (a)		99.0%	1	
Norvarem, S.A. (a)	Ferrovial Internacional, S.L.U (a)		100.0%	141	
SPAIN (Registered office: Barcelona, SPAIN)					
Concesionaria de Prisiones Lledoners, S.A.U. (a)	Project	Ferrovial Agroman, S.A. (a)	100.0%	16	■
Conc. de Prisiones Figueras S.A.U. (a)	Project	Ferrovial Agroman, S.A. (a)	100.0%	11	■
SPAIN (Registered office: Zaragoza, SPAIN)					
Depusa Aragón S.A. (a)	Project	Cadagua, S.A. (a)	51.7%	1	■
ARABIA SAUDI (Registered office: Riyadh, Arabia Saudi)					
Ferrovial Agroman Company	Ferrovial Agroman, S.A. (a)		95.0%	2	■
AUSTRALIA (Registered office: Sidney, Australia)					
FA Australia PTY LTD	Ferrovial Agroman Ltda.		100.0%	15	■
BRASIL (Registered office: Sao Paulo, Brasil)					
Ferrovial Agromán Ltda Brasil	Ferrovial Agroman International, Ltd. (a)		99.0%	10	■
CANADA (Registered office: Ontario, Canada)					
F&A Canada	Contsco Holdings B.V.		100.0%	20	■
CHILE (Registered office: Las Condes, Chile)					
Ferrovial Agroman Company Constructora Ltda.	Ferrovial Agroman International, Ltd. (a)		99.99%	24	■
CHILE (Registered office: Santiago, Chile)					
Constructora Agroman Ferrovial Ltda.	Ferrovial Agroman Company Constr. Ltda.		97.2%	0	■
Ferrovial Agroman Chile S.A.	Ferrovial Agroman Company Constr. Ltda.		100.0%	30	■
UNITED STATES (Registered office: Atlanta, USA)					
Ferrovial Agromán Southeast, LLC	Ferrovial Agroman US Corp		100.0%	(0)	■
UNITED STATES (Registered office: Austin, USA)					
Ferrovial US Construction Corp	Ferrovial Holding US		100.0%	179	■
Ferrovial Agroman Texas LLC	Ferrovial Agroman US Corp		100.0%	0	■
Ferrovial Agroman Indiana	Ferrovial Agroman US Corp		100.0%	0	■
Ferrovial Agroman S6 LLC	Ferrovial Agroman Texas LLC		100.0%	0	■
Cadagua US, LLC	Ferrovial US Construction Corp		100.0%	0	

(a) Form part of Ferrovial, S.A. tax framework and subsidiary companies.

Company	Type of company	Parent	% of ownership	Net cost of the ownership interest	Audit.
Ferrovial Agroman US Corp		Ferrovial US Construction Corp	100.0%	101	■
UNITED STATES (Registered office: Charlotte, USA)					
Trinity Infrastructure LLC		Ferrovial Agroman Texas LLC	60.0%	0	
UNITED STATES (Registered office: Fort Worth, USA)					
North Tarrant Infrastructures		Ferrovial Agroman Texas LLC	75.0%	0	■
UNITED STATES (Registered office: Georgia, USA)					
North Perimeter Contractors LLC		Ferrovial Agroman Southeast, LLC	100.0%	0	■
UNITED STATES (Registered office: Katy, USA)					
52 Block Builders		Pepper Lawson Construction LP	100.0%	0	
UNITED STATES (Registered office: Los Angeles, USA)					
California Rail Builders, LLC		Ferrovial Agroman West, LLC	80.0%	0	■
Ferrovial Agroman West, LLC		Ferrovial Agroman US CORP	100.0%	(0)	
UNITED STATES (Registered office: North Richland Hills, USA)					
Bluebonnet Contractor, LLC		Ferrovial Agroman Texas LLC	60.0%	0	
UNITED STATES (Registered office: Suffolk, USA)					
US 460 Mobility Partners LLC		Ferrovial Agroman Southeast, LLC	70.0%	0	
UNITED STATES (Registered office: The Woodlands, USA)					
Webber Management Group, LLC		Norvarem, S.A. (a)	100.0%	41	■
Southern Crushed Concrete, LLC		Norvarem, S.A. (a)	100.0%	88	■
