

Independent Audit Report

SACYR, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2016

Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 42)

INDEPENDENT AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of SACYR, S.A.:

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of SACYR, S.A. (the parent company) and its subsidiaries (the Group), which comprise consolidated statement of financial position at December 31, 2016, the separated consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended.

Directors' responsibility for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the consolidated equity and consolidated financial position and the consolidated results of SACYR, S.A. and its subsidiaries, in accordance with International Financial Reporting Standards, as adopted by the European Union, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with prevailing audit regulations in Spain. Those standards 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 requires performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 of consolidated financial statements by the directors of the parent company 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 give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of SACYR, S.A. and its subsidiaries at December 31, 2016, and its consolidated results and consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards, as adopted by the European Union, and other provisions in the regulatory framework for financial information applicable in Spain.

Report on other legal and regulatory requirements

The accompanying consolidated 2016 management report contains such explanations as the directors of the parent company consider appropriate concerning the situation of the Group, the evolution of its business and other matters; however, it is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the 2016 consolidated financial statements. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of SACYR, S.A. and its subsidiaries.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Francisco V. Fernández Romero

April 7, 2017

**Sacyr Group
(Sacyr, S.A. and Subsidiaries)**

**Consolidated Financial Statements and
Consolidated Management Report
for the year ended 31 December 2016
and**

**AUDITORS' REPORT ON THE
CONSOLIDATED FINANCIAL STATEMENTS**

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Sacyr Group

Sacyr, S.A. and Subsidiaries

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016 AND 2015**

Consolidated statement of financial position at 31 December (thousands of euros)

ASSETS	NOTE	2016	2015
A) NON-CURRENT ASSETS		7,023,765	6,778,085
I. Property, plant and equipment	5	363,350	376,148
II. Concession projects	6	1,402,267	1,643,853
III. Other intangible assets	7	13,044	14,816
IV. Goodwill	8	185,500	186,578
V. Investments accounted for using the equity method	9	2,191,509	2,021,442
VI. Receivables from concessions	11	1,712,627	1,388,989
VII. Non-current financial assets	12	86,879	314,750
VIII. Derivative financial instruments	24	9,969	37,072
IX. Deferred tax assets	13	821,800	791,599
X. Other non-current assets	6	236,820	2,838
B) CURRENT ASSETS		3,665,182	3,679,389
I. Non-current assets held for sale	4	475,406	527,535
II. Inventories	14	236,121	196,661
III. Trade and other receivables	15	2,061,309	1,996,615
- Trade receivables for sales and services		356,271	322,489
- Receivable from construction contracts		1,310,934	1,283,910
- Personnel		994	1,171
- Receivable from public entities		160,156	133,011
- Other receivables		232,954	256,034
IV. Receivables from concessions	11	173,877	213,985
V. Current financial investments	12	87,551	140,308
VI. Derivative financial instruments	24	5,236	620
VII. Cash and cash equivalents	16	621,308	602,822
VIII. Other current assets		4,374	843
TOTAL ASSETS		10,688,947	10,457,474

Notes 1 to 41 and Appendices I and II form an integral part of this consolidated statement of financial position.

Consolidated statement of financial position at 31 December (thousands of euros)

EQUITY AND LIABILITIES		NOTE	Thousands of euros	
			2016	2015
A) EQUITY		17	2,080,398	1,911,590
EQUITY OF THE PARENT			1,791,523	1,656,130
I. Share capital			517,431	517,431
II. Share premium			17,162	0
III. Reserves			1,028,924	787,934
IV. Profit for the year attributable to the Parent			120,242	370,006
V. Interim dividend paid in the year			0	(25,727)
VI. Treasury shares			(41,519)	(52,340)
VII. Available-for-sale financial assets			65,596	65,007
VIII. Hedging transactions			(94,134)	(104,750)
IX. Translation differences			177,672	98,423
X. Valuation adjustments			149	146
EQUITY OF NON-CONTROLLING INTERESTS			288,875	255,460
B) NON-CURRENT LIABILITIES			5,271,628	5,052,320
I. Deferred income	18		56,020	57,682
II. Non-current provisions	19.1		370,428	361,804
III. Bank borrowings	21		3,605,678	4,072,303
IV. Other hedged financial debt	22		618,295	0
V. Non-current payables	23		284,897	288,487
VI. Derivative financial instruments	24		185,829	161,839
VII. Deferred tax liabilities	13		150,481	110,205
C) CURRENT LIABILITIES			3,336,921	3,493,564
I. Liabilities associated with non-current assets held for sale	4		203,042	224,186
II. Bank borrowings	21		829,062	850,612
III. Trade and other payables	25		1,854,961	1,946,695
- Suppliers			1,550,231	1,653,847
- Personnel			36,136	27,594
- Current tax liabilities			9,593	11,809
- Payable to public entities			93,145	90,375
- Other payables			165,856	163,070
IV. Current payables to associates	25		207,703	198,043
V. Derivative financial instruments	24		21,375	27,780
VI. Current provisions	19.2		220,778	246,248
TOTAL LIABILITIES			10,688,947	10,457,474

Notes 1 to 41 and Appendices I and II form an integral part of this consolidated statement of financial position.

Sacyr Group

Sacyr, S.A. and Subsidiaries

**SEPARATE CONSOLIDATED INCOME STATEMENT
AT 31 DECEMBER 2016 AND 2015**

Separate consolidated income statement for the years
ended 31 December
(thousands of euros)

SEPARATE INCOME STATEMENT	NOTE	Miles de euros	
		2016	2015
Revenue	27	2,860,475	2,948,914
Own work capitalised		1,288	4,271
Other operating income		97,874	107,058
Government grants released to the income statement		4,015	3,151
TOTAL OPERATING INCOME		2,963,652	3,063,394
Change in inventories		646	1,537
Supplies	28	(1,093,995)	(1,246,663)
Staff costs	39	(865,821)	(741,438)
Depreciation and amortisation expense		(113,073)	(110,012)
Impairment of goodwill	8	(226)	(310)
Change in operating provisions		(12,700)	(55,240)
Change in provisions for non-current assets		19	(1,120)
Other operating expenses	29	(670,421)	(762,327)
TOTAL OPERATING EXPENSES		(2,755,571)	(2,915,573)
NET OPERATING PROFIT		208,081	147,821
SHARE OF PROFIT/(LOSS) OF ASSOCIATES	9	207,085	(467,843)
GAIN/(LOSS) ON ACQUISITION/DISPOSAL OF ASSETS	30	27,244	32,447
Revenue from other marketable securities and asset-backed loans		11,891	13,633
Other interest and similar income		25,666	26,828
Exchange differences		10,986	22,430
TOTAL FINANCE INCOME		48,543	62,891
Finance costs and similar expenses		(238,221)	(277,198)
Change in provisions for financial investments		(4,324)	(108,699)
Gain/(loss) on financial instruments		(67,556)	(31,902)
TOTAL FINANCE COSTS		(310,101)	(417,799)
FINANCIAL LOSS	31	(261,558)	(354,908)
CONSOLIDATED PROFIT BEFORE TAX		180,852	(642,483)
Corporate income tax	13	(45,600)	(157,252)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		135,252	(799,735)
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	4	0	1,183,393
CONSOLIDATED PROFIT FOR THE YEAR		135,252	383,658
NON-CONTROLLING INTERESTS		(15,010)	(13,652)
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		120,242	370,006
Basic earnings per share (euros)	32	0.24	0.72
Diluted earnings per share (euros)	32	0.25	0.70
Basic earnings per share for discontinued operations (euros)	32	0.00	2.31
Diluted earnings per share for discontinued operations (euros)	32	0.00	2.31

Notes 1 to 41 and Appendices I and II form an integral part of this separate consolidated income statement.

Sacyr Group

Sacyr, S.A. and Subsidiaries

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015**

Consolidated statement of comprehensive income at 31 December (thousands of euros)

	Thousands of euros	
	2016	2015
A) CONSOLIDATED PROFIT FOR THE YEAR	135,252	383,658
B) OTHER COMPREHENSIVE INCOME - ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT TO BE RECLASSIFIED IN THE FUTURE TO THE INCOME STATEMENT	0	0
C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT	106,906	135,067
1. Available-for-sale financial assets:	354	0
2. Cash flow hedges:	14,637	19,493
a) Revaluation gains/(losses)	(52,919)	(12,409)
b) Amounts transferred to the income statement	67,556	31,902
3. Translation differences:	49,905	16,435
a) Revaluation gains/(losses):	49,905	16,435
4. Participation in other comprehensive income from investments in associates and joint ventures:	45,666	104,528
a) Revaluation gains/(losses):	47,388	61,033
b) Amounts transferred to the income statement	(1,722)	43,495
5. Other income and expenses that may be reclassified subsequently to the income statement:	3	69
a) Revaluation gains/(losses):	3	69
6. Tax effect:	(3,659)	(5,458)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B+C)	242,158	518,725
a) Attributable to the Parent	210,699	507,132
b) Attributable to non-controlling interests	31,459	11,593

Notes 1 to 41 and Appendices I and II form an integral part of this consolidated statement of comprehensive income.

Sacyr Group

Sacyr, S.A. and Subsidiaries

**CONSOLIDATED STATEMENT OF CASH FLOWS
AT 31 DECEMBER 2016 AND 2015**

Consolidated statement of cash flows at 31 December (thousands of euros)

	2016	2015
CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)		
A) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3+4+5)	156,254	160,362
1. Profit/(loss) before tax from continuing operations	180,852	(642,483)
2. Adjustment to profit/(loss) (for EBITDA)	153,209	960,563
(+) Depreciation and amortisation expense	113,073	110,012
(+/-) Other adjustment to profit/(loss) (net)	40,136	850,551
EBITDA (1+2)	334,061	318,080
3. Other cash flows from operating activities	(136,121)	(117,073)
4. Income tax payments	(23,081)	(28,755)
5. Changes in working capital	(18,605)	(11,890)
B) CASH FLOWS FROM INVESTING ACTIVITIES (1+2+3)	28,451	1,265,446
1. Payments on investments:	(525,247)	(446,503)
(-) Property, plant & equipment, intangible assets and property investments	(88,574)	(83,570)
(+) Other financial assets	(436,673)	(362,933)
2. Income from disposals	413,374	1,558,342
(-) Property, plant & equipment, intangible assets and property investments	26,131	20,057
(+) Other financial assets	70,403	83,055
(+) Divestment of discontinued operations	316,840	1,455,230
3. Other cash flows from investing activities	140,324	153,607
(+) Cash flows from dividends	98,277	127,444
(+) Cash flows from interest	42,047	26,163
C) CASH FLOWS FROM FINANCING ACTIVITIES (1+2+3+4)	(166,216)	(1,181,461)
1. Cash flows and (payments) on share-based instruments	(742)	10,431
(+) Issue	0	13,470
(-) Cancellation	(742)	(3,039)
2. Cash flows and (payments) on financial liability instruments	(501,019)	(826,766)
(+) Issue	1,137,882	339,028
(-) Redemption and amortisation	(1,638,901)	(1,165,794)
3. Payments for dividends and returns on other equity instruments	0	(25,727)
4. Other cash flows from finance activities	335,545	(339,399)
(-) Interest payments	(266,275)	(327,911)
(+/-) Other cash flows/(payments) from finance activities	601,820	(11,488)
D) INCREASE/(DECREASE) NET OF CASH AND CASH EQUIVALENTS (A+B+C)	18,489	244,347
E) CASH AND CASH EQUIVALENTS AT START OF YEAR	602,819	358,475
F) CASH AND CASH EQUIVALENTS AT END OF PERIOD (D+E)	621,308	602,822
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF YEAR		
(+) Cash on hand and at banks	546,518	536,473
(+) Other financial assets	74,790	66,349
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	621,308	602,822

Notes 1 to 41 and Appendices I and II form an integral part of this consolidated statement of cash flows.

Sacyr Group

Sacyr, S.A. and Subsidiaries

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015**

Consolidated statement of changes in equity at 31 December (thousands of euros)

Thousands of euros	Equity attributable to the Parent							Non-controlling interests	Total equity
	Shareholders' equity						Valuation adjustments		
	Share capital	Share premium	Reserves	Treasury shares and own equity instruments	Profit for the year attributable to the Parent	Other equity instruments			
Closing balance at 31 December 2014	502,212	447,412	130,354	(49,301)	32,720	0	(78,300)	120,775	1,324,074
Adjusted opening balance	502,212	447,412	130,354	(49,301)	32,720	0	(78,300)	120,775	1,324,074
Total income	0	0	0	0	370,006	0	137,126	11,593	518,725
Income/(expense)	0	0	0	0	370,006	0	137,126	11,593	518,725
Transactions with owners	15,219	0	(15,219)	(3,039)	0	(25,727)	0	0	(28,764)
Capital increases/(reductions)	15,219	0	(15,219)	0	0	0	0	0	0
Distribution of dividends	0	0	0	0	0	(25,727)	0	0	(25,727)
Transactions with treasury shares or own equity instruments (net)	0	0	0	(3,039)	0	0	0	0	(3,039)
Other changes in equity	0	(447,412)	472,797	0	(32,720)	0	0	123,092	95,557
Transfers between equity accounts	0	(447,412)	700,332	0	(32,720)	0	0	0	0
Other changes	0	0	(27,535)	0	0	0	0	123,092	95,557
Closing balance at 31 December 2015	517,431	0	787,934	(52,340)	370,006	(25,727)	58,826	255,460	1,911,590

Thousands of euros	Equity attributable to the Parent							Non-controlling interests	Total equity
	Shareholders' equity						Valuation adjustments		
	Share capital	Share premium	Reserves	Treasury shares and own equity instruments	Profit for the year attributable to the Parent	Other equity instruments			
Closing balance at 31 December 2015	517,431	0	787,934	(52,340)	370,006	(25,727)	58,826	255,460	1,911,590
Adjusted opening balance	517,431	0	787,934	(52,340)	370,006	(25,727)	58,826	255,460	1,911,590
Total income	0	0	0	0	120,242	0	90,457	31,459	242,158
Income/(expense)	0	0	0	0	120,242	0	90,457	31,459	242,158
Transactions with owners	0	0	0	10,821	0	0	0	0	10,821
Transactions with treasury shares or own equity instruments (net)	0	0	0	10,821	0	0	0	0	10,821
Other changes in equity	0	17,162	240,990	0	(370,006)	25,727	0	1,956	(84,171)
Transfers between equity accounts	0	17,162	327,117	0	(370,006)	25,727	0	0	0
Other changes	0	0	(86,127)	0	0	0	0	1,956	(84,171)
Closing balance at 31 December 2014	517,431	17,162	1,028,924	(41,519)	120,242	0	149,283	288,875	2,080,398

Notes 1 to 41 and Appendices I and II form an integral part of this consolidated statement of changes in equity.

Sacyr Group

Sacyr, S.A. and Subsidiaries

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
2016**

1. Sacyr's activity

The Sacyr Group (formerly known as the Sacyr Vallehermoso Group until it changed its name following the approval of the General Shareholders' Meeting on 27 June 2013) is formed by the Parent, Sacyr, S.A. (formerly Sacyr Vallehermoso, S.A.), and its subsidiaries and associates, which are detailed in Appendix I. Sacyr, S.A. (incorporated in Spain) arose from the merger by absorption of the Sacyr, S.A. Group (absorbed company) by Vallehermoso, S.A. (absorbing company) in 2003, as explained in the financial statements for the year then ending.

The registered office of the Parent is Paseo de la Castellana, 83-85. The Parent is registered in the Madrid Mercantile Register, volume 1884, folio 165, sheet M-33841, entry 677, and its tax identification number is A-28013811.

The corporate purpose of the Parent, Sacyr, S.A., is:

- a. The acquisition and construction of urban property for rent or sale.
- b. The renovation of buildings for subsequent rent or sale.
- c. The purchase and sale of land, building rights and urban development lots, as well as their allocation, land transformation, development of urban infrastructure, division into lots, subdivision, compensation, etc., and, in some cases, subsequent construction of buildings, with involvement in the entire urban development process through to construction.
- d. The administration, conservation, maintenance and, in general, all activities related to the provision of urban facilities and services and the associated land, infrastructure, civil engineering works and other urban facilities provided for by local planning stipulations, either on the Company's own behalf or for third parties, and the provision of architecture, engineering and urban development services relating to the urban lots or their ownership.
- e. The provision and sale of all types of services and supplies relating to communications, IT and power distribution networks, as well as collaboration in the marketing and brokerage of insurance, security services and transport services, either on the Company's own behalf or for third parties.
- f. The management and administration of shopping centres, senior citizen homes and centres, hotels and tourist and student accommodation.
- g. The contracting, management and execution of all kinds of construction work in the broadest sense, both public and private, including roads, water supply projects, railways, port facilities, buildings, environmental projects and, in general, all activities related to construction.
- h. The acquisition, administration, management, development, operation through rental or any other means, construction, purchase and sale of all types of properties, as well as the provision of advisory services in any of the above activities.
- i. The development of all types of engineering and architectural projects, as well as the management, oversight and advisory services on the execution of all types of construction work.
- j. The acquisition, holding, exploitation, administration and sale of all kinds of marketable securities on the Company's own behalf, except for those activities reserved by law, and specifically by the Spanish Securities Market Act, for other types of entities.
- k. The management of public water supply, sewer systems and sewage works.

l. The management of all types of concessions, subsidies and administrative permits for projects, services and mixed ventures awarded to the Company by the central, regional, provincial and local governments, and investment in the capital of companies responsible for such concessions.

m. The operation of mines and quarries and the sale of the products extracted.

n. The manufacture, purchase, sale, import, export and distribution of equipment, and the installation of construction equipment and materials or other items for use in construction.

o. The acquisition, use in any form, sale, transfer and disposal of all types of intellectual property and patents, and other kinds of industrial property.

p. The manufacture and sale of prefabricated and other products related to construction.

q. The management of Spanish and foreign subsidiaries and investees via a presence on their governing bodies. The strategic and administrative management of subsidiaries in Spain and abroad, together, and the provision of legal, economic, accounting, personnel, budgeting, financial, tax, marketing and IT consultancy services to these companies.

The Company may also carry out any of the activities comprised in its corporate purpose indirectly through equity investments in other entities or companies with similar or identical corporate purposes.

Appendix I provides a list of the subsidiaries that compose the Sacyr Group, their activities and registered addresses, and the percentage of ownership held by the Group.

2. Scope of consolidation and subsidiaries

For the purposes of preparing the consolidated financial statements, the companies that compose the Group are classified as follows:

a) **Subsidiaries:** legally independent companies that form a single economic unit with a unified management strategy and over which the Group exercises effective direct or indirect control.

b) **Joint ventures:** a joint arrangement in which the parties which have joint control over this arrangement hold rights over its net assets.

c) **Jointly controlled operation:** a joint arrangement in which the parties which have joint control over this arrangement hold rights over its net assets and have obligations with respect to its liabilities.

d) **Associates:** companies over which one or more Group companies have significant management influence.

a) Consolidated companies.

Subsidiaries have been fully consolidated, such that all the assets, rights and liabilities of the subsidiaries are included in the consolidated statement of financial position of Sacyr, S.A. and all the income and expenses used to determine the subsidiaries' profit or loss are included in the separate consolidated income statement.

Associates have been accounted for using the equity method. Under this method, an investment in an associate is initially recognised at cost and its carrying amount is then increased or decreased to reflect the Group's share in the profit or loss of the associate for the year, since the acquisition date. In the event of changes recognised directly in the associate's equity, the Group recognises its share of these changes directly in its own equity.

Jointly controlled operations included in the scope of consolidation were proportionately consolidated if they have two or more venturers related by a contractual agreement that establishes joint control. The Group reports its share of the assets, liabilities, income and expenses of the joint venture, line by line, in its consolidated financial statements.

Joint ventures have been accounted for using the equity method.

A1) 2015

Companies included within the scope of consolidation are listed in Appendix I, along with details of the ownership interest held, the consolidation method used, their classification group, the activity carried on, their registered office and other information.

Auditors' reports for the following companies, which are still being audited by an auditor other than the main auditor, were unavailable at the date on which these consolidated financial statements were prepared: Boremer, S.A., Metrofangs, S.L., Valdemingomez 2000, S.A., Biorreciclaje de Cádiz, S.A., Parque Eólico La Sotenera, S.L., Sercanarias, S.A., Sociedad Economía Mixta de Aguas de Soria, S.L. , Sacyr industrial Colombia, S.A.S., Sacyr Industrial México, S.A., Sacyr Industrial LLC, Sacyr Industrial USA, LLC, SIS, S.c.p.A., Sacyr Panamá, S.A., Sacyr Costa Rica, S.A., Sacyr India, S.A., Eurolink, S.c.p.A., N6 Operations Ltd, Sacyr Concessions Ltd y N6 Concession Holding Ltd and GSJ Maintenance.