W.W. Webber LLC		Ferrovial US Construction Corp	100.0%	79	■
DBW Construction LLC		W.W. Webber LLC	100.0%	0	■
Webber Barrier Services		W.W. Webber LLC	100.0%	6	■
Central Texas Mobility Partners		W.W. Webber LLC	55.0%	0	■
Webber Holdings, LLC		Ferrovial US Construction Corp.	100.0%	0	
Katy Equipment LP		W.W. Webber, LLC	99.0%	0	
Pepper Lawson Waterworks, LLC		Pepper Lawson Construction LP	100.0%	1	
Pepper Lawson Construction LP		W.W. Webber, LLC	99.0%	12	
FAM Construction LLC II-66)		Ferrovial Agroman US Corp	70.0%	0	
Webber Equipment & Materials LLC		W.W. Webber LLC	100.0%	0	
SLOVAKIA (Registered office: Bratislava, Eslovaquia)					
Ferrovial Agroman Slovakia S.R.O.		Ferrovial Agroman Ltda.	99.0%	0	
D4R7 Construction S.R.O.		Ferrovial Agroman, S.A. (a)	65.0%	0	■
ALEMANIA (Registered office: Colonia, Alemania)					
Budimex Bau GmbH		Budimex, S.A.	100.0%	0	
NETHERLANDS (Registered office: Amsterdam, Netherlands)					
Valivala Holdings, B.V.		Ferrovial Agroman International, Ltd. (a)	100.0%	141	
Contsco Holdings B.V.		Ferrovial Agroman International, Ltd. (a)	100.0%	40	
INDIA (Registered office: Nueva Delhi, India)					
Cadagua Ferrovial India		Cadagua, S.A. (a)	95.0%	0	■
IRELAND (Registered office: Dublin, Ireland)					
Ferrovial Agroman Ireland, Ltd.		Ferrovial Agroman Ltda.	100.0%	9	■
MÉXICO (Registered office: México DF, México)					
Cadagua Ferr. Industrial México		Cadagua, S.A. (a)	75.1%	0	■
Ferrovial Agroman Mexico		Ferrovial Agroman International, Ltd. (a)	100.0%	1	■
NEW ZEALAND (Registered office: Wellington, New Zealand)					
FA New Zeland Limited		FA Australia PTY LTD	100.0%	5	
POLAND (Registered office: Cracovia, Polonia)					
Mostostal Kraków S.A.		Budimex, S.A.	100.0%	3	■
POLAND (Registered office: Poznan, Polonia)					
Elektromontaż Poznań SA		Budimex, S.A.	92.3%	9	■
Instal Polska Sp. z o.o.		Elektromontaż Poznań SA	92.3%	0	
POLAND (Registered office: Warsaw, Poland)					
Bx Budownictwo Sp. z o.o.		Budimex, S.A.	100.0%	0	■
Bx Kolejnictwo SA		Budimex, S.A.	100.0%	1	■
Bx Parking Wrocław Sp. z o.o.		Budimex, S.A.	100.0%	1	■
SPV- BN 1 Sp. z o.o.		Budimex Nieruchomości Sp. z o.o.	100.0%	0	
Bx Nieruchomości Sp. z o.o.		Budimex, S.A.	100.0%	150	■
Elektromontaż Warszawa SA		Elektromontaż Poznań SA	92.3%	0	■
Elektromontaż Import Sp. z o.o.		Elektromontaż Poznań SA	92.3%	0	
Budimex, S.A.		Valivala Holdings, B.V.	59.1%	98	■
PUERTO RICO (Registered office: Puerto Rico)					
Ferrovial Agroman LLC		Ferrovial Agroman International, Ltd. (a)	100.0%	6	■
UNITED KINGDOM (Registered office: County Louth, United Kingdom)					
Ferrovial Agroman Ireland del Norte		Ferrovial Agroman Ireland, Ltd.	100.0%	0	■
UNITED KINGDOM (Registered office: Oxford, United Kingdom)					
Ferrovial Agroman International, Ltd. (a)		Ferrovial Agroman International, Ltd. (a)	100.0%	258	■
UNITED KINGDOM (Registered office: Londres, United Kingdom)					
Ferrovial Agroman UK Ltd. (a)		Ferrovial Agroman Ltda.	100.0%	21	■
Ferrovial Agroman Ltda.		Ferrovial Agroman International, Ltd. (a)	100.0%	84	■
Cadagua Al Ghubrah UK Ltd.		Cadagua, S.A. (a)	100.0%	5	■

■ Deloitte

■ BDO

■ KPMG

■ El Sayed, El Ayouty & co

■ Valdés, García, Marín & Martínez, Llp

■ Morison Finanzista Audit Sp. Z O.O.

■ Mahinder Puri & Company

■ Hib Lebrija Álvarez y Cia S.C.

■ Blasco y Asociados S.C.

Company	Type of company	Parent	% of ownership	Net cost of the ownership interest	Audit.
TOLL ROADS					
SPAIN (Registered office: Madrid, Spain)					
Cintra Infraestructuras SPAIN, S.L. (a)		Ferrovial, S.A. (a)	100.0%	572	■
Cintra Infraestructuras, S.E. (a)		Ferrovial International, Ltd. (a)	100.0%	916	■
Cintra Infraestructuras Internacional, S.L. (a)		Ferrovial Internacional, S.L.U. (a)	100.0%	3	■
Autopista del Sol, C.E.S.A (a)	Project	Cintra Infraestructuras SPAIN, S.L. (a)	80.0%	219	■
Cintra Inversora Autopistas de Cataluña, S.A. (a)	Project	Cintra Infraestructuras, S.E. (a)	100.0%	0	■
Inversora Autopistas de Cataluña, S.A. (a)	Project	Cintra Inversora Autopistas de Cataluña, S.A. (a)	100.0%	0	■
Cintra Inversiones, S.L. (a)		Cintra Infraestructuras SPAIN, S.L. (a)	100.0%	305	■
Cintra Servicios de Infraestructuras, S.A. (a)		Cintra Infraestructuras SPAIN, S.L. (a)	100.0%	15	■
Cintra Autopistas Integradas, S.A. (a)		Cintra Infraestructuras SPAIN, S.L. (a)	100.0%	0	
M-203 Alcalá-O'Donnell (a)	Project	Cintra Autopistas Integradas, S.A. (a)	100.0%	60	■
SPAIN (Registered office: Barcelona, SPAIN)					
Autopista Terrasa Manresa, S.A	Project	Inversora Autopistas de Cataluña, S.A. (a)	76.3%	445	■
PORTUGAL (Registered office: Lisbon, Portugal)					
Auto-Estradas Norte, S.A.	Project	Cintra Infraestructuras, S.E. (a)	100.0%	83	■
Autoestrada do Algarve, S.A.	Project	Cintra Infraestructuras, S.E. (a)	97.0%	30	■
Via Livre, S.A.	Project	Cintra Infraestructuras, S.E. (a)	84.0%	0	■
Euroscut Azores S.A.	Project	Cintra Infraestructuras, S.E. (a)	97.0%	(0)	■
NETHERLANDS (Registered office: Amsterdam, Netherlands)					
Algarve International B.V.	Project	Cintra Infraestructuras, S.E. (a)	94.0%	1	■
407 Toronto Highway B.V.		Cintra Global Ltd	100.0%	2.664	
POLAND (Registered office: Warsaw, Poland)					
Autostrada Poludnie, S.A		Cintra Infraestructuras, S.E. (a)	93.6%	1	■
CANADA (Registered office: Toronto, Canada)					
Cintra 407 East Development Group Inc.		407 Toronto Highway, BV	100.0%	6	
Cintra OM&R 407 East Development Group Inc		407 Toronto Highway, BV	100.0%	0	
4352238 Cintra Canada Inc.		407 Toronto Highway B.V.	100.0%	0	■
Blackbird Maintenance 407 Cintra GP		407 Toronto Highway B.V.	100.0%	0	
Blackbird INF. 407 Cintra		407 Toronto Highway B.V.	100.0%	0	■
IRELAND (Registered office: Dublin, Ireland)					
Financinfrastructures		Cintra Global Ltd	100.0%	32	■
Cinsac, Ltd		Cintra Infraestructuras Internacional, S.L. (a)	100.0%	0	■
UNITED STATES (Registered office: Austin, USA)					
Cintra Holding US Corp		Ferrovial Holding US Corp	100.0%	548	
Cintra Texas Corp.		Cintra Holding US Corp	100.0%	0	
Cintra US Services, LLC		Cintra Texas Corp	100.0%	0	
Cintra Skyway LLC		Cintra Holding US Corp	100.0%	0	
Skyway Concession Company Holdings LLC	Project	Cintra Skyway LLC	55.0%	0	■
Cintra Texas 56, LLC		Cintra Holding US Corp	100.0%	0	
Cintra LBJ, LLC		Cintra Holding US Corp	100.0%	325	
Cintra I-77 Mobility Partners LLC		Cintra Holding US Corp	100.0%	2	■
Cintra NTE, LLC		Cintra Holding US Corp	100.0%	229	
Cintra NTE Mobility Partners Seg 3 LLC		Cintra Holding US Corp	100.0%	150	
Cintra I-66 Express Mobility Partners LLC	Project	Cintra I-66 Express Corp	100.0%	0	
Cintra Toll Services, LLC		Cintra Holding US Corp	100.0%	0	
Cintra I-66 Express Corp		Cintra I-66 Express UK Ltd	100.0%	0	
UNITED STATES (Registered office: Charlotte, USA)					
I-77 Mobility Partners LLC	Project	I-77 Mobility Partners Holding LLC	50.1%	2	■
I-77 Mobility Partners Holding LLC	Project	Cintra I-77 Mobility Partners LLC	50.1%	1	
UNITED STATES (Registered office: Chicago, USA)					
Cintra ITR LLC		Cintra Holding US Corp	49.0%	21	
UNITED STATES (Registered office: Dallas, USA)					
LBJ Infrastructure Group, LLC	Project	LBJ Infrastructure Group Holding, LLC	100.0%	637	■
LBJ Infrastructure Group Holding, LLC	Project	Cintra LBJ, LLC	51.0%	325	
UNITED STATES (Registered office: North Richland Hills, USA)					
NTE Mobility Partners, LLC	Project	NTE Mobility Partners Holding, LLC	100.0%	404	■
NTE Mobility Partners Holding, LLC	Project	Cintra NTE, LLC	56.7%	229	
NTE Mobility Partners Seg 3 Holding LLC	Project	Cintra NTE Mobility Partners Seg 3 LLC	53.7%	150	
NTE Mobility Partners Seg 3 LLC	Project	NTE Mobility Partners Seg 3 Holding LLC	100.0%	278	■
UNITED KINGDOM (Registered office: Oxford, United Kingdom)					
Cintra Global Ltd (a)		Ferrovial International, Ltd. (a)	100.0%	2.870	■
Cintra Infrastructures UK Limited (a)		Cintra Global Ltd	100.0%	(0)	
Cintra Toowoomba Limited		Cintra Infrastructures UK	100.0%	1	■
Cintra UK I-77 Limited		Cintra Infraestructuras, S.E. (a)	100.0%	2	■
Cintra Slovakia, Ltd		Cintra Global Ltd	100.0%	0	■
Cintra I-66 Express UK Ltd		Cintra Infrastructures UK Limited (a)	100.0%	0	■
AUSTRALIA (Registered office: Sidney, Australia)					
Cintra Developments Australia PTY Ltd.		Cintra Infrastructures UK Limited (a)	100.0%	0	
COLOMBIA (Registered office: Bogotá, Colombia)					
Cintra Infraestructuras Colombia S.A.S		Cintra Global Ltd	100.0%	8	■

(a) Form part of Ferrovial, S.A. tax framework and subsidiary companies.

APPENDIX II ASSOCIATES (companies accounted for using the equity method) (Millions of euros)

The participation percentage and the consolidated equity-accounted value correspond to the contribution of each company to the group's consolidated financial statements.