The companies Echezarreta, AIE, Castellana Norte, S.A., Biothys, S.L., S.A., Agroconcer, S.A., Servicio de Estacionamiento Regulado, S.L., Tecnologías Medioambientales Asturianas, S.L., Sílices Turolenses, S.A. were excluded from the scope of consolidation since, as a whole, the effect of their inclusion in the consolidated Group was insignificant.

The items in the consolidated statement of financial position and the separate consolidated income statement of the most significant foreign companies included in the scope of consolidation have been translated into euros at the following exchange rates:

Exchange rate	2015	
	Average	Year-end
US dollar / euro	1.1102	1.0866
Australian dollar / euro	1.4776	1.4905
Chilean peso / euro	726.20	769.71
Libyan dinar / euro	1.5215	1.4707
Mexican peso / euro	17.6121	18.7204
Brazilian real / euro	3.6939	4.3006
New Mozambique metical / euro	43,721.66	52,144.81
Angolan kwanza / euro	133,1514	146,9362
Algerian dinar / euro	111.3362	116.3842
Peruvian nuevo sol/euro	3.5350	3.7161
Colombian peso / euro	3,045.22	3,449.04
Boliviano / euro	7.6646	7.496
Indian rupee / euro	70.3817	72.1230
Qatari rial / euro	4.0421	3.9564
Pound sterling / euro	0.7264	0.7375

A2) 2016

Companies included within the scope of consolidation for these financial statements are listed in Appendix I, along with details of the ownership interest held by the Group, the consolidation method used, their classification group, activity, registered office and other information.

Auditors' reports for the following companies, which are still being audited by an auditor other than the main auditor, were unavailable at the date on which these consolidated financial statements were prepared: Scrinser, S.A., Cavosa Obras y Proyectos, S.A., Febide, S.A., Prinur, S.A.U., Sacyr Construcción Aparcamientos Daoiz y Velarde, S.L., Sacyr Construcción Aparcamientos Virgen del Romero, S.L., Sacyr Construcción Aparcamientos Plaza del Milenio, S.L., Sacyr Construcción Plaza de la Encarnación, S.L., Sacyr Construcción Aparcamientos Juan Esplandiú, S.L., Sacyr Construcción Mercado del Val, S.L., Constructora ACS-Sacyr, S.A., Sacyr Costa Rica, S.A., Constructora San José - Caldera, S.A., Sacyr Construcción USA, LLC, B.F. Constructions Limited, Sacyr India Infra Projects Private Ltd, SIS, S.C.P.A, Superestrada Pedemontana Veneta, S.R.L. Nodo di Palermo, S.C.P.A. (NDP, S.C.P.A.), Eurolink, S.C.P.A., SV Lidco Construcciones Generales, Consorcio GDL Viaducto, S.A. de C.V., Consorcio Túnel Guadalajara S.A. de C.V., Sacyr Panamá, S.A., Sacyr Construcción Sucursal Panamá, A. Madrid Sur, S.A., Sacyr Infraestructure USA, LLC, GSJ Maintenance Ltd, Sercanarias, S.A., Sociedad Economía Mixta de Aguas de Soria, S.L., Boremer, S.A., Metrofangs, S.L., Valdemingómez 2000, S.A., Biorreciclaje de Cádiz, S.A., Parque Eólico La Sotona, S.L., Consorcio Stabile VIS Societá, C.P.A., Sacyr Industrial Colombia, S.A.S., Sacyr Industrial USA, LLC., Sacyr Industrial México, S.A., Sacyr Industrial, LLC, Sacyr Industrial Mondisa Mant. Eléctricos Panamá, S.A., and NM Industrial Developments, S.A.C.

The companies Echezarreta, AIE, Castellana Norte, S.A., Biothys, S.L., S.A., Agroconcer, S.A., Servicio de Estacionamiento Regulado, S.L., Tecnologías Medioambientales Asturianas, S.L., Sílices Turolenses, S.A. were excluded from the scope of consolidation since, as a whole, the effect of their inclusion in the consolidated Group was insignificant.

The items in the consolidated statement of financial position and the separate consolidated income statement of the most significant foreign companies included in the scope of consolidation have been translated into euros at the following exchange rates:

Exchange rate	2016	
	Average	Year-end
US dollar / euro	1.1068	1.0517
Australian dollar / euro	1.4888	1.4597
Chilean peso / euro	748.64	707.80
Libyan dinar / euro	1.5268	1.5144
Mexican peso / euro	20.6629	21.8106
Brazilian real / euro	3.8500	3.4288
New Mozambique metical / euro	69,295.29	75,397.00
Angolan kwanza / euro	183,5032	175,5955
Algerian dinar / euro	121.1248	116.1259
Peruvian nuevo sol/euro	3.7354	3.5342
Colombian peso / euro	3,378.33	3,162.87
Boliviano / euro	7.6531	7.277
Indian rupee / euro	74,3701	71,6770
Qatari rial / euro	4.0302	3.8309
Pound sterling / euro	0.8191	0.8535
Omani rial / euro	0.4261	0.4050
Uruguayan peso / euro	33.3507	30.8350

b) Changes in the scope of consolidation

The Group files all relevant notices when its interest in any of its direct or indirect subsidiaries exceeds 10% and on any subsequent acquisitions of more than 5%.

B1) 2015

b.1.- Business combinations and other acquisitions or increases in interests in subsidiaries, joint ventures, jointly controlled operations and/or associates

- On 8 January 2015, Sacyr Construcción Colombia, S.A. was included in the scope of consolidation. Its corporate purpose is the performance of construction projects and execution of private and public works; Sacyr Construcción, S.A.U. holds a 100% interest and an investment of 74,000 euros.
- On 13 January 2015, Sacyr Construcción, S.A.U. formed Sacyr Construcción USA LLC, the corporate purpose of which is the performance of construction projects and assembly work; it holds a 100% interest and an investment of 4,788,283.45 euros.
- On 22 January 2015, Sacyr Industrial, S.L. formed Sacyr Industrial USA LLC, the corporate purpose of which is the execution of all manner of civil engineering and industrial projects; it holds a 100% interest and an investment of 46,202 euros.

- On 27 January 2015, Valoriza Servicios Medioambientales, S.A. formed Valoriza Environment Services Pty Australia, the corporate purpose of which will be the operation of an urban solid waste treatment plant; it holds a 100% interest and an investment of 1 euro.
- On 8 February 2015, Sacyr Industrial, S.L. formed Sacyr Industrial LLC, the corporate purpose of which is the execution of all manner of civil engineering and industrial projects; it holds a 70% interest and an investment of 413,810 euros.
- On 12 February 2015, Sacyr Industrial, S.L. and Sacyr Industrial México, S.A. formed Ekamai, S.A. de C.V., the corporate purpose of which is to carry out all activities related to the 4th phase of the 308 SLT eastern – peninsular transmission substations; they hold a 54% and 6% interest, respectively, and an investment of 1,638 euros and 171 euros, respectively.
- On 20 February 2015, Valoriza Servicios Medioambientales, S.A. and Sacyr Industrial, S.L. formed Valoriza Servicios Medioambientales Bolivia, S.R.L., the corporate purpose of which is the management and construction of all manner of works, bridges, viaducts and gas pipelines; they hold interests of 70% and 30%, respectively, and an investment of 18,239 euros and 7,817 euros, respectively.
- On 2 March 2015, Sacyr Construcción Australia PTY L.T.D. was included in the scope of consolidation. Its corporate purpose is the performance of construction projects and assembly work. Sacyr Construcción, S.A.U., S.A. holds a 100% interest and an investment of 68,96 euros.
- On 2 March 2015, Finsa, S.R.L. was included in the scope of consolidation. Its corporate purpose is the acquisition, administration and management of securities. Sacyr, S.A. holds a 49% interest and an investment of 44,100 euros.
- On 2 March 2015, Valoriza Agua Perú, S.A.C. was included in the scope of consolidation. Its corporate purpose is the operation of desalination plants and the purification and treatment of water. Valoriza Agua, S.L. and Sadyt, S.A. hold an interest of 99% and 1%, respectively, and an investment of 1,409 euros and 162 euros, respectively.
- On 2 March 2015, Sacyr Construcción Uruguay, S.A. was included in the scope of consolidation. Its corporate purpose is the performance of construction projects and assembly work. Sacyr Construcción, S.A.U. holds a 100% interest and an investment of 231,861 euros.
- On 2 March 2015, European Tungsten Company, S.L. was included in the scope of consolidation. Its corporate purpose is the exploration, prospecting and commercialisation of minerals. Valoriza Minería, S.L. holds a 51% interest and an investment of 3,060 euros.
- On 2 March 2015, Operadora AVO, S.A. was included in the scope of consolidation. Its corporate purpose is the management, conservation and operation of the avenida El Salto-Príncipe de Gales section of the "Américo Vespucio Oriente" concession. Sacyr Concesiones Chile, S.A. holds a 50% interest and an investment of 26,432 euros.
- On 2 March 2015, Sacyr Infraestructure USA LLC was included in the scope of consolidation. Its corporate purpose is the performance of construction projects and assembly work. Sacyr Concesiones, S.L. holds a 100% interest and an investment of 2,834,947 euros.

- On 21 April 2015, Valoriza Minería, S.L. formed Tungsten San Finx, S.L., the corporate purpose of which is the performance of mining activities; it holds a 100% interest and an investment of 3,000 euros.
- On 30 April 2015, Sacyr Industrial, S.L.U. increased its ownership interest by 14.91% in Quatro T&D Limited., the corporate purpose of which is the creation of programmes and training in new technologies; it holds a 47.91% interest and an investment of 436,651 euros.
- On 1 July 2015, Sacyr Environment USA LLC was included in the scope of consolidation. Its corporate purpose is the performance, construction and operation of environmental projects in the US. Valoriza Servicios Medioambientales, S.A. holds a 100% interest and an investment of 2,960,652 euros.
- On 19 May 2015, Sacyr Perú S.A.C. formed Consorcio Saher Cajamarca, the corporate purpose of which is the contracting and execution of engineering works; it holds a 67% interest and an investment of 1 euro.
- On 5 June 2015, Sacyr, S.A. formed Sacyr Finance, S.A., the corporate purpose of which is the acquisition, administration and disposal of investments in the share capital of other companies; it holds a 100% interest and an investment of 60,000 euros.
- On 6 June 2015, Valoriza Servicios Medioambientales, S.A. formed Plataforma por la Movilidad, A.I.E., the corporate purpose of which is the performance of all activities to implement and manage the integrated platform; it holds a 14,68% interest and an investment of 226,900 euros.
- On 11 June 2015, Sacyr Concesiones Colombia, S.A.S. formed Concesionaria Vial Montes de María S.A.S., the corporate purpose of which is the execution of the projects awarded by the National Infrastructure Agency; it holds a 100% interest and an investment of 3,299,713 euros.
- On 30 June 2015, Valoriza Conservación e Infraestructuras, S.A. formed Valoriza Conservación e Infraestructuras Chile, S.p.A., the corporate purpose of which is the conservation, maintenance and operation of motorways and roads; it holds a 100% ownership interest and an investment of 4,398,571 euros.
- On 24 July 2015, Sacyr Construcción, S.A.U. increased its ownership interest by 15% in Scrinser, S.A., the corporate purpose of which is the construction of civil engineering works; it holds a 100% interest and an investment of 2.510.860,29 euros.
- On 23 July 2015, Sacyr Concesiones, S.L. increased its ownership interest in Autovía del Barbanza Conc. de la Xunta de Galicia, S.A., the corporate purpose of which is the construction and operation of the Barbanza motorway; it holds a 100% interest and an investment of 9,941,740 euros.
- On 29 September 2015, Sacyr Concesiones Colombia, S.A.S. formed Concesionaria Vial Unión del Sur S.A.S., the corporate purpose of which is the execution of the projects awarded by the National Infrastructure Agency; it holds a 60% interest and an investment of 13,687,647 euros.
- On 29 September 2015, Sacyr Concesiones Colombia, S.A.S. formed Desarrollo Vial al Mar S.A.S., the corporate purpose of which is the execution of the projects awarded by the National Infrastructure Agency; it holds a 37.5% interest and an investment of 1 euro.

- On 30 September 2015, Sacyr Industrial, S.L. purchased 50% of Sacyr Fluor, S.A. (formerly, Fluor Enterprises INC), the corporate purpose of which is the provision of services within the petrochemical industry; it holds a 50% interest and an investment of 40,748,999 euros.
- On 6 October 2015, Sacyr Industrial, S.L. formed Sacyr Industrial Mondisa Mantenimientos Eléctricos Panamá, S.A., the corporate purpose of which will be the maintenance of medium- and low-voltage electricity lines; it holds a 60% interest and an investment of 5,436 euros.
- On 26 October 2015, Sacyr Industrial, S.L. formed Sacyr Nervión, S.L., the corporate purpose of which is the construction, repair and maintenance of electromechanical machinery and installations; it holds a 50% interest and an investment of 60,000 euros.
- On 17 November 2015, Valoriza Conservación e Infraestructuras, S.A. increased its ownership interest by 40% in Simulador Vialidad Invernal, S.L., the corporate purpose of which is the creation of programmes and training in new technologies; it holds a 100% interest and an investment of 54,000 euros.

b.2.- Decrease in interests in subsidiaries, joint ventures, jointly controlled operations and/or associates, and other similar transactions

- On 18 February 2015, Sacyr Concesiones Chile, S.A. sold 30% of its ownership interest in the concession operator Salud Siglo XXI, S.A.; its ownership interest after the sale was 70%.
- On 17 March 2015, the wholly owned company Nisa VH, S.A. was dissolved.
- On 8 April 2015, Sacyr Concesiones Chile, S.A. and Sociedad Concesionaria Viales Andinas, S.A. sold 0.01% and 48.99%, respectively, of their ownership interest in Rutas del Limarí, S.A.; their ownership interest after the sale was 51%.
- On 13 January 2015, as a result of having opted to receive a dividend in cash, Sacyr Vallehermoso Participaciones Mobiliarias, S.L.U. reduced its ownership interest in Repsol, S.A. by 0.16%. On 8 July 2015, the same transaction was repeated and its ownership interest was once again reduced by 0.163% to 8.727%. Subsequently, on 25 November 2015, the payment of a new dividend was approved, thereby reducing the ownership interest by 0.247% to 8.48%.
- On 18 December 2015, Aguas de Toledo, A.I.E., in which the Group had held a 50% interest, was dissolved.
- On 23 November 2015, Autopistas del Valle, S.A., in which the Group had held a 35% interest, was dissolved.
- On 26 October 2015, Ecotrading 360 Grados, S.L., in which the Group had held a 62.01% interest, was dissolved.
- On 3 December 2015, Sacyr Qatar LLC, in which the Group had held a 49% interest, was dissolved.
- On 18 December 2015, Club de Campo Las Mariñas, S.L., in which the Group had held a 19,99% interest, was dissolved.
- On 26 January 2016, Sacyr Concesiones, S.L. S.A. sold 20% of its ownership interest in the concession operator Hospital Majadahonda, S.A. However, at 31 December 2015 all

conditions precedent stipulated in the sale and purchase agreement were met and, therefore, the transaction was recognised in 2015.

- On 26 January 2016, Sacyr Concesiones, S.L. S.A. sold 25% of its ownership interest in the concession operator Hospital Majadahonda Explotaciones, S.L. However, at 31 December 2015 all conditions precedent stipulated in the sale and purchase agreement were met and, therefore, the transaction was recognised in 2015.
- On 8 June 2015, Testa Inmuebles en Renta, Socimi, S.A. reduced its share capital by 669,759,570.40 euros by returning 5.80 euros per share to each of its shareholders. As a result of this transaction, the company's new share capital stood at 23,095,157.60 euros, with a new par value of 0.20 euros per share.

An extraordinary dividend amounting to 527,724,351.16 euros was also paid on this date with a charge to unrestricted reserves, at 4.57 euros gross per share.

On 8 June 2015, Testa also increased share capital by a cash amount of 430,838,704.01 euros, through the issue of 38,491,930 new ordinary shares, representing 25% of its share capital, which were fully subscribed and paid by MERLIN Properties at this date.

On 23 July 2015, Sacyr, S.A. sold 25.102% of its interest in Testa Inmuebles en Renta, Socimi, S.A. to MERLIN Properties, which means that this company took control thereof with a 50.1% interest.

Subsequently, on 12 August 2015, Sacyr, S.A. sold 26.913% of its interest in Testa Inmuebles en Renta, Socimi, S.A. to MERLIN Properties, with a 22.7% interest remaining to complete the transaction.

b.3.- Other changes in the composition of the Group.

As a result of new management agreements entered into with the shareholders, in 2015 Autovías de Peajes en Sombra, S.L., Autovía del Turia Concesionaria de la Generalitat Valenciana, S.A., Autovía del Noroeste Concesionaria de CARM, S.A., Concesiones de Intercambiadores de Transporte, S.L., Intercambiador de Transporte de Plaza Elíptica, S.A., Intercambiador de Transportes de Moncloa, S.A., Hospital de Parla, S.A., Hospital del Noreste, S.A., Hospitales Concesionados, S.L., S.C. de Palma de Manacor, S.A. and Autovía del Arlanzón, S.A., which were accounted for using the equity method in 2014, are now fully consolidated. These changes do not require restating the figures of previous periods.

The dates of the new management agreements with the shareholders are as follows:

- Agreement with the shareholders of Autopista de Peaje en Sombra, S.L. (applicable to the Company and its concession operators Autovía del Noroeste Concesionaria de CARM, S.A. and Autovía del Turia, Concesionaria Generalitat Valenciana, S.A.): 23 December 2014, effective as of 1 January 2015.
- Agreement with the shareholders of Hospitales Concesionados, S.L. (applicable to the Company and its concession operators Hospital del Noroeste, S.A. and Hospital de Parla, S.A.): 16 December 2014, effective as of 1 January 2015.
- Agreement with the shareholders of Autovía del Arlanzón, S.A.: 18 December 2014, effective as of 1 January 2015.
- Agreement with the shareholders of Concesiones de Intercambiadores de Transporte, S.L. (applicable to the Company and its concession operators

Intercambiador de Transportes de Moncloa, S.A. and Intercambiador de Transportes de Plaza Elíptica, S.A.): 23 December 2014, effective as of 1 January 2015.

The Group took into account the shareholders agreements entered into therewith in order to analyse the decision-making capacity regarding relevant matters depending on the phase of each of the agreements, e.g. construction, financing or operating.

The new agreements also include the following significant changes, based on which the Group considers that it now has control over such companies.

The approval of expenses incurred and investments made by the Company and/or its concession operators by the respective boards of directors, or any update or substantial modification thereto, may generally be approved by a simple majority.

In addition, for the agreement with the shareholders of Autovía del Arlanzón, S.A., the appointment of the Chairman, the Secretary of the Board of Directors and the Chief Executive Officer or General Manager may also be approved by a simple majority.

With regard to Carretera Palma-Manacor, Concessionaria del Consell Insular de Mallorca, S.A., a more general agreement was reached, whereby the shareholder of Melchor Mascaró, S.A. recognises and accepts that Sacyr Concesiones, S.L. has control over the company as its majority shareholder and accepts the vote in favour of the resolutions proposed by Sacyr Concesiones at the company's General Shareholders' Meeting and those proposed by the representatives of Sacyr Concesiones, S.L. at the company's Board of Directors meeting.

B2) 2016

b.1.- Business combinations and other acquisitions or increases in interests in subsidiaries, joint ventures, jointly controlled operations and/or associates

- On 14 February 2016, Sacyr Construcción, S.A.U. and Prinur, S.A.U. established Sacyr Construcción Saudi Company LTD, with the corporate purpose of carrying out all types of construction works in Saudi Arabia. They hold ownership interests of 95% and 5%, respectively, and their investment stands at 112,244 euros and 5,908 euros, respectively.
- On 25 February 2016, Valoriza Agua, S.L. formed Sohar SWRO Construction Company LLC, whose corporate purpose is the construction of a desalination plant in Sohar, Oman; it has a 60% stake and an investment of 348,352 euros.
- On 1 March 2016, Sacyr, Securities, S.A. joined the scope of consolidation, with its stated corporate purpose being the acquisition, administration and disposal of investments in the share capital of other companies; Sacyr, S.A., holds a 100% interest and an investment of 100,230,508 euros.
- On 1 April 2016, Sacyr Industrial S.L.U. and Valoriza Energía Operación y Mantenimiento, S.L., formed the company Sacyr Industrial Ecuador, S.A., the corporate purpose of which is the planning and execution of engineering projects and construction works; they hold interests of 99.975% and 0.025%, respectively, and an investment of 11,381 euros and 1 euros, respectively.
- On 17 May 2016, Sacyr Industrial, S.L.U., formed the company Consorcio Isotron Sacyr, S.A., the corporate purpose of which is the management and construction of the "Line 2 extension-200 KV Crucero-Las Lagunas"; it holds a 50% interest and an investment of 35,139 euros.