Company	Type of company	Parent	% of ownership	Equity-accounted value	Assets	Liabilities	Revenue	Profit/Loss	Auditor
REAL ESTATE									
SPAIN									
Promociones Hábitat (i)		Ferrovial FISA, S.A.	20,0%	0	0	0	0	0	
AIRPORTS									
UNITED KINGDOM									
FGP Topco Limited	Project	Hubco Netherlands B.V.	25,0%	837	23.644	20.371	3.413	(230)	■
AGS Airports Holdings Limited	Project	Faero UK Holding Limited	50,0%	(1)	1.402	1.422	239	24	■
SERVICES									
SPAIN									
Participaciones Servicios SPAIN			9,2% a 50%	25	860	370	196	71	
Aetec, S.A.		Ferrosier Infraestructuras, S.A.	9,2%	0	1	0	1	0	
Concesionaria Madrid Calle 30	Project	Mant. y Explot. M-30	10,0%	46	584	120	123	60	■
Necropolis Valladolid, S.A.		Sitkol, S.A.	49,0%	4	18	11	4	0	■
Novalis Medio Ambiente, S.A.		Cespa Gestión de Residuos S.A.	50,0%	0	3	4	2	0	
Serveis Ambientals de la Selva, Nora, S.A.		Compañía Española de Servicios Públicos Auxiliares S.A.	40,0%	1	6	5	9	0	■
Vialnet Vic, S.L.		Compañía Española de Servicios Públicos Auxiliares S.A.	49,0%	0	1	1	2	0	■
Recollida Residus Osona S.L.		Compañía Española de Servicios Públicos Auxiliares S.A.	45,0%	1	3	2	7	0	■
Ingeniería Urbana, S.A.		Compañía Española de Servicios Públicos Auxiliares S.A.	35,0%	4	16	4	5	0	■
Valdemingomez 2000, S.A.		Compañía Española de Servicios Públicos Auxiliares S.A.	20,0%	0	14	19	2	(3)	■
Company Mant. Y Explotación M30, S.A.		Ferrovial Servicios, S.A.	50,0%	(33)	205	203	28	11	■
Ferronats Air Traffic Services, S.A.		Ferrovial Servicios, S.A.	50,0%	3	8	2	13	2	■
PORTUGAL									
Participações Serviços Portugal			20% a 45%	1	26	24	2	0	
Valor Rib Industrial Resíduos, Lda.		Ferrovial Serviços, SA	45,0%	1	5	4	2	0	
Ecobeirão, S.A.		Ferrovial Serviços, SA	20,0%	0	21	20	0	0	■
Ferrovial Servicios, Egeo Tecnología e Ambiente, Amandio Carvalho & Gabriel Couto ACE		Ferrovial Serviços, SA	35,0%	0	0	0	0	0	
QATAR									
FMM Company LLC		Ferrovial Servicios, S.A.	49,0%	13	23	48	24	3	■
SINGAPORE									
BW Energy Services		Broadspectrum (International) Pty Ltd	50,0%	0	0	0	0	0	
CANADA									
Gateway Operations Limited		Broadspectrum (Canada) Limited	50,0%	3	0	0	0	0	■
AUSTRALIA									
Participaciones Servicios Australia			22% a 50%	23	0	0	0	0	
TW Power Services Pty Ltd		Broadspectrum (Australia) Pty Limited	50,0%	22	0	0	0	0	■
Skout Solutions		Broadspectrum (Australia) Pty Limited	50,0%	1	0	0	0	0	
TW New Cal JV		Broadspectrum (Australia) Pty Limited	50,0%	0	0	0	0	0	
Leighton Boral Amey Qld Pty Ltd		Amey Consulting Australia Pty Ltd	20,0%	0	0	0	0	0	
Leighton Boral Amey NSW Pty Ltd		Amey Consulting Australia Pty Ltd	22,2%	0	0	0	0	0	
MALASIA									
Broadspectrum WorleyParsons JV (M) Sdn Bhd		Broadspectrum (Australia) Pty Limited	50,0%	1	0	0	0	0	■
UNITED STATES									
AmeyWebber LLC		Amey Consulting USA, Inc	50,0%	0	0	(0)	0	0	
UNITED KINGDOM									
Investment in associates - Services UK			between 2% and 50%	34	553	-541	462	2	

■ Deloitte
■ BDO
■ KPMG
■ PWC
■ Grant Thornton

■ Vir Audit
■ Gabinete Técnico de Auditoría y Consultoría S.A
■ Ernst & Young
■ EY
■ Martins Pereira, João Careca & Associados, SROC.

Company	Type of company	Parent	% of ownership	Equity-accounted value	Assets	Liabilities	Revenue	Profit/Loss	Auditor
GEO Amey PECS Ltd		Amey Community Ltd	50,0%	0	9	(8)	43	0	■
Amey Ventures Investments Ltd		Amey Investments Ltd	10,0%	0	4	(4)	0	2	■
AHL Holdings (Manchester) Ltd		Amey Ventures Investments Ltd	5,0%	0	1	(1)	0	0	■
Amey Highways Lighting (Manchester) Ltd	Project	AHL Holdings (Manchester) Ltd	5,0%	0	0	0	0	0	■
AHL Holdings (Wakefield) Ltd		Amey Ventures Investments Ltd	5,0%	0	1	(1)	0	0	■
Amey Highways Lighting (Wakefield) Ltd	Project	AHL Holdings (Wakefield) Ltd	5,0%	0	0	0	0	0	■
ALC (Superholdco) Ltd		Amey Ventures Investments Ltd	5,0%	0	9	(6)	15	0	■
ALC (FMC) Ltd		ALC (Superholdco) Ltd	50,0%	0	0	0	0	5	■
ALC (Holdco) Ltd		ALC (Superholdco) Ltd	5,0%	0	0	0	0	0	■
ALC (SPC) Ltd		ALC (Holdco) Ltd	5,0%	0	0	0	0	0	■
Amey Belfast Schools Partnership Holdco Ltd		Amey Ventures Investments Ltd	10,0%	0	11	(11)	0	0	■
Amey Belfast Schools Partnership PFI Co Ltd	Project	Amey Belfast Schools Partnership Holdco Ltd	10,0%	0	0	0	0	(0)	■
Amey Birmingham Highways Holdings Ltd		Amey Ventures Asset Holdings Ltd	33,3%	0	90	(93)	22	0	■
Amey Birmingham Highways Ltd	Project	Amey Birmingham Highways Holdings Ltd	33,3%	0	0	0	0	(0)	■
Amey FMP Belfast Strategic Partnership Holdco Ltd		Amey Ventures Management Services Ltd	10,0%	0	1	(1)	2	0	■
Amey FMP Belfast Strategic Partnership SP Co Ltd		Amey FMP Belfast Strategic Partnership Holdco Ltd	10,0%	0	0	0	0	(0)	■
Amey Roads NI Holdings Ltd		Amey Ventures Investments Ltd	5,0%	0	14	(15)	1	0	■
Amey Roads NI Financial plc		Amey Roads NI Ltd	5,0%	0	0	0	0	0	■
Amey Roads NI Ltd	Project	Amey Roads NI Holdings Ltd	5,0%	0	0	0	0	0	■
Amey Lighting (Norfolk) Holdings Ltd		Amey Ventures Investments Ltd	10,0%	0	3	(3)	1	0	■
Amey Lighting (Norfolk) Ltd	Project	Amey Lighting (Norfolk) Holdings Ltd	10,0%	0	0	0	0	(0)	■
E4D & G HOLDCO Ltd		Amey Ventures Investments Ltd	8,5%	0	10	(10)	0	0	■
E4D & G Project Co Ltd	Project	E4D & G Holdco Ltd	8,5%	0	0	0	0	0	■
EduAction (Waltham Forest) Ltd (IP)		Amey plc	50,0%	0	0	0	0	0	
Integrated Bradford Hold Co One Ltd		Amey Ventures Investments Ltd	6,5%	0	5	(5)	0	0	■
Integrated Bradford Hold Co One Ltd		Integrated Bradford LEP Ltd	6,5%	0	0	0	0	0	■
Integrated Bradford PSP Ltd (IP)		Amey Ventures Asset Holdings Ltd	6,0%	0	0	0	0	0	■
Integrated Bradford Hold Co Two Ltd		Amey Ventures Asset Holdings Ltd	6,0%	0	10	(10)	1	0	■
Integrated Bradford Hold Co Two Ltd		Integrated Bradford LEP Ltd	6,0%	0	0	0	0	(0)	■
Integrated Bradford LEP Ltd		Integrated Bradford PSP Ltd	40,0%	0	1	(1)	0	0	■
Integrated Bradford LEP Fin Co One Ltd		Integrated Bradford LEP Ltd	40,0%	0	0	0	0	0	■
Integrated Bradford SPV One Ltd	Project	Integrated Bradford Hold Co One Ltd	6,5%	0	0	0	0	0	■
Integrated Bradford SPV Two Ltd	Project	Integrated Bradford Hold Co Two Ltd	6,0%	0	0	0	0	0	■
RSP (Holdings) Ltd		Amey Ventures Investments Ltd	3,5%	0	4	(4)	0	0	■
The Renfrewshire Schools Partnership Ltd	Project	RSP (Holdings) Ltd	3,5%	0	0	0	0	0	■
Services Support (Avon & Somerset) Holdings Ltd		Amey Ventures Investments Ltd	2,0%	0	1	(1)	0	0	■
Services Support (Avon & Somerset) Ltd	Project	Services Support (Avon & Somerset) Holdings Ltd	2,0%	0	0	0	0	0	■
Amey Hallam Highways Holdings Ltd		Amey Ventures Asset Holdings Ltd	33,3%	0	72	(83)	40	0	■
Amey Hallam Highways Ltd	Project	Amey Hallam Highways Holdings Ltd	33,3%	0	0	0	0	(10)	■
Carillion Amey Ltd		Enterprise Managed Services Ltd	49,9%	0	81	(73)	165	0	■
Carillion Amey (Housing Prime) Ltd		Enterprise Managed Services Ltd	33,3%	0	41	(35)	55	2	■
Keolis Amey Docklands Ltd		Amey Rail Ltd	30,0%	0	9	(6)	19	(0)	■
AmeyCespa (AWRP) Holding Co Ltd		Amey Ventures Asset Holdings Ltd	33,3%	0	39	(38)	14	1	■
AmeyCespa (AWRP) Holding Co Ltd		Cespa Ventures Limited	33,3%	0	39	(38)	14	0	■
AmeyCespa (AWRP) SPV Ltd	Project	AmeyCespa (AWRP) Holding Co Ltd	33,3%	0	0	0	0	0	■
Scot Roads Partnership Holdings Ltd		Amey Ventures Asset Holdings Ltd	20,0%	0	73	(73)	19	0	■