- On 19 May 2016, Sacyr Industrial, S.L.U. formed Sacyr Industrial Do Brasil, Ltda., the corporate purpose of which is the acquisition, administration and disposal of investments in the share capital of other companies; it holds a 100% interest and an investment of 277 euros.
- On 25 April 2016, Sacyr Concesiones S.L.U. and Sacyr Construcción, S.A.U., formed Consorcio PPP Rutas del Litoral, S.A., whose corporate purpose is the construction and financing of the road infrastructure on the Nueva Palmira section of Route 21, and the Routes 2 and 24 road corridor project; they hold ownership interests of 43% and 8%, respectively, and an investment of 1,002,414 euros and 190,428 euros, respectively.
- On 1 June 2016, Valoriza Facilities Chile, S.A. joined the scope of consolidation, with its stated corporate purpose being the provision of cleaning services to all types of buildings, properties and infrastructures; Valoriza Facilities, S.A. holds a 100% interest and an investment of 6,460 euros.
- On 13 June 2016, Sacyr Fluor, S.A. formed Sacyr Fluor Participaciones, S.L.U., the corporate purpose of which is the construction, maintenance and control of engineering projects; it holds a 100% stake, with an investment of 3,000 euros.
- On 20 June 2016, Sacyr Industrial Perú, S.A.S. formed NM Industrial Developments, S.A.C., the corporate purpose of which is the construction, maintenance and control of engineering projects; it holds a 100% stake, with an investment of 2,645 euros.
- On 24 June 2016, Sacyr Industrial, S.L.U. formed Sacyr Industrial Chile, SpA, whose corporate purpose is the planning and execution of engineering projects and construction works; it holds a 100% interest and an investment of 6,900 euros.
- On 24 June 2016, Sacyr Industrial, S.L.U. formed Sacyr Mondisa Industrial Chile, SpA, whose corporate purpose is the planning and execution of engineering projects and construction works; it holds a 100% stake, with an investment of 6,900 euros.
- On 15 July 2016, Sacyr Concesiones, S.L.U. formed Sacyr Concesioni, S.R.L., whose corporate purpose is the construction, conservation and management of all types of road infrastructure; it holds a 100% interest and an investment of 10,000 euros.
- On August 4, 2016, Valoriza Servicios Medioambientales, S.A. indirectly increased its ownership interest in Partícipes del Biorreciclaje, S.A. by 33.33%, raising its stake to 66.67%. At the same time, and also indirectly, it increased its stake in Biorreciclaje de Cádiz, S.A. by 32.66% up to 65.34%; the corporate purpose of both companies is the management, transport, treatment and elimination of waste.
- On 12 August 2016, Sacyr Construcción, S.A.U. formed Construcción Aparcamientos Juan Esplandiú, S.L., whose corporate purpose is the management of private car parks; it holds a 100% interest and an investment of 651,966.19 euros.
- On 12 August 2016, Sacyr Construcción, S.A.U. formed Sacyr Construcción Plaza de la Encarnación, S.L., whose corporate purpose is the management of private car parks; it holds a 100% interest and an investment of 3,357,821.58 euros.
- On 12 August 2016, Sacyr Construcción, S.A.U. formed Sacyr Construcción Aparcamientos Daoiz y Velarde, S.L., whose corporate purpose is the management of private car parks; it holds a 100% interest and an investment of 954,413.46 euros.
- On 12 August 2016, Sacyr Construcción, S.A.U. formed Construcción Aparcamientos Virgen del Romero, S.L., whose corporate purpose is the management of private car parks; it holds a 100% interest and an investment of 361,993.12 euros.

- On 12 August 2016, Sacyr Construcción, S.A.U. formed Construcción Aparcamientos Plaza del Milenio, S.L., whose corporate purpose is the management of private car parks; it holds a 100% interest and an investment of 685,496.70 euros.
- On 18 August 2016, Sacyr Fluor, S.A. formed Industrial Services SF Perú, S.A.C., whose corporate purpose is the planning and execution of engineering projects and construction works; it holds a 100% interest and an investment of 2,708 euros.
- On 26 August 2016, Sacyr Concesiones, S.L. formed Sacyr Concesiones Uruguay, S.A., whose corporate purpose is the production and sale of all manner of goods; it holds a 100% interest and an investment of 3,602.95 euros.
- On 25 December 2016, Valoriza Agua, S.L.'s company, Myah Gulf Oman Desalination Company, SAOC, was included in the scope of consolidation. Its corporate purpose is the operation of a desalination plant in Sohar, Oman; Valoriza Agua, S.L. has a 51% stake and an investment of 620,319.58 euros.
- On 19 September 2016, Sacyr, S.A. formed Sacyr Investments, S.A., the corporate purpose of which is the acquisition, administration and disposal of investments in the share capital of other companies; it holds a 100% interest and an investment of 150,315,763 euros.
- On 22 September 2016, Sacyr Industrial, S.L.U. formed Sacyr Industrial Panamá, S.A., the corporate purpose of which is to process and carry out the business of a investment company; it holds a 100% interest and an investment of 9,584 euros.
- On 13 October 2016, Valoriza Minería, S.L.U. formed Tecnologías Extremeñas del Litio, S.L., whose corporate purpose is the research and investigation, exploration and sale of minerals; it holds a 100% interest and an investment of 3,000 euros.
- On 24 October 2016, Valoriza Servicios Medioambientales, S.A. formed Aplicaciones Gespol, S.L., the corporate purpose of which is the maintenance of IT systems for the management of traffic offences and road safety; it holds a 100% interest and an investment of 250,000 euros.
- On 1 November 2016, Sacyr Fluor, S.A. formed Sacyr Fluor Bolivia, S.A., the corporate purpose of which is the construction, maintenance and control of engineering projects; it holds a 100% stake, with an investment of 3,811 euros.
- On 29 November 2016, Valoriza Minería, S.L.U. acquired the companies Rio Narcea Recursos S.A.U. and Rio Narcea Nickel, S.A.U., whose corporate purpose is the exploration and sale of nickel and copper; it holds a 100% interest in both countries and an investment of 100 euros and 15,038,740 euros, respectively.
- On 23 December 2016, Sacyr Concesiones, S.L.U. acquired a further 6.666% in the capital of Concesionaria Aeropuerto de Murcia, S.A., which has the operation of Murcia airport as its corporate purpose. At December 31, its held a 73.9986% stake with an investment of 17,112,900 euros.
- On 12 August 2016, Sacyr Construcción, S.A.U. formed Sacyr Construcción Mercado Del Val, S.L., whose corporate purpose is the management of private car parks; it holds a 100% interest and an investment of 181,750 euros.

b.2.- Decrease in interests in subsidiaries, joint ventures, jointly controlled operations and/or associates, and other similar transactions

- On 4 January 2016, SyV Concesiones Costa Rica, S.A. was dissolved, in which the Group had held a 100% interest.
- On 26 January 2016, Sacyr Concesiones, S.L.U. sold 20% of its stake in the concession operator Hospital Majadahonda, S.A.
- On 26 January 2016, Sacyr Concesiones, S.L.U. sold 25% of its shareholding in the concession operator Hospital Majadahonda, Explotaciones S.L.
- On 25 May 2016, Sociedad Andaluza de Valoración de la Biomasa, S.A. was dissolved, in which the Group had held a 6% interest.
- On 20 June 2016, the 22.60897% stake in the company Testa Inmuebles en Renta, S.A. was sold for 316,839,941.35 euros.
- On 12 July 2016, Sacyr-Necso, S.A. was dissolved; the Group had held a 50% interest in it.
- On 13 July 2016, Tricéfalo, S.A. was dissolved; the Group had held a 60% interest in it.
- On 12 January 2016, as a result of having opted to receive a dividend in cash, Sacyr Vallehermoso Participaciones Mobiliarias, S.L.U. reduced its ownership interest in Repsol, S.A. by 0.25%. Subsequently, on 6 July 2016, the same transaction was repeated and its ownership interest was once again reduced, this time by 0.138%.

b.3.- Other changes in the composition of the Group.

There were no additional changes in 2016.

3. Basis of presentation and consolidation

a) Basis of presentation

The Parent's directors have prepared these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

a.1) Standards and interpretations adopted by the European Union applicable in 2016

The accounting policies used to prepare these consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended 31 December 2015, as none of the amendments to the standards which are applicable for the first time in this financial year have had any impact on the Group.

(a.2) Standards and interpretations adopted by the European Union but whose application is not mandatory for this year.

The Group intends to adopt the standards, interpretations and amendments to the standards issued by the IASB, which are not obligatory in the European Union at the date of preparation of these consolidated financial statements, when they enter into force, if they are applicable. Although the Group is currently analysing their impact, based on the analyses performed to date, the Group considers that the initial application of such

standards, interpretations and amendments will not have a significant impact on its consolidated financial statements, except for the following:

Standard, interpretation or amendment	Date adopted by the EU	Date of application in the EU
IFRS 9 - Financial Instruments	September 2016	1 January 2018
IFRS 15 – Revenue from contracts with customers	November 2016	1 January 2018
IFRS 16 - Leases	Pending	1 January 2019

- IFRS 9 - Financial instruments

IFRS 9 Financial instruments replaces IAS 39 Financial instruments: measurement and classification and all previous versions of IFRS 9. This standard includes these three phases of the project for financial instruments: classification and measurement, impairment and hedge accounting. In 2016 the Group carried out a high-level assessment of the impact of the three phases of IFRS 9. This preliminary assessment is based on the information currently available and may be subject to changes as a result of additional more in-depth analyses or additional information that may be available in the future. In general, the Group does not expect significant changes to the statement of financial position or to equity, except from the effect of applying the requirements stipulated in IFRS 9 to determine impairment.

- IFRS 15 – Revenue from contracts with customers

IFRS 15 establishes a new model with five steps that are applied in accounting for revenue from contracts with customers. In accordance with IFRS 15, revenue is recognised at an amount that reflects the consideration that a company expects to have the right to receive in exchange for providing a customer with goods or services.

This new standard replaces all previous standards relating to revenue recognition. A total or partial retrospective application will be required for the financial years which commence on 1 January 2018 or subsequently, with early application being permitted. The Group plans to adopt the new standard on the mandatory effective date.

In 2016 the Group carried out a preliminary assessment of IFRS 15, which is subject to any changes that may arise from the more detailed analysis being performed. The Group is also taking into consideration the clarifications issued by the IASB in April 2016 and will supervise any other development.

After the preliminary assessment carried out by the Group, it is estimated that IFRS 15 could impact on the speed of income recognition in construction or long-term service provision contracts that include various performance requirements with different margins and income recognised by amendments and claims, the recognition of which is more restrictive under IFRS 15 than under IAS 11 and IAS 18, which it replaces.

IFRS 15 includes more detailed presentation and reporting requirements than the current standards. The presentation requirements represent a significant change in relation to current practice and the amount of information required in the Group's financial statements is significantly increased. Many of the reporting requirements of IFRS 15 are completely new. In 2016, the Group has developed and started to test the

systems, internal controls, policies and procedures needed to obtain and compile the required information.

- IFRS 16 - Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases - Incentives and SIC-27 Evaluating the substance of transactions in the legal form of a lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise all leases in one single model similar to the current recognition of financial leases in accordance with IAS 17. The standard includes two exemptions in the recognition of leases by lessees: leases of low-value assets (e.g. a lease of a personal computer) and short-term leases (i.e. leases of 12 months or less). At the start of a lease, the lessee records a liability for the lease payments to be made (i.e. the lease liability) and an asset which represents the right to use the underlying asset during the lease period. The lessees must recognise the interest expense on lease liabilities separately from the depreciation expense of the lease assets in the income statement.

Lessees are also required to reassess the lease liability if certain events occur (e.g. a change in the lease term; a change in future lease payments that results from a change of index or interest rate used to determine these payments). The lessee will generally recognise the amount of reassessment of the lease liability as an adjustment in the asset for which it has the right of use.

Recognition under IFRS 16 is not substantially altered with respect to that for the current IAS 17 standard. Lessees continue to classify leases using the same principles as at present and recognise two types of leases: operating and finance leases.

IFRS 16 also requires both lessors and lessees to make more extensive disclosures of information than those stipulated in IAS 17.

IFRS 16 comes into force for financial years beginning on or after January 1, 2019, with early application being permitted, but not before an entity applies IFRS 15. A lessee may choose to apply the standard retrospectively either totally or in a transitional modified form. The transitional provisions for the standard allow certain exemptions.

In 2017, the Group intends to assess the potential impact of IFRS 16 on its consolidated financial statements.

The 2016 individual financial statements of each Group company will be presented for approval at their respective General Shareholders' Meetings within the periods established by prevailing legislation. The Sacyr Group's consolidated financial statements for 2016 were prepared by the Parent's Board of Directors on 30 March 2017. They are expected to be approved at the Parent's General Shareholders' Meetings without any modifications.

Unless stated otherwise, the figures in these consolidated financial statements are shown in thousands of euros, rounded to the nearest thousand.

b) Comparative information

For comparison purposes, these consolidated financial statements include figures at the previous year's reporting date in the statement of financial position, in the separate consolidated income statement, in the consolidated statement of comprehensive income, in the consolidated statement of changes in equity and in the consolidated statement of

cash flows. Notes to items in the separate consolidated income statement and consolidated statement of financial position show comparative information for the previous year's close.

c) Accounting policies

The accompanying consolidated financial statements were prepared in accordance with IFRS and comprise the consolidated statement of financial position, separate consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity, and the accompanying notes, which form an integral part of the consolidated financial statements. These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments held for trading, available-for-sale financial assets, non-current assets held for sale and derivative financial instruments, which have been measured at fair value.

The accounting policies were applied uniformly to all Group companies.

The most significant accounting policies applied by the Sacyr Group in preparing the consolidated financial statements under IFRS are as follows:

c.1) Use of judgements and estimates

In preparing the consolidated financial statements the Group's directors have used estimates to measure certain items. These estimates are based on past experience and various other factors believed to be reasonable under the circumstances. These estimates refer to:

- The assessment of potential impairment losses on certain assets (see Notes 5, 6, 7, 8, 9 and 10).
- The useful life of property, plant and equipment and intangible assets (see Notes 5, 6, 7 and 8).
- The recoverability of deferred tax assets (see Note 13).
- Estimates for the consumption of concession assets (see Note 6).
- Provisions against liabilities (see Note 19).

The Group continuously revises its estimates. However, given the inherent uncertainty of such estimates, there is a substantial risk of significant changes in the future value of these assets and liabilities should the assumptions, facts or circumstances on which these estimates were based change significantly. The key assumptions about the future and other significant data regarding the estimation of uncertainty at the reporting date that carry a significant risk of causing material changes in the value of assets or liabilities in the coming year are as follows:

- Impairment of non-financial non-current assets

The Group assesses non-financial assets annually for indications of impairment, based on appropriate impairment tests where circumstances make it advisable to do so.

- Deferred tax assets

Deferred tax assets are recognised based on the Group's estimate of their future recoverability in light of projected future taxable profit.

- Provisions

The Group recognises provisions against risks based on judgements and estimates as to their probability and the amount of any loss, recognising the corresponding provision when the risk is considered probable.

- Measurement of fair value, value in use and present value

Measurements of fair value, value in use and present value require the Group to calculate future cash flows and make assumptions about the future values of these flows and the discount rates to apply. Estimates and assumptions are based on past experience and other factors believed to be reasonable under the circumstances.

c.2) Basis of consolidation

The consolidated financial statements comprise the financial statements of Sacyr, S.A. and subsidiaries at 31 December 2016 and 2015. The financial statements of the subsidiaries are prepared for the same accounting period as those of the Parent, using uniform accounting policies. Adjustments are made as required to harmonise any differences in accounting policies.

Information on subsidiaries, joint ventures and associates is provided in Appendix I, which forms an integral part of these consolidated financial statements.

c.2.1 Consolidation principles

Consolidated companies are consolidated from the date that the Group obtains control of the company and deconsolidated when the Group ceases to exercise control. When control of a subsidiary ceases during the course of a year, the consolidated financial statements report its results only for the part of the year during which the subsidiary was under Group control.

c.2.2 Subsidiaries

Companies included in the scope of consolidation are fully consolidated in the following circumstances: (i) where the Parent company has a direct or indirect shareholding of over 50% and a majority of the voting rights in the corresponding governing bodies, (ii) where the ownership interest is equal to or less than 50% but there are agreements between shareholders that allow the Sacyr Group to control the management of the subsidiary.

c.2.3 Jointly controlled operations

Jointly controlled operations are included in the scope of consolidation using the proportionate consolidation method if there are two or more venturers related by a contractual arrangement that establishes joint control. The Group reports its share of the assets, liabilities, income and expenses of the joint venture, line by line, in its consolidated financial statements.

The Sacyr Group also includes temporary joint ventures (Uniones Temporales de Empresas, or UTEs) and economic interest groupings (Agrupaciones de Interés Económico, or AIEs) under this heading.

c.2.4 Associates

The companies in which the Sacyr Group does not hold control, but over which it does exercise significant influence or joint control in those cases in which the requirements of IFRS 11 are not met in order to be classified as "Jointly controlled operations", were accounted for using the equity method. For the purpose of preparing these consolidated financial statements, it was considered that the Group exercises significant influence over those companies in which it has a holding of over 20%, except in specific cases where, although the percentage ownership is lower, the existence of significant influence can be clearly demonstrated, as it may participate in the financial and operating decisions of the investee, mainly through representation on the board of directors, participation in policy-making processes or the provision of essential technical information.

Investments in associates are recognised in the consolidated statement of financial position at cost plus changes in the percentage of ownership subsequent to the initial acquisition, depending on the Group's interest in the net assets of the associate, less any impairment in value. The profit or loss of the associate is reflected in the separate consolidated income statement in proportion to the Group's ownership interest. In the event of changes recognised directly in the associate's equity, the Group recognises its share of these changes directly in its own equity.

c.2.5 Intra-group transactions

The following transactions and balances have been eliminated on consolidation:

- Reciprocal debit and credit balances and costs and income arising from intra-group transactions.
- Gains and losses from buying and selling property, plant and equipment and any material unrealised gains on inventories or other assets.
- Internal dividends and interim dividends payable recognised by the company paying them.

c.2.6 Financial year end

The reporting date for the financial statements of most Sacyr Group companies is 31 December. Companies whose financial years do not end at 31 December have prepared pro-forma financial statements as at that date.

c.2.7 Non-controlling interests

The interest of non-controlling shareholders in the equity and profit or loss of the consolidated subsidiaries is presented under "Equity attributable to non-controlling interests" in the consolidated statement of financial position and under "Non-controlling interests" in the separate consolidated income statement, respectively.

c.2.8 Translation of financial statements of foreign subsidiaries

The consolidated statement of financial position and separate consolidated income statement items of consolidated foreign companies are translated to euros using the year-end exchange rate method, which means:

- All assets, rights and obligations are converted to euros using the exchange rate prevailing at the foreign subsidiaries' reporting date.
- Separate consolidated income statement items are translated at the average exchange rate for the year.
- The difference between the equity of foreign companies, including the separate consolidated income indicated in the preceding section, translated at historical exchange rates, and the equity value arising from translating the assets, rights and obligations using the above criteria, is shown with a negative or positive sign as "Translation differences" under equity in the consolidated statement of financial position.

Transactions in currencies other than each company's functional currency are recognised at the exchange rates prevailing at the transaction date and are subsequently translated to euros as explained in this note.

c.3) Business combinations and goodwill

Business combinations are recognised using the acquisition method.

Identifiable assets acquired and liabilities assumed are recognised at their fair value at the acquisition date. For each business combination, the acquirer measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition costs are recognised as expenses in the income statement.

When the Group acquires a business, it will classify or designate the acquired assets and liabilities as necessary based on contractual agreements, economic circumstances, accounting and operating policies and other relevant conditions applying at the acquisition date.

If the business combination is carried out in several steps, the Group remeasures its previous interest in the equity of the acquiree previously held at fair value at the acquisition date and recognises any resulting gains or losses in income.

Any contingent consideration that the Group transfers is recognised at fair value at the acquisition date. Subsequent changes in fair value of contingent considerations classified as an asset or liability are recognised in accordance with IAS 39, with any resulting gain or loss being recognised in either income or other comprehensive income. If the contingent consideration is classified as equity it is not remeasured and subsequent settlement is accounted for within equity.

Goodwill arising from a business combination is initially measured at cost at the time of the acquisition. This is the excess of the consideration transferred plus any non-controlling interest in the acquiree over net identifiable assets acquired and liabilities assumed. If the consideration is less than the fair value of the acquiree's net assets, the difference is recognised in income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than their carrying amount, the Group recognises an impairment loss.

Impairment losses relating to goodwill cannot be reversed in future periods.

If goodwill has been allocated to a cash-generating unit and the entity sells or otherwise disposes of an activity from this unit, the goodwill associated with the activity is included in the carrying amount of the business when determining the gain or loss from disposal, and it is measured based on the relative values of the activity disposed of and the retained portion of the cash-generating unit.

c.4) Other intangible assets

This heading includes computer software, industrial property, leasehold assignment rights and greenhouse gas emission rights. These assets are carried at acquisition or production cost, less accumulated amortisation and any accumulated impairment losses. An intangible asset is recognised only if it is probable that the future economic benefits attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

Costs incurred in each development project are capitalised when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- its intention to complete the asset for use or sale,
- how the asset will generate future economic benefits,
- the availability of resources to complete the asset, and
- the ability to measure reliably the expenditure during development

Capitalised development costs are amortised over the period of expected future revenue or benefit from the project.