Company	Type of company	Parent	% of ownership	Equity-accounted value	Assets	Liabilities	Revenue	Profit/Loss	Auditor
Scot Roads Partnership Project Ltd	Project	Scot Roads Partnership Holdings Ltd	20,0%	0	0	0	0	0	■
Scot Roads Partnership Finance Ltd		Scot Roads Partnership Holdings Ltd	20,0%	0	0	0	0	0	■
MTCNovo Ltd		Novo Community Ltd	50,0%	0	26	(21)	51	0	■
The Thames Valley Community Rehabilitation Company Ltd		MTCNovo Ltd	50,0%	0	0	0	0	2	■
The London Community Rehabilitation Company Ltd		MTCNovo Ltd	50,0%	0	0	0	0	0	■
CONSTRUCTION									
SPAIN									
Participaciones Construcción SPAIN			22% a 50%	3	423	502	38	2	
Sociedad Concesionaria BAO	Project	Ferrovial Agroman, SA	50,0%	2	4	0	0	(0)	
Tecnológica Lena, S.L.		Ferrovial Agroman, SA	50,0%	0	0	0	0	(0)	
Via Olmedo Pedralba, S.A.		Ferrovial Agroman, SA	25,2%	1	18	16	5	(0)	■
Boremer, S.A.		Cadagua, S.A.	50,0%	0	16	18	0	(2)	■
Urbs Iudex Caudidicus, S.A.	Project	Ferrovial Agroman, SA	22,0%	0	385	468	34	4	■
OMÁN									
Participaciones Construcción Omán			7% a 37,5%	5	393	243	46	10	
Muscat City Desalination Co SAOC	Project	Cadagua Al Ghubrah	10,0%	4	385	225	30	4	■
Muscat City Desalination O&M CO LLC		Cadagua, S.A.	7,0%	0	5	5	10	2	■
International Water Treatment LLC		Cadagua, S.A.	37,5%	0	3	13	7	3	■
EEUU									
Pepper Lawson Horizon Intl. Group		Pepper Lawson Construction LP	70,0%	0	4	5	2	(0)	
POLAN									
PPHU Promos Sp. z o. o.		Budimex S.A.	26,3%	0	3	1	2	(0)	
TOLL ROADS									
SPAIN									
Serrano Park, S.A.	Project	Cintra Infraestructuras SPAIN, S.L.	50,0%	(5)	95	105	5	(3)	■
A-334 Autovia del Almanzora	Project	Cintra Infraestructuras, S.E.	23,8%	1	7	1	1	(0)	■
A66 Benavente - Zamora	Project	Cintra Infraestructuras, S.E.	25,0%	12	229	180	24	11	■
Bip & Drive S.A.	Project	Cintra Infraestructuras SPAIN, S.L.	20,0%	2	18	10	171	(1)	■
CANADA									
407 International Inc.	Project	4352238 Cintra Canada Inc.	43,2%	1.881	3.756	5.913	778	256	■
407 East Development Group General Partnership	Project	Cintra 407 East Development Group Inc.	50,0%	20	136	95	51	9	■
OMR and R407 East Development Group General Partnership	Project	Cintra OM&R 407 East Development Group Inc	50,0%	1	5	2	3	0	
Blackbird Maintenance 407 GP	Project	Blackbird Maintenance 407 Cintra GP	50,0%	0	1	0	1	1	
Blackbird Inf. 407 GP	Project	Blackbird Inf. 407 Cintra	50,0%	(1)	288	290	138	1	■
UNITED KINGDOM									
Scot Roads Partnership Holdings LTD	Project	Cintra Infraestructuras UK	20,0%	0	0	0	0	0	■
Scot Roads Partnership Finance LTD	Project	Scot Roads Partnership Holdings LTD	20,0%	0	422	422	0	0	■
Scot Roads Partnership Project LTD	Project	Scot Roads Partnership Holdings LTD	20,0%	0	433	433	163	(0)	■
Zero Bypass Holdings	Project	Cintra Slovakia	45,0%	(1)	0	0	0	0	
Zero Bypass Limited	Project	Zero Bypass Holdings	45,0%	0	0	0	0	0	■
GRECIA									
Nea Odos, S.A.	Project	Ferrovial, S.A.	21,4%	0	957	852	77	0	■
Central Greece Motorway Project		Ferrovial, S.A.	21,4%	0	1.218	1.275	50	0	■
Hellas Tolls	Project	Ferrovial, S.A.	33,3%	0	5	3	4	2	
AUSTRALIA									
Nexus Infraestructures Holdings Unit Trust	Project	Cintra Toowoomba LTD	40,0%	4	30	0	0	0	■

Company	Type of company	Parent	% of ownership	Equity-accounted value	Assets	Liabilities	Revenue	Profit/Loss	Auditor
Nexus Infraestructures Unit Trust	Project	Nexus Infraestructures Holdings Unit Trust	40,0%	9	73	49	176	3	■
COLOMBIA									
Ruta del Cacao	Project	Cintra Infraestructuras Colombia	40,0%	7	97	80	44	(2)	■
IRELAND									
Eurolink Motorway Operation (M4-M6), Ltd.	Project	Cintra Infraestructuras Internacional, S.L.	20,0%	4	301	309	27	3	■
Eurolink Motorway Operation (M3), Ltd.	Project	Cinsac, Ltd	20,0%	(1)	221	226	22	6	■
SLOVAKIA									
Zero Bypass Limited, Organizacna Zlazka	Project	Zero Bypass Limited	45,0%	-3	133	136	86	(3)	■
UNITED STATES									
I-66 Express Mobility Partners Holdings LLC		Cintra I-66 Express Mobility Partners LLC	50,0%	0	0	0	0	0	
I-66 Express Mobility Partners LLC	Project	I-66 Express Mobility Partners Holdings LLC	50,0%	0	0	0	0	0	
Total equity-accounted value				2.874					

APPENDIX III – SEGMENT REPORTING

The Company's Board of Directors analyses the performance of the Group mainly from a business perspective. From this perspective, the Board assesses the performance of the Construction, Toll Roads, Airports and Services segments. Set forth below are the consolidated statements of financial position and consolidated statements of profit or loss for 2016 and 2015, broken down by business segment. The "Other" column includes the assets and/or liabilities and income and/or expenses of the companies not assigned to any of the business segments, including most notably the Parent, Ferrovial, S.A., and its smaller subsidiaries, the current Polish real estate business, and inter-segment adjustments.

Segment statement of financial position: 2016 (Millions of euros)

Assets	Construction	Toll roads	Airports	Services	Other	Total
Non-current assets	876	9,880	1,199	3,826	-133	15,647
Goodwill	210	170	45	1,746	0	2,170
Intangible assets	8	5	21	469	1	503
Investments in infrastructure projects	209	6,613	2	489	-167	7,145
Investment property	6	0	0	0	0	6
Property, plant and equipment	130	16	66	481	38	731
Investments in associates	8	1,931	836	99	0	2,874
Non-current financial assets	26	547	224	167	-229	735
Deferred tax assets	279	285	3	293	191	1,051
Non-current derivative financial instruments at fair value	1	314	3	82	32	432
Current assets	4,336	2,186	303	2,542	-1,615	7,750
Assets classified as held for sale	0	624	0	0	0	624
Inventories	184	8	0	56	268	516
Current income tax assets	22	63	10	37	54	186
Current trade and other receivables	870	170	4	1,861	-77	2,828
Cash and cash equivalents	3,256	1,311	289	588	-1,865	3,578
Receivable from Group companies	1,345	948	215	29	-2,538	0
Other	1,911	363	73	558	673	3,578
Current derivative financial instruments at fair value	4	10	0	0	5	18
TOTAL ASSETS	5,211	12,066	1,502	6,367	-1,749	23,397

Equity and liabilities	Construction	Toll roads	Airports	Services	Other	Total
Equity	1,559	4,405	1,241	1,766	-2,657	6,314
Equity attributable to the shareholders	1,547	3,775	1,241	1,750	-2,716	5,597
Equity attributable to non-controlling interests	12	630	0	17	59	717
Deferred income	0	1,089	0	29	0	1,118
Non-current liabilities	674	5,868	72	2,547	1,249	10,409
Pension plan deficit	2	0	0	173	0	174
Long-term provisions	140	163	0	310	144	757
Borrowings	419	4,759	67	1,630	1,000	7,874
Payable to Group companies	257	18	0	784	-1,060	0
Other	161	4,741	67	846	2,059	7,874
Other payables	11	110	0	74	5	200
Deferred tax liabilities	82	489	5	296	96	967
Derivative financial instruments at fair value	20	347	0	65	4	436
Current liabilities	2,979	705	189	2,025	-341	5,556
Liabilities classified as held for sale	0	440	0	0	0	440
Borrowings	2	124	191	327	-342	302
Payable to Group companies	-19	101	189	101	-372	0
Other	21	24	2	226	30	302
Current derivative financial instruments at fair value	3	58	0	2	6	69
Income tax liabilities	83	-26	-10	27	76	150
Current trade and other payables	2,351	108	7	1,517	-90	3,893
Operating provisions and allowances	540	0	1	152	10	702
TOTAL EQUITY AND LIABILITIES	5,211	12,066	1,502	6,367	-1,749	23,397

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Segment statement of financial position: 2015 (Millions of euros)

Assets	Construction	Toll roads	Airports	Services	Other	Total
Non-current assets	846	11,300	1,515	3,064	97	16,821
Goodwill	197	205	0	1,483	0	1,885
Intangible assets	5	5	0	221	2	234
Investments in infrastructure projects	203	7,878	0	692	-229	8,545
Investment property	6	0	0	0	10	15
Property, plant and equipment	111	16	0	352	10	491
Investments in associates	7	1,940	1,222	69	0	3,237
Non-current financial assets	24	274	286	143	27	755
Deferred tax assets	294	633	6	103	219	1,254
Non-current derivative financial instruments at fair value	0	349	0	0	58	406
Current assets	4,002	3,900	963	1,885	-2,188	8,563
Assets classified as held for sale	0	2,418	0	0	0	2,418
Inventories	131	9	0	29	218	387
Current income tax assets	16	301	3	31	-216	135
Current trade and other receivables	810	223	13	1,390	-116	2,320
Cash and cash equivalents	3,044	937	948	431	-2,081	3,279
Receivable from Group companies	1,353	612	931	75	-2,971	0
Other	1,691	326	17	355	890	3,279
Current derivative financial instruments at fair value	1	11	0	4	7	23
TOTAL ASSETS	4,848	15,200	2,478	4,949	-2,091	25,384

Equity and liabilities	Construction	Toll roads	Airports	Services	Other	Total
Equity	1,245	3,752	2,437	1,561	-2,455	6,541
Equity attributable to the shareholders	1,254	3,336	2,437	1,546	-2,515	6,058
Equity attributable to non-controlling interests	-8	416	0	15	60	483
Deferred income	1	1,056	0	30	0	1,088
Non-current liabilities	478	6,007	0	1,716	1,113	9,314
Pension plan deficit	2	0	0	44	0	46
Long-term provisions	189	172	0	326	151	838
Borrowings	160	4,696	0	1,030	810	6,697
Payable to Group companies	2	0	0	485	-488	0
Other	157	4,696	0	545	1,298	6,697
Other payables	11	105	0	55	0	171
Deferred tax liabilities	98	667	0	207	152	1,124
Derivative financial instruments at fair value	17	367	0	54	0	438
Current liabilities	3,123	4,385	41	1,641	-749	8,442
Liabilities classified as held for sale	0	2,690	0	0	0	2,690
Borrowings	43	1,307	43	384	-392	1,385
Payable to Group companies	9	55	43	312	-419	0
Other	34	1,253	0	72	27	1,385
Current derivative financial instruments at fair value	13	247	0	0	0	259
Income tax liabilities	39	-23	-3	28	98	138
Current trade and other payables	2,536	164	1	1,110	-464	3,346
Operating provisions and allowances	493	0	0	120	10	622
TOTAL EQUITY AND LIABILITIES	4,848	15,200	2,478	4,949	-2,091	25,384

The detail of total assets by geographical areas:

Millions of euros	2016	2015	Change
Spain	5,731	6,114	-383
UK	3,694	4,335	-641
US	6,618	9,426	-2,809
Canada	2,019	2,032	-13
Australia	1,814	83	1,731
Poland	1,401	1,227	174
Other	2,121	2,167	-46
Total	23,397	25,384	-1,987