"Computer software" shows the carrying amount of computer programmes acquired from third parties and intended for use over several years. Computer software is amortised over its useful life, which is generally four years.

"Leasehold assignment rights" is the amount paid for the right to lease business premises. Assignment rights are amortised over their useful life, which is generally five years.

"Greenhouse gas emission rights" are rights received under the various national allocation plans.

With the entry into force of Royal Decree 602/2016, of 2 December, which amends the Spanish General Accounting Plan approved by Royal Decree 1514/2007, of 16 November, inter alia, as of 1 January 2016, the accounting classification of greenhouse gas emission rights has changed from an intangible asset to an inventory item.

As a result, at the end of 2015, emission rights were recognised on the asset side of the statement of financial position as "Intangible assets", under the heading "Emission rights", whilst at the close of 2016, they are also classified as assets, under the heading "Emission rights", but this time as "Inventories". Emission rights are not amortised.

In light of the United Nations Framework Convention on Climate Change and the Kyoto Protocol, which set a European Community target for the reduction of greenhouse gas emissions, an emissions rights trading system has been created.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net proceeds from disposal and the carrying amount of the asset. They are recognised in the separate consolidated income statement when the asset is derecognised.

c.5) Property, plant and equipment

Property, plant and equipment is measured at cost, including all directly related costs incurred before the asset becomes available for use, net of accumulated depreciation and accumulated impairment losses.

The costs of expanding, upgrading or improving property, plant and equipment that increase its productivity, capacity or efficiency, or prolong its useful life are capitalised as an increase in the cost of the asset.

Repair and maintenance costs for the year are recognised in the separate consolidated income statement.

Leased assets in which the terms of the arrangement transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases. Properties acquired through finance leases are carried at the lower of fair value and the present value of the minimum lease payments at the inception of the lease, less any accumulated depreciation and impairment.

Depreciation is recognised in the separate consolidated income statement on a straight-line basis over the estimated useful life of each asset. Depreciation of the assets begins from the moment they become available for use.

The cost of property, plant and equipment is depreciated using the straight-line method over the period of the asset's estimated useful life, except for machinery, which is depreciated using the declining balance method in nearly all cases:

Buildings for own use	50 - 68
Machinery	5 - 10
Materials for installations	2 - 4
Tools and associated equipment	4 - 8
Transport equipment	5 - 8
Furniture and fittings	9 - 12
Data processing equipment	3 - 4
Complex pieces of plant and equipment	2 - 4
Other property, plant and equipment	5

At the end of each reporting period, the Group reviews and, where necessary, adjusts the assets' residual values, useful life and depreciation method.

Borrowing costs that are directly attributable to the acquisition or development of property, plant and equipment are capitalised when assets require more than a year to be ready for use.

c.6) Investment property

Investment properties are recognised at acquisition cost, including directly attributable start-up costs, the initial estimate of decommissioning costs and transaction costs. Subsequent investments in the property are recognised at cost, applying the same criteria as for property, plant and equipment.

In accordance with the accounting treatment required by IAS 23, borrowing costs that are directly attributable to the acquisition or development of investment property are capitalised when assets require more than a year to be ready for their intended use.

The costs of any improvements that increase the properties' rental yield are capitalised each year. In contrast, repairs that do not prolong or improve the useful life of the assets, as well as maintenance costs, are recognised in the separate consolidated income statement as incurred.

Investment property is derecognised when sold or permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on the retirement or disposal of any investment property are recognised in the separate consolidated income statement for the year of the retirement or disposal.

Investment property is depreciated based on its acquisition cost using the straight-line method over its estimated useful life, as revised annually, which is 50-68 years.

The Group remeasures its investment property when the market value of the assets falls below their net carrying amount. Market value is appraised independently.

c.7) Concession projects

Under the various concession agreements, until each concession project becomes operational, all planning, construction, expropriation and other expenses, including the corresponding portions of administration expenses and finance costs until the start-up date, and the depreciation of other property, plant and equipment, are capitalised as investments in concession projects.

Investment in these concession projects includes any revaluations applied by any company under prevailing legislation until the date of transition to IFRS.

For certain subsidiaries where the carrying amount of equity at the date of acquisition is greater than the associated investment, the excess is recorded under "Concession projects".

Certain companies have begun to depreciate some items of returnable property, plant and equipment whose estimated useful life is less than the concession period. These items continue to be depreciated over their estimated useful life.

In relation to other investments in concession projects, i.e., returnable assets that are not technically depreciated over the life of the concession, the Group has opted to use a depreciation method based on the economic use of the assets under concession, except for hospital concessionaire companies, which depreciate the assets on a straight-line basis over the period in question.

Service concession arrangements acquired through business combinations after 1 January 2004 (transition date to IFRS) are measured in accordance with IFRS 3 at fair value (based on discounted cash flow valuations at the acquisition date) and depreciated on a straight-line basis over the concession period.

With respect to accounting methods, see Note 3.c.10).

c.8) Financial assets

Financial assets are initially measured at fair value, which generally coincides with acquisition cost, adjusted for any directly attributable transaction costs, except financial assets held for trading, for which gains or losses are recognised in profit or loss for the year.

The Group classifies financial assets into the following groups:

- Loans to companies accounted for using the equity method: These includes loans granted by the various Group companies to companies accounted for using the equity method.
- Available-for-sale financial assets: These relate to investments in equity instruments that do not meet IFRS criteria for consideration as investments in subsidiaries, associates or joint ventures. They are recognised in the consolidated statement of financial position at fair value where fair value can be determined. If this is not possible, the assets are recognised at cost less any impairment losses. Any gains or losses arising from changes in fair value are recognised directly in equity until the investment is derecognised or determined to be impaired, whereupon the accumulated gain or loss previously recorded in equity is recognised in the separate consolidated income statement.
- Financial assets at fair value through profit or loss: This heading includes the financial assets held for trading, derivative financial instruments not assigned as accounting hedges, as well as financial assets which, when initially recognised, are designated to be measured at fair value through profit or loss. They are initially measured at fair value which, unless proven otherwise, is the transaction price, which is equivalent to the fair value of the consideration received. Directly attributable transaction costs will be recognised in profit and loss for the year.

Such assets are subsequently measured at fair value, recognising the gains and losses from the changes in this fair value in the income statement, without deducting transaction costs.

- Receivables from certain service concession agreements which apply the financial asset model under IFRIC 12 (see Note 3.c.10). These are initially measured at amortised cost. A credit based on an effective interest rate is then recognised as finance income at each closing date over the lifetime of the agreement.

- Other loans and receivables: After their initial measurement at the fair value of the collection rights, loans and receivables are carried at amortised cost, which means the original carrying amount less repayments of principal, plus interest receivable, less any provision for impairment or default. Accrued interest is recognised in the consolidated income statement as an increase in the amount receivable, unless paid as accrued.
- Financial assets held for trading: Those acquired for the purpose of selling them in the near term to obtain profits from fluctuations in their prices.
- Financial instruments at fair value: The Group uses derivative financial instruments such as currency contracts and interest rate swaps to hedge its interest rate and foreign currency risks. The related explanation is detailed in Note 3.c.22).
- Hybrid financial instruments: Include financial instruments which combine a non-derivative host contract and an embedded derivative, which cannot be transferred separately.

The Company separately recognises and measures the host contract and the embedded derivative when:

- a) The characteristics and economic risks inherent to the embedded derivative are not closely related to those of the host contract.
- b) a separate instrument with the same conditions as those of the embedded derivative would comply with the definition of a derivative instrument.
- c) The hybrid instrument is not measured at fair value through profit or loss.

The embedded derivative is recognised for accounting purposes as a derivative financial instrument and the host contract is recognised according to its type.

In the initial recognition, the Company may designate the entire hybrid (combined) contract as a financial asset or a financial liability at fair value through profit or loss unless:

- a) the embedded derivative(s) do not significantly modify the cash flows which it would otherwise have generated, or
- b) it is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative(s) is prohibited.

- Guarantees and deposits given: these represent the amounts posted as a guarantee of compliance with obligations or as a deposit.

Financial assets are derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset and transferred substantially all the risks and rewards incidental to ownership of the asset.

In the accompanying consolidated statement of financial position, financial assets and, in general, all assets and liabilities, are classified on the basis of their contractual or estimated maturity. For this purpose, those maturing in 12 months or less are classified as current and those maturing in over 12 months, as non-current.

The Group generally recognises normal purchases and sales of financial assets at the settlement date.

There are no significant differences between the fair values and carrying amounts of the Sacyr Group's financial assets and liabilities.

c.9) Impairment

c.9.1 Impairment of property, plant and equipment and intangible assets

Impairment losses are recognised for all assets or, where appropriate, the related cash-generating units, when an asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the separate consolidated income statement.

The Group assesses at each reporting date whether there is an indication that a non-current asset may be impaired. Where such indications exist, in the case of goodwill, the recoverable amount of the assets is estimated, as the case may be.

Recoverable amount is the higher of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For assets that do not generate largely independent cash flows, the recoverable amount is determined for the cash-generating units to which the asset belongs.

Impairment losses in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the unit and, second, to reduce the carrying amount of the other assets based on a review of the individual assets that show indications of impairment.

Except in the case of goodwill, a previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount. The reversal of an impairment loss is recognised in the separate consolidated income statement.

An impairment loss can only be reversed up to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset.

c.9.2 Impairment of financial assets

When a decrease in the fair value of an available-for-sale financial asset has been directly recognised in equity and there is objective evidence that the asset is impaired, the accumulated losses previously reported in equity are recognised in the separate consolidated income statement for the year. The accumulated loss recognised in profit or loss is the difference between cost and current fair value.

An impairment loss on an investment in an equity instrument classified as available for sale is reversed through equity, without being recognised in the separate consolidated income statement.

If the fair value of a fixed-income financial instrument classified as available for sale increases and this increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, this loss can also be reversed in the separate consolidated income statement.

The recoverable amount of held-to-maturity investments and receivables carried at amortised cost is calculated as the present value of the expected future cash flows discounted at the original effective interest rate. Current investments are not discounted to present value.

Impairment losses on held-to-maturity financial investments or receivables carried at amortised cost are reversed if the subsequent increase in the recoverable amount can be objectively related to an event occurring after the impairment loss was recognised.

c.10) Concession assets

IFRIC 12 regulates the accounting treatment of public-private partnership agreements on service concession arrangements from the concession operator's point of view and prescribes accounting methods based on the nature of the agreements entered into with the grantor. It applies to public-private service concession agreements when:

- The grantor controls or regulates which services the concession operator needs to provide in respect of infrastructure, to whom it should provide the services and at what price.
- The grantor controls all significant residual interests in the infrastructure once the concession agreement expires.

Under such agreements, the concession operator acts as service provider, rendering construction or infrastructure upgrade services specifically, and operating and maintenance service during the lifetime of the concession.

Depending on the type of rights that the concession operator receives as consideration for the construction or upgrade work, the following accounting methods are applied:

1. Intangible asset model

This method is usually applied when the concession operator has the right to charge users for the use of the public service. The right is not unconditional but depends on users using the service. Therefore the concession operator assumes the demand risk.

In these cases the asset that should be recognised as consideration for the construction or upgrade services (i.e., the value of the right to charge users for a public service under the concession) is measured in accordance with IAS 38 "Intangible assets" and amortised over the lifetime of the concession.

2. Financial asset model

Under this model, the concession operator recognises a financial asset where it has an unconditional contractual right to receive from the grantor (or from others on the grantor's behalf) cash or another financial asset as consideration for the construction and operation services provided, and the grantor has little or no possibility of avoiding the payment. This means that the grantor guarantees payment to the concession operator of a fixed or measurable sum or, in some cases, makes good on any deficit in income. In this case, the operator assumes no demand risk, as it would be paid even if no one used the infrastructure.

In this case, the asset is measured according to IAS 32, IAS 39 and IFRS 7 on Financial instruments. The financial asset is recognised under financial assets from the moment

work begins, calculated using an effective interest rate equal to the project's internal rate of return.

3. Mixed model

Under the mixed model, the financial asset model is applied to the elements of the agreement where payment of a sum is guaranteed and the intangible asset model is applied to the unguaranteed portion. The key distinction is between the elements of income that offset the initial investment in the assets (intangible asset model) and those that are paid in settlement of receivables (financial asset model).

In accordance with the transitional provisions of IFRIC 12, the main implication for the consolidated financial statements is that concession projects for which income is guaranteed by the authorities are classified and measured as financial assets.

The Group separately recognises income and expenses corresponding to infrastructure construction or upgrade services for the concession, whether the construction is carried out by a Group company or by an unrelated third party, i.e., it records the gross amount of such income and expenses.

c.11) Non-current assets held for sale and associated liabilities

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sales transaction rather than through continued use. This condition is deemed to have been met only when disposal is highly probable and the asset is available for immediate sale in its current state. The sale must be expected to occur within one year from the classification date.

These assets are measured at the lower of carrying amount and fair value less costs to sell or, where IAS 39 applies, at fair value without deducting any costs to sell.

Liabilities related to assets that meet the above definition are recognised under "Liabilities associated with non-current assets held for sale" on the liability side of the consolidated statement of financial position.

c.12) Inventories

Land lots, developments under construction and completed buildings, in each case held for sale, are measured at cost of acquisition or construction, as described below:

- Buildings are measured according to the cost system indicated below for developments under construction or at cost in the case of buildings that were acquired after completion, including costs directly attributable to the acquisition.
- Developments under construction include costs incurred for real estate developments whose construction is not yet complete. This heading includes direct construction costs certified by the relevant project managers, development costs and finance costs incurred over the construction phase. Once construction has begun, the value of buildings and other structures includes the cost of the land lots on which they are built.
- Land lots and adaptation of land are valued at cost of acquisition, which includes costs directly related to purchases. The value of unbuilt land and lots also includes

the capitalised cost of spending on the project, on urban development and on planning up to the point where the lot is ready for development.

"Inventories" includes the finance costs accrued during the construction phase.

Stockpiles of raw and other materials and consumables are valued at cost.

Products and work in progress are measured at production cost, which includes the cost of materials, labour and any direct production costs incurred.

The Group writes down the value of its inventories where the cost booked exceeds market value, based on independent appraisals.

Project start-up costs are costs incurred up to the start of construction and are recognised in profit or loss based on the stage of completion over the lifetime of the project.

In the real estate business, impairment losses are recorded to cover any estimated losses on projects in full.

"Raw materials and other supplies" includes greenhouse gas emission rights received under the various national allocation plans, and also those acquired.

In light of the UN Framework convention on climate change and the Kyoto Protocol which set a European Community target for reduction in greenhouse gas emissions, an emissions rights trading system has been created.

Emission rights are measured at the lower of acquisition price or market value. However, when this involves rights acquired free of charge, the acquisition price is considered to be the market price of these rights at the time of their acquisition. On 31 December 2016, SENDECO, the Spanish CO2 emission rights trading system, published the price of a CO2 emission right at 8.04 euros (8.23 euros in 2015).

A balancing entry is made under "Equity, Grants, donations and bequests received" in the statement of financial position for those emission rights acquired free of charge and is released to income as the rights are used.

Emission rights are not amortised but a provision for emission costs is recognised under "Other provisions" in line with the actual use of the greenhouse gas emission rights; this provision remains on the liability side of the statement of financial position until the moment of use. In April of each year the rights consumed in the previous year are settled with the authorities and adjustments are made to greenhouse gas emission rights under intangible assets, provisions and government grants.

With the entry into force of Royal Decree 602/2016, of 2 December, which amends the Spanish General Accounting Plan approved by Royal Decree 1514/2007, of 16 November, inter alia, as of 1 January 2016, the accounting classification of greenhouse gas emission rights has changed from an intangible asset to an inventory item.

As a result, at the end of 2015, emission rights were recognised on the asset side of the statement of financial position as "Intangible assets", under the heading "Emission rights", whilst at the close of 2016, they are also classified as assets, under the heading "Emission rights", but this time as "Inventories". Emission rights are not amortised.

c.13) Receivables

Discounted bills pending maturity at 31 December are included in the accompanying consolidated statement of financial position under "Trade receivables for sales and services", with a balancing entry in "Bank borrowings".

c.14) Cash and cash equivalents

"Cash and cash equivalents" comprise cash on hand and at banks, and short-term deposits with an original maturity of three months or less and no exposure to significant changes in value. However, this cash may only be used by the Group company owning it.

c.15) Capital increase costs

Capital increase costs are recognised as a decrease in equity, net of any tax effect.

c.16) Treasury shares

Shares of the Parent held by the Group are shown at cost and recognised as a deduction from equity. No gain or loss is recognised in profit or loss on the purchase, sale or redemption of treasury shares. Any gains or losses on the sale of these shares are recognised directly in equity at the time they are sold.

c.17) Provisions and contingencies

Provisions are recognised in the consolidated statement of financial position when the Group has a present obligation (legal, contractual or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Amounts recognised as provisions are the best estimate of the amounts required to offset the present value of the obligations at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of the liability.

The policy on contingencies and expenses is to make provisions for the estimated amount of probable or certain liabilities arising from legal proceedings in progress, compensation or obligations pending, and for guarantees and other similar commitments. This provision is recorded when the contingency or obligation giving rise to the indemnity or payment arises.

The provision for completion of construction is recorded as a liability in the consolidated statement of financial position and reflects the estimated amount of the payment liabilities for completing construction which cannot yet be determined or for which the actual settlement date is not known, since they depend on the fulfilment of certain conditions. Provisions are made according to the best estimates of the annual accrual, which is between 0.5% and 1% of the completed project.

The Group assesses its obligations and liabilities by considering the potential obligations arising from past events whose existence must be confirmed by uncertain future events not under the Group's control as "contingent liabilities".

c.18) Financial liabilities

Financial liabilities are classified, for measurement purposes, into the following categories:

- Bank borrowings and payables

These include trade payables for goods and services plus negative balances on non-trade transactions not including derivatives.

They are initially recognised in the consolidated statement of financial position at fair value, which, unless there are indications to the contrary, is the transaction price measured as the fair value of the consideration received less directly attributable transaction costs.

Subsequently, they are measured at amortised cost. Accrued interest is recognised in the separate consolidated income statement using the effective interest rate method.

However, trade payables due within one year that have no contractual interest rate and are expected to be paid in the short term are measured at their nominal value when the effect of not discounting cash flows is insignificant.

- Hedging derivatives

See Note 3.c.22).

Financial liabilities are derecognised when the corresponding obligation is settled, cancelled or expires.

Liabilities maturing in less than 12 months from the date of the consolidated statement of financial position are classified as current and those with longer maturity periods as non-current, except mortgage loans on items of inventory or related to non-current assets held for sale, which are reclassified as current regardless of the maturity date.

c.19) Foreign currency transactions

Foreign currency transactions are converted to euros at the exchange rate prevailing at the date of the transaction. Gains or losses from foreign currency transactions are recognised in the separate consolidated income statement as they occur.

Foreign currency receivables and payables are translated to euros using the closing exchange rate. Unrealized exchange differences on transactions are recognised in the separate consolidated income statement.

c.20) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Non-repayable grants used to finance returnable assets are recognised as deferred income at their fair value. These grants are recognised as income in proportion to the depreciation charged for the assets financed with the grants.

Certain Chilean companies have recognised in their financial statements the annual grants receivable from the Chilean Ministry of Public Works under their respective concession contracts. These receivables are recognised in income following the same criteria as those used to depreciate the concession assets.

c.21) Income tax

Income tax expense each year is calculated as the sum of the current tax resulting from applying the appropriate tax rate to the taxable profit for the year, after taking into account all applicable tax credits and relief, and the change in deferred tax assets and liabilities recognised in the separate consolidated income statement.

Income tax expense is recognised in the separate consolidated income statement except when it relates to items recognised directly in equity, in which case it is recognised in equity.

In accordance with Royal Decree 4/2004, of 5 March, approving the consolidated Corporate Income Tax Law, Sacyr, S.A. and its subsidiaries have decided, with the approval of each company's corporate bodies, to file consolidated tax returns, and have duly notified the Spanish tax authorities, which assigned tax identification number 20/02 to the head of the tax group.

Companies forming part of the tax group are listed in Appendix II of these consolidated financial statements.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities, on the basis of the tax rates in force at the reporting date.

Deferred income tax is recognised using the liability method for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The Group recognises deferred tax assets for all deductible temporary differences, and unused tax credit and tax loss carryforwards, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the unused tax credit and tax loss carryforwards can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of deductible temporary differences relating to investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be recovered.

The carrying amount of the deferred tax assets is reviewed by the Group at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be applied. The Group also reassesses unrecognised deferred tax assets at each reporting date and recognises them to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The Group recognises deferred tax liabilities for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary difference can be controlled by the Parent and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

c.22) Hedging derivatives

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its interest rate and foreign currency risks. Such derivative financial instruments are initially recognised at fair value at the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are recognised directly in profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction, or
- hedges of a net investment in a foreign operation.

Hedges of the foreign currency risk of a firm commitment are recognised as cash flow hedges.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows, and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

- Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability, or of an unrecognised firm commitment, or of an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. In fair value hedges, the carrying amount of the hedged item

is adjusted to reflect gains and losses in the hedged risk, the derivative is remeasured at fair value and the gains and losses from both are recognised in the income statement.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability, with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in the income statement.

The Group discontinues the hedge accounting if the hedging instrument expires or is sold, terminated or exercised, no longer meets the criteria for hedge accounting, or the Group revokes the designation.

- Cash flow hedges

Cash flow hedges are hedges of exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the separate consolidated income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged finance income or expense is recognised or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the separate consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is no longer expected to occur, the amount is taken to the separate consolidated income statement.

- Hedges of a net investment

Hedges of a net investment in a foreign operation, including hedges of a monetary item accounted for as part of the net investment, are treated similarly to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity, while any gains or losses relating to the ineffective portion are recognised in the separate consolidated income statement. On disposal of the foreign operation, the accumulated value of any such gains or losses recognised directly in equity is transferred to the separate consolidated income statement.

c.23) Related parties

The Group defines related parties as its direct and indirect shareholders, related companies, directors and key management personnel, as well as any individuals or legal entities dependent on such persons.

c.24) Income and expense recognition

In general, revenues and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Income is only recognised when all the following criteria have been satisfied:

- the risks of ownership have been transferred,
- control over goods has been transferred,
- the amount of income and costs incurred or to be incurred can be measured reliably, and
- it is probable that the economic benefits associated with the transaction will flow to the company.

The Sacyr Group uses the following methods to recognise the income of certain specific business areas:

1. Construction companies.

Contract income corresponds to the sum of the stipulated contract price plus the value of the changes made to original work, as well as claims or incentives which are highly likely to be received and can be quantified reliably.

Contract costs include:

- Net costs directly related to the contract, such as labour costs, materials, etc.
- Related contract costs, e.g., insurance, finance costs, indirect costs such as technical assistance not directly related to a specific contract. These costs are distributed equally using systematic, rational criteria.
- Other costs billable to the customer under the contract, which include certain general administration and development costs, provided that they have been specified in the contract.
- Costs that cannot be attributed to the contracting activity or allocated to specific contracts are excluded from construction contract costs.

The recognition of income or costs related to a construction contract differs depending on whether the outcome of the contract can be estimated reliably. To estimate the outcome of a contract reliably, the following criteria must be satisfied:

- It must be probable that the economic benefits budgeted in the contract will flow to the group.
- The contract costs can be identified clearly and measured reliably.
- For contracts with a fixed price, it must likewise be possible to measure the costs to complete the project and the current stage of completion reliably at the reporting date, so that actual costs incurred can be compared with the prior estimates.

If the outcome of the contract can be estimated in a sufficiently reliable manner, contract income and costs are recognised by reference to the stage of completion at the reporting date.

If the outcome of a contract cannot be measured reliably, income is recognised only to the extent of the expenses incurred that are eligible for recovery, and those incurred during the year are recognised as expenses. If the outcome of a contract is expected to be a loss, the loss is recorded immediately.

To assess the stage of completion of a contract, which determines the income or profit to be recognised, the Sacyr Group uses the percentage-of-completion method. Each month the costs incurred are measured as a proportion of the total budgeted cost and the month's production recognised as income. Costs of carrying out the work are recognised as accrued.

The difference between the original production amount at the beginning of each project and the amount certified up to each reporting date is recorded as "Completed work pending certification" under "Trade and other receivables".

Auxiliary work performed for construction projects, including general and specific construction installations and study and project expenses, is allocated proportionally in accordance with the ratio of costs incurred to total budgeted costs. The unamortised amount is recognised under "Inventories" in the consolidated statement of financial position.

The estimated costs of termination of the project or contract are provisioned on an accrual basis to "Trade provisions" in the consolidated statement of financial position over the life of the project or contract and recognized in profit or loss based on the proportion of work completed as a percentage of estimated costs. Costs incurred after completion of work but before its final termination are charged against these provisions.

2. Real estate companies.

The Group recognises profit and loss in each year and reports sales under "Revenue" when the risks and rights incidental to ownership of the property have been substantially transferred to the buyer.

Prepayments by customers before the building is delivered are reported as "Advances received on orders" under "Trade and other payables" on the liability side of the consolidated statement of financial position.

For developments expected to generate a loss, full provisions are recorded once this circumstance becomes known.

3. Concession operators

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Income is only recognised when all the following criteria have been satisfied:

- The income and expenses incurred or to be incurred can be measured reliably.
- It is probable that the economic benefits of the transaction will flow to the Company.

The Group recognises foreseeable liabilities and losses arising in the current or prior years as soon as they are known, provided they comply with IFRS requirements for risk recognition.

The accounting methods of IFRIC 12 are set out in Note 3.c.10.

c.25) Transferable mortgage loans

Transferable mortgage loans are recognised under "Bank borrowings" in the consolidated statement of financial position and classified as current if they relate to inventory financing carried as current assets in the consolidated statement of financial position.

c.26) Advances received on orders

This line item appears under "Trade and other payables" on the liability side of the accompanying consolidated statement of financial position and includes prepayments received from customers on uncompleted work and on buildings awaiting delivery.

c.27) Termination benefits

Companies must compensate employees contracted for a project or service when they cease to work on the projects for which they were contracted through no fault of their own.

As there is no foreseeable need to terminate the contracts of employees and given that employees who retire or leave the Company of their own accord are not entitled to compensation, any termination benefits are recognised in the income statement when decisions are made and notified to the employee concerned.

c.28) Environmental initiatives

Costs incurred to acquire systems, equipment and installations for the purpose of eliminating, mitigating or monitoring the potential environmental impact of the Group's activities carried out in the normal course of business are considered to be investments in fixed assets.

Other environment-related expenses that do not concern the acquisition of fixed assets are recorded as expenses for the year.

The Parent's directors consider that any contingencies arising in connection with environmental matters are sufficiently covered by the third-party liability insurance policies taken out.

c.29) Segment information

The Group identifies segments based on the following factors:

- When the businesses engage in similar economic activities.
- To provide consolidated financial statements to users, with the relevant financial information on the activities of the Group's businesses and the economic environments in which it operates.

The Group's management regularly reviews the operating results of the segments individually in order to make decisions on allocating resources and to assess results and performance. Operating segments are assessed based on their operating income (see Note 40).

4. Non-current assets held for sale and discontinued operations

At 31 December 2015, the Group had classified its contributions to the investments in Vallehermoso as non-current assets held for sale and discontinued operations, with those in Itínere classified as non-current assets held for sale. At 31 December 2015, Vallehermoso and Testa were classified as such.

The detail of the consolidated statement of financial position in respect of these non-current assets held for sale at 31 December 2016 and 2015 is as follows:

ASSETS	Thousands of euros	
	2016	2015
A) NON-CURRENT ASSETS	342,801	383,593
I. Property, plant and equipment	1,990	1,749
II. Investment property	0	799
III. Investments accounted for using the equity method	3,414	322,774
IV. Non-current financial assets	242,504	212
V. Derivative financial instruments	37,636	0
VI. Deferred tax assets	50,041	50,007
VII. Other non-current assets	7,216	8,052
B) CURRENT ASSETS	132,605	143,942
I. Inventories	127,654	133,287
II. Trade and other receivables	4,384	4,296
III. Current financial investments	2	203
IV. Cash and cash equivalents	467	5,696
V. Other current assets	98	460
TOTAL ASSETS	475,406	527,535

EQUITY AND LIABILITIES	Thousands of euros	
	2016	2015
A) EQUITY	12	2,326
EQUITY OF NON-CONTROLLING INTERESTS	12	2,326
B) NON-CURRENT LIABILITIES	52,331	66,112
I. Non-current provisions	42,525	52,394
II. Bank borrowings	0	2,935
III. Non-current payables	9,806	10,783
C) CURRENT LIABILITIES	150,699	155,748
I. Bank borrowings	29,824	34,178
II. Trade and other payables	10,780	9,107
III. Current payables to associates	0	1,561
IV. Current provisions	110,095	110,902
TOTAL LIABILITIES	203,042	224,186

Income and expenses after tax under "Profit for the year from discontinued operations" in the separate consolidated income statement at 31 December 2016 and 2015 were as follows:

Thousands of euros

SEPARATE INCOME STATEMENT	2016	2015
Revenue	2,320	130,240
Own work capitalised	0	366
Other operating income	383	1,762
Gain on disposal of assets	239	0
TOTAL OPERATING INCOME	2,942	132,368
Change in inventories	1,150	(67,869)
Supplies	(6,310)	1,292
Staff costs	(1,309)	(5,322)
Losses on disposal of assets	(239)	(3)
Depreciation and amortisation expense	0	(15,888)
Change in operating provisions	3,421	(22,935)
Change in provisions for non-current assets	0	0
Other operating expenses	(6,136)	(87,552)
TOTAL OPERATING EXPENSES	(9,423)	(198,277)
NET OPERATING PROFIT	(6,481)	(65,909)
SHARE OF PROFIT/(LOSS) OF ASSOCIATES	(2,096)	304
GAIN/(LOSS) ON ACQUISITION/DISPOSAL OF ASSETS	(73)	1,280,428
Other interest and similar income	2,873	6,720
TOTAL FINANCE INCOME	2,873	6,720
Finance costs and similar expenses	(1,385)	(19,835)
Change in provisions for financial investments	6,360	8,907
TOTAL FINANCE COSTS	4,975	(10,928)
FINANCIAL PROFIT/(LOSS)	7,848	(4,208)
CONSOLIDATED PROFIT BEFORE TAX	(802)	1,210,615
Corporate income tax	802	(27,222)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	0	1,183,393
CONSOLIDATED PROFIT FOR THE YEAR	0	1,183,393

The cash flows arising from discontinued operations in 2016 and 2015 were as follows:

Thousands of euros	2016	2015
Cash flows from operating activities of discontinued operations	1,381	53,680
Cash flows from investing activities of discontinued operations	4,624	(1,364)
Cash flows from financing activities of discontinued operations	(11,232)	(59,486)
CHANGE IN CASH AND CASH EQUIVALENTS OF DISCONTINUED OPERATIONS	(5,227)	(7,170)

In addition to the change in cash flows from discontinued operations that continue to form part of the Group, the sale of Testa has involved a cash inflow of 316,840 miles de euros, as shown in the Consolidated statement of cash flows.

4.1 Vallehermoso División Promoción, S.A.

Under IFRS 5, the Group's 100% interest in Vallehermoso División Promoción, S.A. at 31 December 2016 and 2015 was classified as a non-current asset held for sale as the value of the asset is expected to be recovered through its sale rather than its continuing use. Under international accounting standards, this condition is deemed to have been met only when disposal is highly probable and the assets are available for immediate sale in their present condition.

The transaction is deemed to be a discontinued operation under international accounting standards, since it represents a business line which is significant and may be separated from the other lines.

Under IFRS 5, Vallehermoso is available, in its current conditions for immediate sale. This sale is highly probable since management is committed to its disposal, a programme exists to find a buyer and external advisers have been hired in this connection. The sale is being actively negotiated at fair value and the disposal is expected to take place within one year.

Under paragraph 9 of IFRS 5, events or circumstances may arise which extend the period for the sale's completion beyond one year. An extension of the period required to complete a sale does not prevent the asset from being classified as held for sale, if the delay is caused by events or circumstances beyond the entity's control. The sale process of Vallehermoso has been slowed down in recent months as a result of negotiations with financial institutions and other players interested in its real estate assets.

The breakdown of the profit and loss from these non-current assets held for sale at 31 December 2016 and 2015 is as follows:

SEPARATE INCOME STATEMENT	Thousands of euros	
	2016	2015
Revenue	2,320	40,670
Other operating income	383	1,754
Gain on disposal of assets	239	-
TOTAL OPERATING INCOME	2,942	42,424
Change in inventories	1,150	(67,869)
Supplies	(6,310)	1,292
Staff costs	(1,309)	(2,123)
Losses on disposal of assets	(239)	(3)
Depreciation and amortisation expense	-	(139)
Change in operating provisions	3,421	(22,938)
Other operating expenses	(6,136)	(72,577)
TOTAL OPERATING EXPENSES	(9,423)	(164,357)
NET OPERATING PROFIT	(6,481)	(121,933)
SHARE OF PROFIT/(LOSS) OF ASSOCIATES	(2,096)	-
GAIN/(LOSS) ON DISPOSAL OF ASSETS	(73)	-
Other interest and similar income	2,873	6,328
TOTAL FINANCE INCOME	2,873	6,328
Finance costs and similar expenses	(1,385)	(1,713)
Change in provisions for financial investments	6,360	9,338
TOTAL FINANCE COSTS	4,975	7,625
FINANCIAL PROFIT/(LOSS)	7,848	13,953
CONSOLIDATED PROFIT BEFORE TAX	(802)	(107,980)
Corporate income tax	802	(14,020)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	-	(122,000)
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	-	-
CONSOLIDATED PROFIT FOR THE YEAR	-	(122,000)

The independent expert Gesvalt Sociedad de Tasación, S.A. appraised the Vallehermoso Group's real estate assets classified as inventory at 31 December 2016, issuing its report on the same day. The estimated value (fair value less costs to sell) of the Vallehermoso Group's inventories amounted to 140 million euros (141 million euros in 2015) as compared with a carrying amount of 128 million euros (133 million euros in 2015).

The appraisal was performed on a portfolio of land, developments under construction and completed buildings in accordance with the ninth edition of the RICS Appraisal Standards published on 24 January 2014 by the Royal Institution of Chartered Surveyors. This standard defines fair value as: "the price to be received on selling an asset, or that would be paid to transfer an obligation, in a transaction that is performed in an ordered and appropriate manner between market participants on the measurement date".

In order to calculate the value of the land and construction in progress in its different states of urban development earmarked to future developments, the dynamic residual method was applied in all cases. This method is based on the discounting of cash flows during the period. These flows are established based on a forecast of revenue and expenses associated with the most probable real estate development which could be built on the land in accordance with the principle of better and greater use, calculating the foreseeable development period of the whole operation. The discount rate is the expected IRR, which includes the operation's risk factor in each case. In general, a rate of around 15% has been applied for land.

The appraisal of different land took into account coincidences in the same city or environment of the capacity of this nucleus in the absorption of the finished product, setting possible and probable scenarios, always within the rational forecast conditions, in which going beyond horizons exceeding 10 years represents too risky a venture. Likewise, the forming of new economic cycles which cannot be compared to past cycles in terms of developments over time were considered.

In order to calculate the value of rental property, each property was calculated under the "Free Market Value" assumption, which is defined as the best price which can reasonably be obtained from the sale of a property if it had been performed without conditions and in cash at the appraisal date, supposing: (i) there is a seller willing to sell, (ii) that, taking into account the nature of the property and the market situation, there was, prior to the appraisal date, a reasonable period of time for the adequate marketing of the property, to reach an agreement on price and conditions, and to perform the sale, (iii) that the market situation, level of prices and other circumstances on any previous date assumed to perform the sale, were the same as on the appraisal date, (iv) any offer exceeding that of a buyer with special interest in the acquisition is not taken into account, and (v) that the parties to the transaction have acted on an informed basis, prudently and without coercion.

The assets and liabilities of the Vallehermoso Group are recognised at their carrying amount and not at their fair value.

With regard to the warnings, restrictions, appraisal methods and key assumptions, this section of the report, which should be considered as a whole, contains all the information, assumptions and estimates conditioning it. It is also stated that the land appraisals were performed in the event of compliance with the development periods envisaged by law in each case, in accordance with the urban development status at the appraisal date. If any of the land appraised was involved in any of the expropriation situations envisaged by the Land Law 8/2007, the values calculated would not be valid. A new appraisal would be necessary in accordance with the methods reflected by this Law.

4.2 Testa Inmuebles en Renta, Socimi, S.A.

In June 2015, the Group classified its investment in Testa as an asset held for sale, based on the agreement entered into between Sacyr and Merlin Properties for the acquisition of this investment by the latter in several phases, as detailed in the management report. The investment in Testa was also classified as a discontinued operation, given that it represents a line of business which is significant and may be separated from the other lines.

The accounting treatment applied to the sale of 100% of Testa is based on that governed by IFRS 10 relating to the loss of control by a Parent of a subsidiary, specifically sections B97, B98 and B99 of Appendix B, Application guidance.

After analysing all clauses and conditions of the sales agreement entered into with Merlin Properties and its economic effects, the Sacyr Group accounted for this agreement as a single transaction, based on the fact that the phases of the agreement are carried out taking all others into account and form part of a single transaction aimed at achieving an overall commercial effect, namely the sale of the entire investment in Testa. This meant recognising the gain relating to the entire transaction, i.e. for both the portion transferred and the portion retained, which amounted to 1,280 million euros.

On 8 June 2015, Merlin Properties acquired 25% of Testa by subscribing in full to the capital increase carried out by Testa. By virtue of the agreement entered into with Merlin, the Sacyr Group considers its investment in Testa to be a discontinued operation and has classified it as a non-current assets held for sale.

On 23 July 2015, Merlin Properties acquired control of Testa after purchasing an additional 25.1% stake. After losing control over Testa, the Sacyr Group thus derecognised all of its assets and liabilities at their carrying amount, and recognised the fair value of the consideration received and the 49.9% investment retained in Testa at fair value, which in this case is the price established in the sales agreement entered into with Merlin Properties. The resulting difference is recognised as profit attributable to the Sacyr Group.

On 12 August 2015, shares representing an additional 26.9% in Testa were transferred to Merlin Properties. The Sacyr Group derecognised the proportional part of its ownership interest in Testa for the agreed value, without generating any profit or loss.

At 31 December 2015, the Sacyr Group thus had a 22.6% interest in Testa classified as a financial asset held for sale and measured at fair value, in accordance with the agreement entered into between Sacyr and Merlin Properties on 8 June 2015. This asset amounted to 317 million euros and was recognised under "Non-current assets held for sale".

On 20 June 2016, as envisaged in the investment agreement of 8 June 2015, between Sacyr and Merlin Properties, the final transfer of the remaining shares in Testa Inmuebles en Renta took place. Specifically, this final phase of the transaction involved the sale of the remaining 34,810,520 Testa shares (22.6% of its share capital) for 317 million euros.

The breakdown of the profit and loss from discontinued operations relating to Testa at 31 December 2015 (corresponding to the first half of 2015, as this is the moment the Group lost control thereof) is as follows:

SEPARATE INCOME STATEMENT	Thousands of euro
	2015
Revenue	89,570
Own work capitalised	366
Other operating income	8
TOTAL OPERATING INCOME	89,944
Staff costs	(3,199)
Depreciation and amortisation expense	(15,749)
Change in operating provisions	3
Other operating expenses	(14,975)
TOTAL OPERATING EXPENSES	(33,920)
NET OPERATING PROFIT	56,024
SHARE OF PROFIT/(LOSS) OF ASSOCIATES	304
GAIN/(LOSS) ON DISPOSAL OF ASSETS	1,280,428
Other interest and similar income	392
TOTAL FINANCE INCOME	392
Finance costs and similar expenses	(18,122)
Change in provisions for financial investments	(431)
TOTAL FINANCE COSTS	(18,553)
FINANCIAL PROFIT/(LOSS)	(18,161)
CONSOLIDATED PROFIT BEFORE TAX	1,318,595
Corporate income tax	(13,202)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	1,305,393
CONSOLIDATED PROFIT FOR THE YEAR	1,305,393

4.3 Itínere Infraestructuras, S.A.

At 31 December 2016, the Group considered that its ownership interest and other balances in Itínere Infraestructuras, S.A. meet the necessary requirements to be classified as a "Non-current asset held for sale", under IFRS 5, as the value of the asset is expected to be recovered through its sale rather than continuing use. Under international accounting standards, this condition is deemed to have been met only when disposal is highly probable and the assets are available for immediate sale in their present condition. At 31 December 2016, the Group held a stake of 15.5% in Itínere Infraestructuras, S.A.

At 31 December 2016, therefore, the breakdown of non-current assets held for sale was as follows:

Thousands of euros	2016
Shareholding (shares in Itínere Infraestructuras, S.A.)	237,447
Convertible bonds	4,845
Option to convert the convertible bonds into shares (derivative)	37,636
TOTAL	279,928

The Group estimates the recoverable value based on the calculation of the value of all the Itinere shares using the dividend discounting method (cash flows), subsequently adjusting this figure for the Group's effective ownership interest at the reference date of the analysis. The assumptions used by the Group to estimate the recoverable value of the holding in Itinere Infraestructuras, S.A. are as follows:

Cost of equity (Ke): a discount rate of 8.9% was considered, based on the capital asset pricing model (CAPM) for construction, and the following parameters:

- Risk-free rate (Rf): 2.30% (2.30% in 2015).
- Market spread of 6.50% (6.50% in 2015).
- Leveraged beta of 0.625 (0.634 in 2015).