Segment statement of profit or loss: 2016 (Millions of euros)

	Construction	Toll roads	Airports	Services	Other	Total
Revenue	4,194	486	4	6,078	-4	10,759
Other operating income	1	0	0	6	0	7
Total operating income	4,195	486	4	6,083	-4	10,765
Materials consumed	751	3	0	521	-8	1,267
Other operating expenses	2,375	126	17	2,275	-58	4,736
Staff costs	727	61	5	2,962	63	3,819
Total operating expenses	3,853	189	23	5,758	-2	9,821
Gross profit from operations	342	297	-18	325	-2	944
Depreciation and amortisation charge	29	83	1	226	4	342
Profit from operations before impairment and disposals of non-current assets	313	214	-19	99	-5	602
Impairment and disposals of non-current assets	0	327	0	0	-2	324
Profit from operations	313	541	-19	99	-8	926
Financial result on financing	-9	-263	-2	-32	0	-305
Result on derivatives and other financial results	0	-16	-2	-2	0	-20
Financial result of infrastructure projects	-9	-279	-4	-34	1	-325
Financial result on financing	25	22	1	-58	-39	-49
Result on derivatives and other financial results	-10	-5	19	-7	-16	-18
Financial result excluding infrastructure projects	15	17	21	-65	-55	-66
Financial result	6	-261	17	-99	-54	-391
Share of profits of companies accounted for using the equity method	0	108	-46	19	0	82
Consolidated profit before tax	319	388	-48	19	-61	617
Income tax	-83	-194	1	-7	49	-233
Consolidated profit from continuing operations	236	194	-47	12	-12	383
Net profit from discontinued operations	0	0	0	0	0	0
Consolidated profit for the year	236	194	-47	12	-12	383
Profit for the year attributable to non-controlling interests	-39	37	0	-1	-3	-7
Profit for the year attributable to the Parent	197	230	-47	11	-16	376

Segment statement of profit or loss: 2015 (Millions of euros)

	Construction	Toll roads	Airports	Services	Other	Total
Revenue	4,287	513	8	4,897	-6	9,701
Other operating income	2	0	0	7	0	9
Total operating income	4,290	513	8	4,904	-6	9,709
Materials consumed	765	3	0	377	-2	1,143
Other operating expenses	2,452	110	15	2,221	-64	4,735
Staff costs	679	67	6	1,994	59	2,805
Total operating expenses	3,896	180	21	4,592	-7	8,683
Gross profit from operations	393	333	-13	312	1	1,027
Depreciation and amortisation charge	30	83	0	139	5	256
Profit from operations before impairment and disposals of non-current assets	364	250	-13	173	-4	770
Impairment and disposals of non-current assets	4	131	0	-1	-4	131
Profit from operations	368	382	-13	172	-8	901
Financial result on financing	-9	-427	0	-27	0	-463
Result on derivatives and other financial results	0	-195	0	-4	0	-200
Financial result of infrastructure projects	-9	-622	0	-31	0	-662
Financial result on financing	26	17	9	-28	-61	-35
Result on derivatives and other financial results	-3	-12	24	-7	58	61
Financial result excluding infrastructure projects	24	5	34	-34	-2	26
Financial result	14	-617	34	-66	-2	-637
Share of profits of companies accounted for using the equity method	-3	84	199	31	0	312
Consolidated profit before tax	380	-151	220	137	-10	577
Income tax	-111	222	-4	-3	-49	54
Consolidated profit from continuing operations	269	71	216	134	-60	631
Net profit from discontinued operations	0	0	0	0	0	0
Consolidated profit for the year	269	71	216	134	-60	631
Loss for the year attributable to non-controlling interests	-52	144	0	-1	-2	89
Profit for the year attributable to the Parent	217	215	216	134	-62	720

SECTION 7:

7.1 EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 1.1). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

ISSUE OF THE FINANCIAL STATEMENTS

The foregoing pages contain the consolidated financial statements –the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements– and the consolidated management report of Ferrovial, S.A. for the year ended 31 December 2016, which were issued by the Company's Board of Directors at the meeting held in Madrid on 27 February 2017 and which, pursuant to Article 253 of the Spanish Capital Companies Act, the directors attending sign below.

Mr. Rafael del Pino y Calvo-Sotelo
Chairman

Mr. Santiago Bergareche Busquet
Vice-Chairman

Mr. Joaquín Ayuso García
Vice-Chairman

Mr. Íñigo Meirás Amusco
Chief Executive Officer

Mr. Juan Arena de la Mora
Director

Ms. María del Pino y Calvo-Sotelo
Director

Mr. Santiago Fernández Valbuena
Director

Mr. José Fernando Sánchez-Junco Mans
Director

Mr. Joaquín del Pino y Calvo-Sotelo
Director

Mr. Óscar Fanjul Martín
Director

Mr. Philip Bowman
Director

The Secretary of the Board of Directors states for the record that the Director Mr. Juan Arena de la Mora has not signed this document because of his absence due to unavoidable professional commitments, having delegated his proxy to the External Director Mr. Santiago Bergareche Busquet.

Mr Santiago Ortiz Vaamonde
Secretary of the Board of Directors

AUDITORS REPORT

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1.1 and 7.1). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
FERROVIAL, S.A.,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Ferrovial, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Directors' Responsibility for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of Ferrovial, S.A. and Subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of Ferrovial, S.A. and Subsidiaries as at 31 December 2016, and their consolidated results and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2016 contains the explanations which the Parent's directors consider appropriate about the situation of Ferrovial, S.A. and Subsidiaries, the evolution of their business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2016. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Ferrovial, S.A. and Subsidiaries.

DELOITTE, S.L.

Registered in ROAC under no. S0692

Javier Parada Pardo
27 February 2017