Also, in order to calculate the recoverable value, the two main non-financial assumptions were growth in traffic and in rates. With respect to the Average Daily Traffic (ADT) on motorways, the following changes were projected for each Itinere motorway:

	2016	2015
Audasa	4,56%	5,10%
Aucalsa	4,14%	5,09%
Audenasa	4,20%	2,93%
Autoestradas	6,19%	2,79%
AP-1	4,25%	3,42%

In 2016, an increase in the value of the Itinere investment was recognised in the amount of 354 thousand euros (146 thousand euros in 2015).

The Group performed a sensitivity analysis relating to the cost of equity (Ke) of +/- 0.5%. A variation in the ke of -0.5% represents a valuation increase attributable to the Sacyr Group of +28.97 million euros; on the other hand, a variation of +0.5% represents a reduction in the valuation attributable of -9.21 million euros.

On 25 July 2014, Itinere Infraestructuras, S.A.'s subordinated share-convertible bond issue was drawn up on a public deed. 11,000 bonds were issued with a par value of 5 thousand euros, and the bond issue totalled 55 million euros. The bonds carry annual interest of 12%, except in the event of partial obligatory early redemption, which carries a per annum interest of 10%. Via the Parent, the Group subscribed the convertible bonds in its 15.50% stake in Itinere Infraestructuras, S.A. It subscribed 1,705 bonds with a par value of 5 thousand euros, paying out 8,525 thousand euros.

The Group recognised these bonds under "Debt securities". Itinere Infraestructuras, S.A. carried out a partial mandatory early redemption of its bonds on 2 January 2015. Consequently, the Group reclassified the principal and unmatured accrued interest at 31 December 2014, amounting to 5,047 thousand euros, as short term. Finance income recognised in the income statement for the bonds in 2016 amounted to 521 thousand euros (550 thousand euros in 2015).

As mentioned above, the Group subscribed Itinere Infraestructuras, S.A.'s share-convertible bond issue. The option to convert the bonds into shares may be exercised in the first five days of each quarter from 2015 to 2018, both inclusive. The bonds would be converted into new Itinere shares with a par value of 55 million euros and preferential subscription rights. The option to convert the bonds into shares is tied to each of the bonds, and may not be transferred separately from the bonds.

The bonds will be measured at their par value plus the cumulative interest until the conversion date; the shares, at their present par value (0.49 euro per share) or at the lower par value in the case of a capital reduction.

The company assessed the conditions established by the regulatory accounting framework to recognise this share convertibility option separately from the issue of bonds (note on the section addressing loans and receivables). Consequently, a financial asset at fair value through profit or loss was recognised. The variation in fair value in 2015 and 2016, was as follows:

Thousands of euros	Valuation at	Valuation at
Derivatives	31-Dec-16	31-Dec-15
Itínere share conversion option	37,636	37,072
Fair value change	564	5,226

The "exponential" method was used to measure the Itínere share convertibility options (call options). This exponential method is based on a one-step binomial method via implicit probabilities and the application of an exponential function.

Firstly, an estimate is made of two values of the underlying share. One determines a rise therein and the other a fall in value with respect to the current value.

- The higher value is set on the basis of the expected return of the share which, in percentage terms, would be equivalent to the company's WACC. The lower is approximately half the lower amount and below the present value.
- The underlying value of the option (spread) is obtained in each case by the difference between the estimated higher and lower values and the value for the year.

Based on the estimated higher and lower values, the growth factors and the decline in the underlying value are obtained, producing an estimated probability of the value of the share.

5. Property, plant and equipment

Movement in property, plant and equipment in 2015 and 2016 and the related accumulated depreciation are as follows:

2015 Thousands of euros	Balance at 31-dec-14	Additions	Disposals	Restatements and transfers	Changes in scope of	Exchange rate effect	Balance at 31-dec-15
Land and buildings	108,244	3,090	(1,115)	(1,294)	2,327	(314)	110,938
Plant and machinery	509,650	15,999	(13,185)	88	819	(3,470)	509,901
Other installations, tools and furnit	82,379	3,982	(2,175)	(319)	2,736	(230)	86,373
Prepayments and work-in-progres	18,708	11,354	(14,727)	375	0	(1)	15,709
Other items of property, plant and	167,811	19,564	(6,193)	606	2,492	(836)	183,444
Cost	886,792	53,989	(37,395)	(544)	8,374	(4,851)	906,365
Impairment	(7,095)	(1,360)	138	0	0	0	(8,317)
Impairment	(7,095)	(1,360)	138	0	0	0	(8,317)
Land and buildings	(29,428)	(2,642)	4,399	(151)	(611)	14	(28,419)
Plant and machinery	(291,329)	(25,835)	8,964	(21)	(742)	1,225	(307,738)
Other installations, tools and furnit	(62,654)	(5,949)	1,886	70	(2,186)	168	(68,665)
Other items of property, plant and	(101,247)	(18,066)	4,279	(287)	(2,075)	318	(117,078)
Accumulated amortisation	(484,658)	(52,492)	19,528	(389)	(5,614)	1,725	(521,900)
TOTAL	395,039	137	(17,729)	(933)	2,760	(3,126)	376,148
2016 Thousands of euros	Balance at 31-dec-15	Additions	Disposals	Restatements and transfers	Changes in scope of	Exchange rate effect	Balance at 31-dec-16
Land and buildings	110,938	1,994	(5,389)	2,993	59,547	(809)	169,274
Plant and machinery	509,901	6,320	(17,667)	2,237	62,724	(5,180)	558,335
Other installations, tools and furnit	86,373	6,688	(3,501)	(2)	1,909	169	91,636
Prepayments and work-in-progres	15,709	10,520	(3,423)	(8,691)	903	(5)	15,013
Other items of property, plant and	183,444	33,584	(16,295)	(19)	3,553	582	204,849
Cost	906,365	59,106	(46,275)	(3,482)	128,636	(5,243)	1,039,107
Impairment	(8,317)	(351)	388	0	0	(3)	(8,283)
Impairment	(8,317)	(351)	388	0	0	(3)	(8,283)
Land and buildings	(28,419)	(3,267)	1,783	15	(52,145)	49	(81,984)
Plant and machinery	(307,738)	(27,657)	15,836	13	(61,407)	543	(380,410)
Other installations, tools and furnit	(68,665)	(5,052)	2,242	30	(1,841)	(274)	(73,560)
Other items of property, plant and	(117,078)	(16,199)	5,221	9	(3,402)	(71)	(131,520)
Accumulated amortisation	(521,900)	(52,175)	25,082	67	(118,795)	247	(667,474)
TOTAL	376,148	6,580	(20,805)	(3,415)	9,841	(4,999)	363,350

The increases in 2015 were due mainly to the costs incurred in the construction of a plant for the conversion of hydrocarbon plastics, to the work performed on the water supply concession and the Pazos de Ferreira sewage network, and to the Group's activities in the rest of the construction business.

The disposals under "Prepayments and work in progress" were due mainly to the adjustments to the prepayments made in 2014 relating to the renovation and enhancement work performed on one of the tunnelling machines owned by the Group.

Of note in 2016 were the changes in the scope of consolidation, due mainly to the acquisition of Río Narcea Recursos, S.A.

Additions of note were to "Other items of property, plant and equipment", principally due to cleaning and waste collection contracts in Ibiza and Albacete; waste collection services in Poio in Galicia and in Burgos, and the rendering of services for the green areas in Fuenlabrada.

Derecognitions mainly related to installations and machinery, in particular from disposals of machinery by the Group. The rest of the derecognitions in property, plant and equipment were largely tools, furniture and obsolete IT equipment owned by the Group.

Impairment losses and the corresponding reversals are reported under "Change in provisions for non-current assets" in the separate consolidated income statement. The main assets affected by impairment losses relate to plant at the Group's different energy plants.

The detail of property, plant and equipment located outside Spain at 31 December 2015 and 2016 is as follows:

2015 Thousands of euros	Portugal	Libya	Angola	Cape Verde	Chile	Ireland	Mexico	Colombia	Other	TOTAL
Land and buildings	54,288	711	4,209	3,608	0	3,706	95	0	95	66,712
Plant and machinery	92,214	8,720	7,209	6,179	13,568	148	22,111	21	318	150,488
Other installations, tools and furnit	17,941	245	1,356	1,162	3,662	41	118	82	365	24,972
Prepayments and work-in-progres	11,569	0	504	432	0	0	5	0	11	12,521
Other items of property, plant and	24,527	6,227	1,686	1,445	5,028	32	135	148	2,963	42,191
Cost	200,539	15,903	14,964	12,826	22,258	3,927	22,464	251	3,752	296,884
Accumulated amortisation	(118,138)	(13,094)	(9,077)	(7,780)	(19,478)	(1,793)	(5,172)	(55)	(1,608)	(176,195)
TOTAL	82,401	2,809	5,887	5,046	2,780	2,134	17,292	196	2,144	120,689

2016 Thousands of euros	Portugal	Libya	Angola	Cape Verde	Chile	Ireland	Mexico	Colombia	Other	TOTAL
Land and buildings	53,819	690	4,163	3,568	0	3,706	108	0	108	66,162
Plant and machinery	84,789	8,468	6,600	5,657	12,647	148	19,527	149	2,099	140,084
Other installations, tools and furnit	17,361	238	1,324	1,135	3,819	41	42	141	998	25,099
Prepayments and work-in-progres	5,163	0	386	331	1,950	0	12	4,532	64	12,438
Other items of property, plant and	22,331	6,047	1,478	1,267	4,989	32	131	556	4,730	41,561
Cost	183,463	15,443	13,951	11,958	23,405	3,927	19,820	5,378	7,999	285,344
Accumulated amortisation	(117,560)	(13,840)	(8,998)	(7,713)	(19,256)	(1,997)	(9,570)	(296)	(2,411)	(181,641)
TOTAL	65,903	1,603	4,953	4,245	4,149	1,930	10,250	5,082	5,588	103,703

At year-end 2016, the Group had 250,725 thousand euros of fully depreciated property, plant and equipment in use (152,511 thousand euros in 2015).

All items of property, plant and equipment are used in operations.

In 2016 and 2015, no finance costs were capitalised as an addition to property, plant and equipment.

Group companies take out insurance policies to adequately cover potential risks that could affect the items recognised under "Property, plant and equipment".

6. Concession projects

Movements in the various items under "Investment property" in 2015 and 2016 and the related accumulated depreciation are as follows:

2015 Thousands of euros	Balance at 31-dec-14	Additions	Disposals	Restatements and transfers	Changes in scope of	Exchange rate effect	Balance at 31-dec-15
Concession projects	1,091,430	479	(347)	1,266	619,098	0	1,711,926
Concession projects under construction	292,768	16,973	(32,074)	(268)	0	(882)	276,517
Cost	1,384,198	17,452	(32,421)	998	619,098	(882)	1,988,443
Impairment	(752)	(763)	0	0	(78)	0	(1,593)
Impairment	(752)	(763)	0	0	(78)	0	(1,593)
Depreciation	(169,771)	(55,955)	0	(64)	(117,207)	0	(342,997)
Accumulated amortisation	(169,771)	(55,955)	0	(64)	(117,207)	0	(342,997)
TOTAL	1,213,675	(39,266)	(32,421)	934	501,813	(882)	1,643,853

2016 Thousands of euros	Balance at 31-dec-15	Additions	Disposals	Restatements and transfers	Changes in scope of	Exchange rate effect	Balance at 31-dec-16
Concession projects	1,711,926	5,790	(2,315)	3,533	40,203	0	1,759,137
Concession projects under construction	276,517	16,752	(412)	(231,324)	0	2,336	63,869
Cost	1,988,443	22,542	(2,727)	(227,791)	40,203	2,336	1,823,006
Impairment	(1,593)	(672)	390	582	(13,432)	0	(14,725)
Impairment	(1,593)	(672)	390	582	(13,432)	0	(14,725)
Depreciation	(342,997)	(58,060)	66	(21)	(4,781)	(221)	(406,014)
Accumulated amortisation	(342,997)	(58,060)	66	(21)	(4,781)	(221)	(406,014)
TOTAL	1,643,853	(36,190)	(2,271)	(227,230)	21,990	2,115	1,402,267

The additions under "Concession projects under construction" in 2015 related mainly to Ruta del Limarí as a result of the stage of completion and to the Murcia Airport as a result of recognising compulsory purchases payable taking into consideration the just compensation offered by the concession operator instead of the previous valuation which was derecognised and which explains the majority of the disposals recorded during the year. The remaining disposals related to 10,700 thousand euros that were capitalised in 2014 in relation to Murcia International Airport.

The amounts recognised as changes in the scope of consolidation under "Concession projects" arose as a result of the change in consolidation method used for several concession operators in Spain: Autovía del Arlanzón, S.A. 245,550 thousand euros, S.C. de Palma de Manacor, S.A. 173,196 thousand euros, Autovía del Turia, S.A. 256,551 thousand euros. The reconciliation between the previous values and those established in these business combinations was as follows:

1/1/2015	Previous amount on Concession projects' books	Adjustments	Fair value
<i>Thousands of euros</i>			
Concession projects	471,563	72,492	544,055
Other assets	77,589	0	77,589
Total assets	549,152	72,492	621,644
Interest-bearing loans and borrowings	325,612	0	325,612
Deferred tax liabilities	8,492	18,123	26,615
Other non-current liabilities	145,305	0	145,305
Current liabilities	32,573	0	32,573
Total liabilities	511,982	18,123	530,105
Total net assets	37,170	54,369	91,539
Non-controlling interests	(18,891)	(30,989)	(49,880)
Total fair value of net assets	18,279	23,380	41,659

The increase in "Concession projects under construction" in 2016, mainly resulted from Ruta del Limarí where work continued to progress.

In addition, there was a reclassification under the same heading in 2016, resulting from the transfer to "Other non-current assets" of the assets of Murcia International Airport.

In July, the Regional Government of Murcia initiated the termination and settlement process for the concession agreement. As a result, at 31 December 2016, the Group has no control over the concession project and the carrying amount thereof cannot be recovered through operations, however, it is estimated that it will be recovered through the settlement of the concession contract, and as a result the net carrying amount associated with the procurement of and cost incurred in the concession have been reclassified in the consolidated statement of financial position under the heading: "Other non-current assets".

The concession projects under construction or being operated by the Group's concession operators at year-end 2015 and 2016 are as follows:

Thousands of euros	2015						
	Operations				Construction		
	Cost	Accum. amortisation	Provision	Net	Cost	Provision	Net
Viasur Conc. del Principado de Asturias, S.A.	123,360	(41,691)	-	81,669	-	-	-
Aut. del Eresma. Cons. Junta Castilla y Leon, S.A.	106,389	(21,470)	-	84,919	-	-	-
Aut. del Barbanza Conc. Xunta de Galicia, S.A.	109,584	(24,471)	-	85,113	-	-	-
Aut. Del Arlanzón, S.A.	245,552	(54,757)	-	190,795	-	-	-
S.C. de Palma de Manacor, S.A.	173,196	(55,287)	-	117,909	-	-	-
Autov. del Turia, Conc. Generalitat Valenciana S.A	256,551	(49,269)	-	207,282	-	-	-
Autop. del Guadalmedina Conc. Española, S.A.	351,749	(16,584)	-	335,165	-	-	-
Total motorways in Spain	1,366,381	(263,529)	-	1,102,852	-	-	-
S.C. Ruta del Limarí	-	-	-	-	16,140	-	16,140
Total other motorways	-	-	-	-	16,140	-	16,140
Motorways	1,366,381	(263,529)	-	1,102,852	16,140	-	16,140
Valoriza Servicios Medioambientales, S.A.	46,408	(15,590)	-	30,818	82	-	82
Tratamientos de Residuos La Rioja, S.L.	4,471	(938)	-	3,533	-	-	-
Waste treatment	50,879	(16,528)	-	34,351	82	-	82
Empresa Mixta Aguas Santa Cruz de Tenerife, S.A.	59,998	(23,681)	-	36,317	-	-	-
Somague Ambiente, S.A.	155,782	(26,693)	-	129,089	25,693	-	25,693
Sacyr, S.A.U. Alcudia desalination plant	1,367	(421)	-	946	-	-	-
Valoriza Agua, S.L.	23,233	(5,895)	(390)	16,948	-	-	-
Water	240,380	(56,690)	(390)	183,300	25,693	(440)	25,693
S. Concesionaria Aeropuerto Region Murcia, S.A.	-	-	-	-	234,602	(440)	234,164
Somague SGPS	300	(114)	-	186	-	-	-
Car parks: Pza. del Centenario, V. Romero and Juan Explandiú	12,510	(1,536)	-	10,974	-	-	-
Mercado del Val	2,050	-	(763)	1,287	-	-	-
Plaza de la Encarnación car park	39,426	(4,600)	-	34,826	-	-	-
Other	54,286	(6,250)	(763)	47,273	234,602	(440)	234,162
CONCESSION PROJECTS	1,711,926	(342,997)	(1,153)	1,367,776	276,517	(440)	276,077

Thousands of euros	2016						
	Operations				Construction		
	Cost	Accum. amortisation	Provision	Net	Cost	Provision	Net
Viasur Conc. del Principado de Asturias, S.A.	123,360	(46,207)	-	77,153	-	-	-
Aut. del Eresma. Cons. Junta Castilla y Leon, S.A.	106,379	(24,636)	-	81,743	-	-	-
Aut. del Barbanza Conc. Xunta de Galicia, S.A.	109,609	(28,455)	-	81,154	-	-	-
Aut. Del Arlanzón, S.A.	245,550	(69,433)	-	176,117	-	-	-
S.C. de Palma de Manacor, S.A.	173,196	(60,634)	-	112,562	-	-	-
Autov. del Turia, Conc. Generalitat Valenciana S.A	256,016	(57,185)	-	198,830	-	-	-
Autop. del Guadalmedina Conc. Española, S.A.	351,749	(22,396)	-	329,353	-	-	-
Total motorways in Spain	1,365,859	(308,947)	-	1,056,912	-	-	-
S.C. Ruta del Limarí	-	-	-	-	34,494	-	34,494
Total other motorways	-	-	-	-	34,494	-	34,494
Motorways	1,365,859	(308,947)	-	1,056,912	34,494	-	34,494
Valoriza Servicios Medioambientales, S.A.	46,921	(18,082)	-	28,839	3,036	-	3,036
Tratamientos de Residuos La Rioja, S.L.	4,475	(1,176)	-	3,299	-	-	-
Biorreciclaje de Cádiz, S.A.	38,833	(5,382)	(13,432)	20,020	-	-	-
Waste treatment	90,229	(24,639)	(13,432)	52,158	3,036	-	3,036
Empresa Mixta Aguas Santa Cruz de Tenerife, S.A.	59,000	(25,960)	-	33,040	-	-	-
Somague Ambiente, S.A.	161,162	(31,487)	-	129,675	26,339	-	26,339
Sacyr, S.A.U. Alcudia desalination plant	1,367	(526)	-	841	-	-	-
Valoriza Agua, S.L.	22,995	(6,790)	-	16,204	-	-	-
Water	244,524	(64,763)	-	179,761	26,339	-	26,339
Somague SGPS	300	(126)	-	174	-	-	-
Car parks: Pza. del Centenario, V. Romero and Juan Explandiú	11,681	(1,838)	-	9,843	-	-	-
Mercado del Val	2,050	(11)	(1,293)	746	-	-	-
Daoiz y Velarde car park	5,065	(106)	-	4,960	-	-	-
Plaza de la Encarnación car park	39,427	(5,583)	-	33,844	-	-	-
Other	58,523	(7,663)	(1,293)	49,567	-	-	-
CONCESSION PROJECTS	1,759,136	(406,013)	(14,725)	1,338,398	63,869	-	63,869

Concession projects under construction include interest on the borrowings that effectively finance investment in the motorway concerned. These finance costs were capitalised under "Concession projects under construction". Investment in concession projects in operation also includes interest capitalised by the concession operators.

The Group performs impairment tests on its concession assets, highlighting the following:

a) Sociedad Concesionaria del Aeropuerto de la Región de Murcia, S.A.:

With respect to the Sociedad Concesionaria del Aeropuerto de la Región de Murcia, S.A. (SCAM), and in accordance with the Order dated 16 September 2013, the Department for Development, Public Works and Organisation of the Territory of the Murcia Autonomous Community Government (CARM) terminated the Administrative Concession for the Construction and Operation of the Murcia International Airport (AIRM) for the following reasons: (i) failure to comply with the obligation of opening the AIRM to traffic, and (ii) the unilateral decision by SCAM not to execute the Concession Agreement. This ruling led to the early termination of the financing agreement entered into with the banks and the retainment of the definitive guarantees of the Concession Agreement.

SCAM, in legitimate defence of its interests, filed an appeal for judicial review against this Order before the Judicial Review Chamber of the Murcia High Court of Justice (TSJRM), as it has also filed appeals against other decisions of the CARM in relation to the Concession (up to eight appeals), against the order to provide additional guarantees, the retainment of the definitive guarantees, the dismissal of the request for rebalancing or the reimbursement orders regarding the debt claimed by the CARM from the Concession Operator. At the same time as the appeal was filed against the Order that resolved to terminate the Concession Agreement, injunctive relief was requested and granted by the Court on 21 October 2013, thereby suspending the effects of the Termination Order, whereby the Court agreed that SCAM could maintain ownership over the AIRM facilities, on the condition that they are maintained in proper conditions.

Despite the progress made in 2014, whereby SCAM was even able to obtain the certificate for the AIRM on 18 December 2014, the CARM ended negotiations with SCAM, which resulted in the Resolution issued by the Governing Council of the CARM on 23 December 2014 and in CARM withdrawing from the process of obtaining authorisation from the European Commission in relation to the granting of a participating loan, in addition to the immediate resumption of the legal proceedings that had been stayed. SCAM, in legitimate defence of its interests, filed two new appeals for judicial review against the aforementioned Resolution issued by the Governing Council and against the decision of the CARM to withdraw from the process initiated before the European Commission.

With regard to the Order dated 16 September 2013 issued by the aforementioned Department of the CARM, on 2 October 2015 the TSJRM handed down a ruling dismissing the appeal filed by SCAM against the CARM, as it deemed such actions to be in accordance with the law. Although the TSJRM considers that there was no unilateral termination of the Agreement by SCAM, it asserted that the company failed to comply with one of its essential obligations, namely the entry into service of the AIRM on a specific date. Having filed a pleading for the preparation of a cassation appeal against this ruling, it was considered to be received and prepared through the Court Order issued by the TSJRM on 29 October 2015. On 16 December 2015, SCAM filed the cassation appeal with the Supreme Court, however a ruling has yet to be handed down, for which reason the termination of the Concession Agreement is not yet confirmed.

However, as a result of the ruling of 2 October 2015, the CARM requested its provisional execution and, citing a ruling handed down by the TSJM on 21 March 2016, took possession of AIRM on 23 March 2016. Furthermore, the CARM began proceedings to terminate the Concession Contract, through a Ministerial Order from the Ministry of Public Works and Infrastructure on 20 July 2016, although this has advanced very little, with SCAM waiting to receive a valuation of the investments made in AIRM in order to claim the corresponding amount.

At the reporting date, there are eleven appeals for judicial review against CARM in progress and two against AESA, relating to the concession.

In any case, it should be pointed out that neither the termination of the contract nor CARM taking possession of the airport facilities are of a conclusive nature. Until the corresponding process has been completed by a confirmed ruling either way by the Supreme Court, this is merely a provisional and non-definitive ruling on the issue.

At 31 December 2015, an impairment test was performed on Sociedad Concesionaria del Aeropuerto de la Región de Murcia, S.A., using the best estimate of the recoverable amount of the investment as the valuation method. The RPA (Responsabilidad Patrimonial de la Administración) value was taken into account, in accordance with Article 266 of the Consolidated Public Procurement Law, to calculate the recoverable amount, i.e., the amount of the investments made as a result of the compulsory purchase of land, execution of construction work and acquisition of goods necessary to operate the concession.

At 31 December 2015, the Company had not recognised any impairment since the RPA value was significantly higher than the asset's carrying amount.

At 31 December 2016, the gross amount of the balances related to this company that had previously been classified as "Concession projects" were reclassified as "Other non-current assets".

The only guarantees amounted to 7.1 million euros and their value was impaired, due to the possibility of recovering such guarantees having decreased.

The Company's directors are firmly committed to continuing the project and, therefore, will continue to defend their legitimate interests in the appeals for judicial review filed against the CARM. Given these circumstances, the continuity of the Company's operations is subject to any decisions that the CARM may adopt in the future in relation to the concession agreement and the existing financing with the Company.

b) Autovía de Barbanza Concesionaria Xunta de Galicia, S.A.:

Likewise, in relation to Autovía del Barbanza, Concesionaria de la Xunta de Galicia, S.A., the Group carried out impairment tests at both year-end 2015 and 2016. The traffic curves and growth forecasts were identical for both years, with 2016 traffic being updated to the level forecast at the close of the previous year, and with the 2016 test giving rise to a more conservative 2017 growth forecast. In addition, in January 2015, the rebalancing contemplated in the 2014 test came into effect. The effect of this measure has been to increase the toll by 35.5%. The 2016 and 2017 tolls have been updated in the 2016 test.

In line with the methodology of asset appraisal, a dynamic capital rate was used (hereinafter, K_e). It is dynamic because each year it is calculated based on the project's leverage. The values used were as follows:

Risk-free (R_f) rate = 2.30% (2.30% in 2015).

Market spread (M_s) = 6.50% (6,50% in 2015).

Unleveraged beta = 0.58 (0.58 in 2015).

The calculation of the K_e = Risk-free rate + market spread x leveraged beta.

The calculation of the leveraged beta is obtained through the result of the net financial debt ratio between the value of equity for each year by the value of 1 plus the deleveraged Beta, net of the tax effect.

The choice of the dynamic K_e as the discount rate instead of the WACC is based on two aspects:

1. The concession is an end-of-life asset, accordingly, projections should be made until the end of the concession.
2. The debt/equity ratio changes over time. It begins with a very high leverage and ends with an unlevered asset.

As a result of applying this valuation method, the recoverable amount of the investment is 1.52 million euros more than its carrying amount (2.63 million euros in 2015).

There are three key assumptions to take into account in the analyses of the impairment test, namely inflation, interest rates and traffic.

The value assigned to inflation was determined by taking the consensus of analysts and international bodies for the years 2017, 2018, 2019, 2020 and 2021.

In relation to the amount that the concession operator must pay the banks for interest on the loan granted, it should be taken into account, in the case of Barbanza, that 80% of the interest rate is covered by a derivative that mitigates any possible fluctuations that may arise in the Euribor projections for the coming years. In this case, the Euribor yield curve used was that received on 22/12/2016 from the US company Bloomberg.

With regard to traffic, the impairment test was prepared on the basis of the actual traffic on the motorway during the last available month (November 2016). The increase in the growth of traffic with regard to previous years seems to support the idea that Galicia may recover from the economic crisis at a different rate than the rest of Spain.

The key assumption on which the calculation of the recoverable amount should be based is the performance of traffic. The impairment test estimated an average rise in traffic of 3.06% (6.40% in 2015).

Accordingly, in order for the carrying amount to equal the recoverable amount, traffic would need to decrease by 2.65% with respect to the expected variation.

c) Viastur Concesionaria del Principado de Asturias, S.A.

Impairment tests were also carried out for Viastur Concesionaria del Principado de Asturias, S.A. at both year-end 2015 and 2016. The 2016 test included the bank restructuring already carried out a second one planned for 2018. For 2016, CAPEX and OPEX lines have been updated from those given in the bank restructuring technical report. In relation to traffic, the growth forecast at year-end has been included for 2016, with the traffic projections used in the previous tests being maintained for subsequent years. In relation to debt servicing in 2016, both the total amounts drawn down and the repayment schedule have been updated.

In line with the methodology of asset appraisal, a dynamic capital rate was used (hereinafter, K_e). It is dynamic because each year it is calculated based on the project's leverage. The values used were as follows:

Risk-free (R_f) rate = 2.30% (2.30% in 2015).

Market spread (M_s) = 6.50% (6,50% in 2015).

Unleveraged beta = 0.58 (0.58 in 2015).

The calculation of the K_e = Risk-free rate + market spread x leveraged beta.

The calculation of the leveraged beta is obtained through the result of the net financial debt ratio between the value of equity for each year by the value of 1 plus the unleveraged Beta, net of the tax effect.

The choice of the dynamic K_e as the discount rate instead of the WACC is based on two aspects:

1. The concession is an end-of-life asset, accordingly, projections should be made until the end of the concession.
2. The debt/equity ratio changes over time. It begins with a very high leverage and ends with an unlevered asset.

As a result of applying this valuation method, the recoverable amount of the investment is 0.768 million euros less than its carrying amount (1.063 million euros in 2015).

There are three key assumptions to take into account in the analyses of the impairment test, namely inflation, interest rates and traffic.

The value assigned to inflation was determined by taking the consensus of analysts and international bodies for the years 2017, 2018, 2019, 2020 and 2021.

In relation to the amount that the concession operator must pay the banks for interest on the loan granted, it should be taken into account, in the case of Viastur, that 70% of the interest rate is covered by a derivative that mitigates any possible fluctuations that may arise in the Euribor projections for the coming years. In this case, the Euribor yield curve used was that received on 22/12/2016 from the US company Bloomberg.

The key assumption on which the calculation of the recoverable amount should be based is the performance of traffic. The impairment test estimated an average rise in traffic of 3.58% (3.39% in 2015).

Accordingly, in order for the carrying amount to equal the recoverable amount, traffic would need to increase by 1,95% with respect to the expected variation.

d) Autopista del Guadalmedina Concesionaria Española, S.A.

In relation to Autopista del Guadalmedina Concesionaria Española, S.A., the impairment tests performed at year-end 2015 and 2016 did not lead to the recognition of any impairment allowances for the company's concession assets. The same CAPEX curves were used in both tests. In 2015, the traffic curve from the previous year was maintained and in 2016 it has been reduced. However, this is taking a conservative outlook, since the traffic increase in the corridor, with its subsequent positive effect on the motorway, the adverse weather conditions of 2016 and the future development of new road links which will substantially boost traffic numbers, have not been included.

In addition, the concession agreement tolls for 2016 were updated in line with CPI. The Postal Law (Ley Postal) charge has been postponed from 2017 to 2018.

In line with the methodology of asset appraisal, a dynamic capital rate was used (hereinafter, K_e). It is dynamic because each year it is calculated based on the project's leverage. The values used were as follows:

Risk-free (R_f) rate = 2.30% in 2015 (2.30% in 2015).

Market spread (M_s) = 6.50% (6.50% in 2015).

Unleveraged beta = 0.63 (0.63 in 2015).

The calculation of the K_e = Risk-free rate + market spread x leveraged beta.

The calculation of the leveraged beta is obtained through the result of the net financial debt ratio between the value of equity for each year by the value of 1 plus the unleveraged Beta, net of the tax effect.

The choice of the dynamic K_e as the discount rate instead of the WACC is based on two aspects:

1. The concession is an end-of-life asset, accordingly, projections should be made until the end of the concession.
2. The debt/equity ratio changes over time. It begins with a very high leverage and ends with an unlevered asset.

The value assigned to inflation was determined by taking the consensus of analysts and international bodies for the years 2017, 2018, 2019, 2020 and 2021.

In relation to the amount that the concession operator must pay the banks for interest on the loan granted, it should be taken into account, in the case of Guadalmedina, that 70% of the interest rate is covered by a derivative that mitigates any possible fluctuations that may arise in the Euribor projections for the coming years. In this case, the Euribor yield curve used was that received on 22/12/2016 from the US company Bloomberg.

With regard to traffic, reasonably possible decreases are not expected to occur in the Average Daily Traffic (ADT) curves. With the current assumptions, the recoverable value significantly exceeds the carrying amount. Accordingly, no decline in value is envisaged.

The impairment tests performed at year-end 2015 and 2016 did not lead to the recognition of any impairment losses for the company's concession assets.

e) Autovía del Eresma, Concesionaria de la Junta de Castilla y León, S.A.:

With regard to Autovía del Eresma, Concesionaria de la Junta de Castilla y León, S.A., the Group carried out impairment tests at both year-end 2015 and 2016. The reinvestment curves and traffic growth forecasts were identical for both years. With regard to refundable advances, the Refundable Advances Order was deemed applicable under the terms set forth in the provisions of this Order. The renewal of the Refundable Advances program was included in the 2016 impairment test. At the end of both years, as the recoverable amount was not considered to be less than the carrying amount, no provision for impairment was recognised.

f) Autovía del Turia, Concesionaria de la Generalitat Valenciana, S.A.:

Respective impairment tests were also carried out for Autovía del Turia, Concesionaria de la Generalitat Valenciana, S.A. at year-end 2015 and 2016. The 2016 test incorporates the assumptions included in the proposed Phase II Works plan of 14 December 2016, which, from 2017 onwards, affect investment, toll increases and toll road barriers. The tolls approved by the Valencia Regional Ministry of Housing, Public Works and Infrastructure's resolution of 3 November 2016, have been used for the 2017 test. Traffic data for 2016 and 2017 has been updated, assuming a rise in traffic for the rest of the years in line with existing macroeconomic forecasts. In the 2016 test, CAPEX has been revised according to the Company's own projection.

At the end of both years, as the recoverable amount was not considered to be less than the carrying amount, no provision for impairment was recognised.

g) Carretera Palma-Manacor Concessionària del Consell Insular de Mallorca, S.A.:

Respective impairment tests were also carried out for Carretera Palma-Manacor Concessionària del Consell Insular de Mallorca, S.A. at year-end 2015 and 2016. Identical CAPEX curves and forecast traffic growth rates were used in both years, except for the years 2016 and 2017 in the 2016 test, where the traffic figures considered at the end of that year and included in the budget forecast were used. In relation to tolls, the 2016 test updates the 2015 and 2016 tolls, and from 2017 an increase is expected in line with existing macroeconomic forecasts.

At the end of both years, as the recoverable amount was not considered to be less than the carrying amount, no provision for impairment was recognised.

h) Autovía del Arlanzón, S.A.:

Respective impairment tests were also carried out for Autovía del Arlanzón, S.A. at year-end 2015 and 2016. Identical CAPEX curves were used in both years, though the forecast traffic growth rate curve has been updated in 2016, in line with the best estimates of the concessionaire. At the end of both years, as the recoverable amount was not considered to be less than the carrying amount, no provision for impairment was recognised.

The accrued capitalised borrowing costs, concession periods and investments committed are as follows:

	Capitalised finance costs		Concession period		Committed investment (thousands of euros)
	2016	2015	Date put into service	End of concession	
Motorways					
Viasur Conc. del Principado de Asturias, S.A.	4,537	4,537	2,007	2,035	-
Aut. del Eresma. Cons. Junta Castilla y Leon, S.A.	4,557	4,557	2,004	2,041	-
Aut. del Barbanza Conc. Xunta de Galicia, S.A.	5,478	5,478	2,008	2,036	-
Autop. del Guadalmedina Conc. Española, S.A.	8,547	8,547	2,011	2,044	-
Aut. Del Arlanzón, S.A.	4,214	4,214	2,011	2,026	-
S.C. de Palma de Manacor, S.A.	4,642	4,642	2,007	2,042	-
Autov. del Turia, Conc. Generalitat Valenciana S.A	7,892	7,892	2,008	2,041	-
S.C. Ruta del Limarí	778	166	2,016	2,043	31,344
Waste treatment					
Valoriza Servicios Medioambientales, S.A.					
Underground containers	-	-	2,007	2,019	-
Las Calandrias waste treatment plant	-	-	2,002	2,023	-
Guadarrama green areas	-	-	2,008	2,018	-
Puertollano car park	-	-	2,011	2,045	-
Móstoles crane	-	-	2,008	2,016	-
Majadahonda SUW	-	-	2,002	2,022	-
Boadilla SUW	-	-	2,001	Extended	-
Los Hornillos waste treatment centre	21,315	21,288	2,011	2,030	-
Maresme integrated waste treatment centre	-	-	2,007	2,024	-
Edar Cariño water treatment plant	-	-	2,006	2,026	-
Butarque thermal sludge-drying plant	705	981	2,002	2,028	-
Aranda de Duero plant	-	-	2,008	2,016	-
La Paloma plant	-	-	2,003	2,022	-
Tratamiento de Residuos de La Rioja, S.L.	464	387	2,009	2,029	-
Water					
Somague Ambiente, S.A.					
AGS Paços Ferreira	2,017	2,017	2,004	2,039	-
Aguas de Barcelos	12,728	12,728	2,005	2,034	-
Aguas do Marco	2,290	2,290	2,005	2,039	-
Emp. Mixta Aguas S. Cruz de Tenerife, S.A.	-	-	2,006	2,031	-
Valoriza Agua, S.L.					
Guadalajara water concession	-	-	2,009	2,034	6,398
Almaden water concession	-	-	2,010	2,035	-
Cabezón de la Sal water concession	-	-	2,011	2,036	627
Valdaliga concession	-	-	2,012	2,025	340
Other					
Somague SGPS (Vila Real car park)	-	-	1,999	2,019	-
S. Concesionaria Aeropuerto Region Murcia, S.A.	12,221	12,221	N/A	N/A	-
Plaza del Centenario car park	-	-	2,011	2,051	-
Virgen del Romero car park	-	-	2,011	2,049	-
Juan Esplandiú car park	-	-	2,011	2,049	-
Mercado del Val	-	-	2,014	2,030	-
Plaza de la Encarnación car park	-	-	2,011	2,049	-
Daaz y Velarde car park	-	-	2,011	2,049	-

At 31 December 2015 and 2016, none of the items reported by Group companies under "Concession projects" were subject to guarantees, other than the terms of the project financing, or to ownership restrictions.

At 31 December 2015 and 2016, the entire investment recognised under "Concession projects" relates to returnable assets that Group companies will transfer back to the concession grantors upon expiry of the concession period, as per the specific concession agreements. These companies do not expect to incur any additional costs on the reversion of the infrastructures at the end of the concession periods, other than those already budgeted in the relevant economic and financial plans.

Group companies take out insurance policies to adequately cover potential risks that could affect the items recognised under "Concession projects".

There are no significant undertakings to make repairs now or in the future other than those that are usual for this type of company.

7. Other intangible assets

Movements in "Other intangible assets" in 2015 and 2016 and the related accumulated amortisation were as follows:

2015 Thousands of euros	Balance at 31-dec-14	Additions	Disposals	Restatements and transfers	Changes in scope of	Exchange rate effect	Balance at 31-dec-15
Industrial property	394	210	(17)	17	-	-	604
Goodwill	262	-	-	-	-	-	262
Development costs	-	796	-	-	-	-	796
Transfer rights	4,408	3,031	(446)	-	-	-	6,993
Computer software	30,794	1,886	(125)	1	206	(16)	32,746
Other intangible assets	-	2,037	-	-	-	-	2,037
Down payments	2,191	463	-	-	-	-	2,654
Greenhouse gas emission rights	909	2,391	(833)	-	-	-	2,467
Cost	38,958	10,814	(1,421)	18	206	(16)	48,559
Industrial property	(362)	(27)	-	(17)	-	-	(406)
Goodwill	(262)	-	-	-	-	-	(262)
Other intangible assets	-	(313)	-	-	-	-	(313)
Transfer rights	(2,572)	(308)	-	-	-	-	(2,880)
Computer software	(28,849)	(917)	57	(1)	(185)	13	(29,882)
Accumulated amortisation	(32,045)	(1,565)	57	(18)	(185)	13	(33,743)
TOTAL	6,913	9,249	(1,364)	0	21	(3)	14,816

2016 Thousands of euros	Balance at 31-dec-15	Additions	Disposals	Restatements and transfers	Changes in scope of	Exchange rate effect	Balance at 31-dec-16
Industrial property	604	634	(192)	-	3,120	-	4,166
Goodwill	262	1,760	-	-	73	-	2,095
Development costs	796	457	-	-	70,009	-	71,262
Transfer rights	6,993	1,665	(60)	-	-	-	8,598
Computer software	32,746	1,454	(435)	16	1,593	105	35,479
Other intangible assets	2,037	-	-	-	-	-	2,037
Down payments	2,654	451	(36)	(2,781)	-	-	288
Greenhouse gas emission rights	2,467	4,212	-	(6,679)	-	-	-
Cost	48,559	10,633	(723)	(9,444)	74,795	105	123,925
Industrial property	(406)	(28)	129	6	(3,120)	-	(3,419)
Goodwill	(262)	-	81	-	-	-	(181)
Other intangible assets	(313)	(1,539)	-	-	(70,009)	-	(71,861)
Transfer rights	(2,880)	(145)	43	-	-	-	(2,982)
Computer software	(29,882)	(1,208)	78	(15)	(1,370)	(41)	(32,438)
Accumulated amortisation	(33,743)	(2,920)	331	(9)	(74,499)	(41)	(110,881)
TOTAL	14,816	7,713	(392)	(9,453)	296	64	13,044

With the entry into force of Royal Decree 602/2016, of 2 December, which amends the Spanish General Accounting Plan approved by Royal Decree 1514/2007, of 16 November, inter alia, as of 1 January 2016, the accounting classification of greenhouse gas emission rights has changed from an intangible asset to an inventory item (Note c.4).

As a result, at the end of 2015, emission rights were recognised on the asset side of the statement of financial position as "Intangible assets", under the heading "Emission rights", whilst at the close of 2016, they are also classified as assets, under the heading "Emission rights", but this time as "Inventories". Emission rights are not amortised.

In 2016, the changes in the scope of consolidation were mainly due to the inclusion of Río Narcea Recursos, S.A.

At 31 December 2015, the majority of the gas emission rights and consumed rights were contributed by the following companies:

	2015			
	Balance		Consumption	
	Number of rights	Fair (thousands of euros)	Number of rights	Fair (thousands of euros)
Compañía Energética Puente del Obispo	79,136	336	90,955	766
Compañía Energética Las Villas	85,393	665	103,631	866
Compañía Energética Pata de Mulo	61,114	494	71,987	613
Compañía Energética Linares	73,133	608	90,331	797

The detail of intangible assets located outside Spain at 31 December 2015 and 2016 is as follows:

2015 <i>Thousands of euros</i>	Portugal	Libya	Chile	Ireland	Other	TOTAL
Industrial property	179	-	-	-	-	179
Computer software	5,652	105	257	6	126	6,146
Cost	5,831	105	257	6	126	6,325
Accumulated amortisation	(5,820)	(105)	(228)	(6)	(54)	(6,213)
TOTAL	11	-	29	-	72	112

2016 <i>Thousands of euros</i>	Portugal	Libya	Chile	Ireland	Other	TOTAL
Industrial property	156	-	-	-	-	156
Computer software	5,513	102	273	6	139	6,033
Cost	5,669	102	273	6	139	6,189
Accumulated amortisation	(5,647)	(102)	(251)	(6)	(114)	(6,120)
TOTAL	22	-	22	-	25	69

At 31 December 2016 and 2015 fully amortised intangible assets in use totalled 94,650 thousand and 20,049 thousand euros, respectively. This increase is due to the inclusion of Río Narcea Recursos, S.A. in the scope of consolidation.

8. Goodwill

8.1. Movement

Movements in "Goodwill" in 2015 and 2016 were as follows:

2015	Balance at 31 December 2014	Additions	Disposals	Impairment and exchange-rate effect	Balance at 31 December 2015
Thousands of euros					
Valoriza Group	99,829	67,829	(104)	(310)	167,244
Valoriza Servicios Medioambientales	94,987	-	-	-	94,987
Sacyr Fluor	-	67,829	-	-	67,829
Suardiaz	1,754	-	-	(310)	1,444
Hidurbe	843	-	-	-	843
Aguas do Marco	2,245	-	(104)	-	2,141
Somague Group	18,482	852	-	-	19,334
Somague Engenharia (Soconstroi)	18,482	852	-	-	19,334
TOTAL	118,311	68,681	(104)	(310)	186,578

2016	Balance at 31 December 2015	Additions	Disposals	Impairment and exchange-rate effect	Balance at 31 December 2016
Thousands of euros					
Valoriza Group	167,244	-	-	(226)	167,018
Valoriza Servicios Medioambientales	94,987	-	-	-	94,987
Sacyr Fluor	67,829	-	-	-	67,829
Suardiaz	1,444	-	-	(59)	1,385
Hidurbe	843	-	-	(62)	781
Aguas do Marco	2,141	-	-	(105)	2,036
Somague Group	19,334	-	(852)	-	18,482
Somague Engenharia (Soconstroi)	19,334	-	(852)	-	18,482
TOTAL	186,578	-	(852)	(226)	185,500

In 2015, the addition resulting from the acquisition of Sacyr Fluor, S.A. was of particular note. On 30 September 2015, Sacyr Industrial, S.L. purchased 50% of Sacyr Fluor, S.A. (formerly, Fluor Enterprises INC), thereby acquiring control. The acquisition cost amounted to 40,749 thousand euros.

At the time of purchase, the net assets of Sacyr Fluor, S.A. had a carrying amount of 10,368 thousand euros and a fair value of 11,896 thousand euros (as a result of increasing the value of its intangible assets by 2,037 thousand euros and recognising a deferred tax liability of 509 thousand euros associated with this amount).

The total value of Sacyr Fluor stood at 79,725 thousand euros, which gave rise to goodwill in the amount of 67,829 thousand euros as a result of the difference between the total value and the fair value of the assets acquired less the liabilities assumed.

Of the goodwill recognised, 33,037 thousand euros were allocated to non-controlling interests and 34,792 thousand euros were assigned to the Parent, since a control premium of 1,755 thousand euros on the price paid was deemed to exist.

Thousands of euros	Carrying amount	Adjustment Fair value	Valuation Fair value
Property, plant and equipment	2,214	-	2,214
Intangible assets	-	2,038	2,038
Non-current financial investments	164	-	164
Deferred tax assets	538	-	538
Receivables	10,426	-	10,426
Current financial investments	14	-	14
Cash	7,510	-	7,510
Total assets acquired	20,866	2,038	22,904
Deferred tax liabilities	117	509	626
Trade payables	7,743	-	7,743
Other non-trade receivables	2,639	-	2,639
Total liabilities acquired	10,499	509	11,008
Assets acquired - liabilities acquired	10,367	1,529	11,896
Total company valuation per price paid			79,725
Goodwill			67,829

The cash flow for the Group resulting from the acquisition of Sacyr Fluor was as follows:

Thousands of euros	
- Price paid	40,749
+ Cash acquired with the subsidiary	(7,510)
Cash flow from the operation	33,239

There were no significant changes in 2016.

8.2. Impairment test of goodwill

At each reporting date, the Group performs an impairment test on each cash-generating unit to which goodwill has been assigned. An analysis is performed in order to identify the recoverable amount. Recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Fair value is defined as the price for which a company could be sold between knowledgeable, willing parties in an arm's length transaction.

The recoverable amount of each cash-generating unit determined by this method is then compared to its carrying amount. Where the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognised in the separate consolidated income statement.

Where the recoverable amount cannot be measured reliably (usually because the company is not listed on an organised financial market), it is assessed using other valuation methods.

Goodwill is valued by discounting forecast future cash flows to their present value at a discount rate that reflects the time value of money and the risks specific to the asset.

a) Goodwill of Valoriza Servicios Medioambientales

Valoriza Servicios Medioambientales projects the cash flows of all projects currently in its backlog until the end of their concession term. The cash flows of each project carry the value of the assets of each project until they end (concession projects, accounts receivable for concession assets, property, plant and equipment, etc.).

The following key assumption is taken into account when calculating the projects' cash flows.

a. Fees received from the customer with their possible price reviews and extensions. These fees are stipulated in each tender and in each bid and constitute the contract price. The tender specifications include the price review formulas and the periods from which they are claimable. Sometimes, as a result of extensions of towns, increases in population or new neighbourhoods, contracts are extended, but they have not been considered in the models. In the flows considered, only the contracts in force have been included, with their current prices and subsequent reviews.

b. Evolution of operating costs. Improvements in margins when the contracts reach maturity. Contracts usually attain stability in the income statement from the third or fourth year of the contract, since at the beginning they have start-up, service preparation, labour force adjustment costs, etc. From the third year, or the fourth on occasions, services have been adjusted, retirements are covered (or otherwise) by more productive employees (more hours, lower salaries, without seniority). A considerable reduction in absenteeism is usually attained and vehicle performance is maximised (more efficient routes, service reorganisation). For all of these reasons, margins improve and greater stability is obtained.

c. The average collection period vis-à-vis the customer and its foreseeable evolution. Following the supplier payment plan, which enabled old debt to be collected and the approval of the Budget Stability Law in 2012, municipal councils are complying reasonably well with the Law, although they are not paying services at 30 days. An average collection period of between 90 and 120 days has been considered, without much variation over the years of the concession.

d. Replacement investment. These do not normally exist in cleaning and collection contracts, but do exist in certain treatment projects. When they are included in our offering, they have been considered in the models.

In order to prepare cash flows for the goodwill impairment test, the company adds the flows of all its individual projects. From a certain year onwards, the flows reflect the completion of certain contracts but they do not show the inclusion of new contracts. That is, in the projection of the total flows of VSM, only the contracts in force for the first five years have been considered, without including new awards. Accordingly, perpetual income is paid in year five. Accordingly, the key assumptions to prepare the goodwill impairment test are as follows:

- a. Discount rate
- b. Perpetual growth rate from year five

The flows are based on the company's budgets, and on the best performance estimate of these contracts until maturity, in conformity with the contracts signed with customers, normally from the public sector. Values do reflect past experiences, since the urban service contracts are usually quite stable. Normally a fee is charged to the customer, reviewable on the basis of a series of parameters (personnel costs, fuel, CPI) associated with operating costs, and the experience indicates to us that there is usually a notable improvement in margins when the contracts reach maturity (more efficient service, stability and improved collection, use of synergies and other services in the area).

The reason for having considered extensive periods for the projects is the fact that the service concessions usually last 8-10 years in the area of cleaning and collection, and 10-15 years in the waste services area. Aside from the stability afforded by revenue and results of this extensive concession term, the public tender itself foresees maintaining the company's contract.

For the goodwill impairment test, the flows of all the individual projects contributed each year are added together. From a certain year onwards, the flows reflect the completion of certain contracts but they do not show the inclusion of new contracts. That is, in the projection of the total flows of Valoriza Serviços Medioambientales, only the contracts in force for the first five years have been considered, without including new awards. Accordingly, in year five, instead of continuing to project and reflect a company with a declining flow (as a result of not having included new contracts), perpetual income is paid, which is based on the amount of cash flow in year five, and which reflects the company's continuity value, via the arrangement of new contracts, which replace contracts which have ended. This assumption reflects the company's past reality. In 2010-2016, the pace of growth in contracts for Valoriza Serviços Medioambientales remained strong, reaching a backlog of 2,467 million euros. Accordingly, the perpetual income in year five to validate goodwill does not represent a residual value, since the company has contracts in its backlog with terms far exceeding five years (as previously explained, service concessions usually last 8-10 years in the area of cleaning and collection, and 10-15 years in the waste services area). But year five is considered to reflect the appropriate time to grant a value to the company based on perpetual income, given that the non-inclusion of new contracts would distort the company's value in use. The percentage of the residual value with respect to the recoverable amount, obtained from the foregoing, is 75%.

An analysis was performed on the variations in the key variables in the goodwill impairment test. It was established that for a perpetual growth rate of between 0% and 1% and a discount rate of between 11.5% and 12%, the company's fair value would be equal to its carrying amount.

The estimated cash flow projections are based on the budgets approved by company management, using a discount rate of 6.63% (6.63% at 31 December 2015).

Varying the perpetual growth rate between 1% and 2%, the company's valuation ranged between -7% and 8%, without giving rise to asset impairment at any time.

Varying the discount rate between 6.0% and 7.0%, the company's valuation ranged between +14% and -7%, without giving rise to asset impairment at any time.

b) Goodwill of Somague SGPS Engenharia

At 31 December 2016, the goodwill of Somague SGPS Engenharia amounted to 18,482 thousand euros (19,334 thousand euros in 2015).

Somague Engenharia was valued based on the price paid for Soconstroi - Sociedade de Construções, S.A. which was wholly acquired by Somague SGPS in 1997 and subsequently

merged by absorption in December 1998 into its wholly-owned subsidiary, Somague Engenharia, S.A.

To arrive at this valuation, the expected cash flows were discounted over a period of five years in line with the Group's economic-financial plans. Subsequent projections were based on perpetual cash flows equal to those forecast for the fifth year, adding an additional element of prudence into the estimates. The main assumptions underlying this valuation are as follows:

- Growth rates for cash flows over the next 5 years in a range of 0.6% to 13% (between -21% and 22% at 31 December 2015).
- Discount rates based on the estimated cost of capital (CAPM) calculated using a risk-free rate benchmarked to the 10-year German government bond, a beta that reflects the risk of the assets and gearing, and a country risk premium. Based on these assumptions, the discount rate K_e (Cost of Equity) falls within a range of 5% and 6% (between 6% and 7% at 31 December 2015).

Recoverable amount was calculated for each concession project assessed, based on the lifetime of the concession in years. From the range of values reached in this analysis, the Group concludes that the recoverable amount of its interest in the company is at least equal to its carrying amount at 31 December 2016 and 2015.

c) Goodwill of Sacyr Fluor

Sacyr Fluor's value was obtained by discounting the estimated cash flows that the shareholder will receive over the next five years based on the economic-financial plans approved for this company. The main assumptions underlying this valuation are as follows:

- The viability and the business plan of Sacyr Fluor were assessed based on the opportunities identified by the shareholders in South America and the Middle East, specifically in Colombia, Ecuador, Peru, Paraguay, Uruguay, Oman, Angola, Egypt, Libya, Tunisia, Morocco and Algeria.
- A growth rate of 1.5% (2.69% in 2015) was used, which is the weighted result of the countries in which the company expects to generate income.
- The discount rates are based on the cost of equity (K_e) and fall within a range of between 10% and 15%, since the rate includes a risk premium for all new projects added after the date on which this valuation is made.

9. Investments accounted for using the equity method

Under IAS 28 (paragraphs 29 and 30), once the value of an investment in companies accounted for using the equity method is zero, any additional losses are recorded by the Group as non-current provisions, insofar as it has incurred any legal or constructive obligations.

Movements in this heading in 2015 and 2016 were as follows:

Thousands of euros	Balance at 31 December 2014	Changes in scope	Share of profit/(loss)	Impairment	Dividends received	Change in instruments	Additions	Disposals	Balance at 31 December 2015
Alcorec, S.L.	34	-	(9)	-	-	3	-	-	28
Ambigal Engenharia de Infraestruturas Ambientais, S.A.	66	-	139	-	-	(261)	-	-	(56)
Autopistas del Valle, S.A.	868	(868)	-	-	-	-	-	-	-
Biomassas del Pirineo, S.A.	60	-	-	-	-	-	-	-	60
Consorcio Stabile VIS Societat C.P.A.	18	-	-	-	-	48	-	-	66
Cultivos Energéticos de Castilla, S.A.	2	-	(1)	-	-	-	-	-	1
Desarrollo Vital al Mar, S.A.S.	-	-	70	-	-	(8)	-	-	42
Enevalor Naval, S.L.	32	-	(7)	-	-	(4)	-	-	21
Engigás-Cabo Verde	544	-	-	-	-	(425)	-	-	119
Eurolink S.C.P.A.	7,013	-	-	-	-	-	-	-	7,013
Geida Skikda, S.L.	6,954	-	1,363	-	(2,835)	(411)	-	-	5,071
Geida Tlemcen, S.L.	20,818	-	3,723	-	(6,362)	(1,636)	-	-	16,543
Grupo Hospitales Concesionados	8,052	(8,052)	-	-	-	-	-	-	-
GSA - Gestao de Sistemas Ambientais, S.A.	406	-	-	-	-	(406)	-	-	-
Haçor- Concessionária do Edifício do Hospital da Ilha Terceira,S.A.	3	-	287	-	-	-	701	-	991
Hospital de Majadahonda, A.I.E.	1,774	(2,372)	598	-	-	-	-	-	-
Infoser Estacionamiento Regulado, A.I.E.	69	-	(32)	-	-	(3)	-	-	34
Iniciativas Medioambientales del Sur, S.L.	142	-	-	-	-	-	-	-	142
Infe RCD, S.L.	1	-	-	-	-	(1)	-	-	-
Operadora Avo, S.A.	-	6	(6)	-	-	-	2	-	2
Parking Palau, S.A.	777	(777)	-	-	-	-	-	-	-
Parque Eólico La Sofonera, S.L.	2,287	-	88	-	-	37	-	-	2,412
Pk Hoteles 22, S.L.	1,639	(1,639)	-	-	-	-	-	-	-
Quatro T&D Limited	24	(24)	-	-	-	-	-	-	-
Reciclados y Tratamientos Andaluces, S.L.	2	-	-	-	-	(2)	-	-	-
Repsol, S.A.	2,429,503	-	(105,263)	(373,144)	(116,098)	78,208	-	-	1,913,206
Sociedad Andaluza de Valoración de la Biomasa, S.A.	59	-	(1)	-	-	-	-	-	58
Sociedad Concesionaria Vespucio Oriente, S.A.	8,036	-	557	-	-	3,684	-	-	12,277
Valorinima Group	68	-	58	-	-	(68)	-	-	58
Sacyr Nervión, S.L.R.	-	60	-	-	-	-	-	-	60
Sociedad Hospital Majadahonda Explotaciones, S.A.	985	(2,812)	2,756	-	(929)	-	-	-	-
Soleval Renovables, S.L.	1,310	-	20	-	-	(44)	-	-	1,286
Somague Mesquita Hidurbe	10	-	-	-	-	(6)	-	-	4
Somague Panama	8	-	-	-	-	-	-	-	8
Tenermetro, S.L.	586	-	10	-	(12)	(487)	-	-	97
Vía Expreso	13,196	-	120	-	-	885	-	(277)	13,924
Asociates	2,505,346	(16,478)	(95,530)	(373,144)	(126,236)	79,103	703	(277)	1,973,487
Aguas de Toledo, A.I.E.	30	-	-	-	-	(30)	-	-	-
Autovía del Alanzón, S.A.	15,375	(15,375)	-	-	-	-	-	-	-
Autovías de Peaje en Sombra	5,853	(5,853)	-	-	-	-	-	-	-
Bardiomar, S.L.	20,663	(20,663)	-	-	-	-	-	-	-
Biorreciclaje de Cádiz, S.A.	5,133	-	177	-	-	(8)	-	-	5,302
Compost del Pirineo, S.A.	112	-	(32)	-	-	-	-	-	80
Concesiones de Intercambiadores de Transporte	4,242	(4,242)	-	-	-	-	-	-	-
Constructora ACS-Sacyr, S.A.	36	-	1	-	-	(2)	-	-	35
Constructora Necso Sacyr, S.A.	36	-	-	-	-	(2)	-	-	34
Constructora Sacyr - Necso, S.A.	25	-	-	-	-	(1)	-	-	24
Constructora San Jose-San Ramon, S.A.	94	-	(63)	-	-	(31)	-	-	-
Constructora San Jose- Caldera, S.A.	2,147	-	(61)	-	-	243	-	-	2,329
Desarrollos Eólicos Extremeños, S.L.	758	-	(23)	-	-	-	-	-	735
Empresa Mixta de Aguas de Las Palmas, S.A.	24,741	-	(835)	-	-	(20)	-	-	23,886
GSJ Maintenance Ltd	1,283	-	847	-	(225)	-	-	-	1,905
Metrofong, S.L.	2,824	-	332	-	-	4	-	-	3,160
N6 Operations Ltd	647	-	390	-	(250)	(3)	-	-	784
NDP, S.C.P.A.	9,071	-	68	-	-	455	-	-	9,594
PK Inversiones, S.L.	18	(18)	-	-	-	-	-	-	-
Provitae, S.L.	7,285	(7,285)	-	-	-	-	-	-	-
Residuos de Construcción de Cuenca, S.A.	33	-	-	-	-	(33)	-	-	-
S.C. de Palma de Manacor, S.A.	(416)	416	-	-	-	-	-	-	-
Sociedad Sacyr Agua Santa, S.A.	93	-	30	-	-	(36)	-	-	87
Joint Arrangements	100,083	(53,020)	831	-	(475)	536	-	-	47,955
SACYR GROUP	2,605,429	(69,498)	(94,699)	(373,144)	(126,711)	79,639	703	(277)	2,021,442

Thousands of euros	Balance at 31 December 2015	Changes in scope	Share of profit/(loss)	Impairment	Dividends received	Change in instruments	Additions	Disposals	Balance at 31 December 2016
Alcorec, S.L.	28	-	(7)	-	-	(2)	-	-	19
Ambigal Engenharia de Infraestruturas Ambientais, S.A.	(56)	-	52	-	-	4	-	-	-
Biomassas del Pirineo, S.A.	60	-	-	-	-	-	-	-	60
Consorcio Stabile VIS Societat C.P.A.	66	-	-	-	-	-	-	-	66
Cultivos Energéticos de Castilla, S.A.	1	-	(1)	-	-	-	-	-	-
Desarrollo Vial al Mar, S.A.S.	62	-	761	-	-	13.167	-	-	13.990
Enervalor Naval, S.L.	21	-	-	-	-	-	-	-	21
Engigas-Cabo Verde	119	-	-	-	-	-	-	(117)	2
Eurolink S.C.P.A.	7.013	-	-	-	-	-	-	-	7.013
Finsa, S.R.L.	-	-	(5)	-	-	28	-	-	23
Geida Skikda, S.L.	5.071	-	1.288	-	(982)	(243)	-	-	5.114
Geida Temcen, S.L.	16.543	-	4.082	-	(3.532)	(1.704)	-	-	15.387
GSA - Gestao de Sistemas Ambientais, S.A.	-	-	-	-	-	302	-	-	302
Haçor - Concessionária do Edifício do Hospital da Ilha Terceira,S.A.	991	-	49	-	-	(209)	-	(831)	-
H.S.E. - Empreendimentos Imobiliários, Lda	-	-	(10)	-	-	-	60	-	50
Ibervalor Energía Aragonesa, S.A.	-	-	(3)	-	-	14	-	-	11
Infoser Estacionamiento Regulado, A.I.E.	34	-	-	-	-	32	-	-	66
Iniciativas Medioambientales del Sur, S.L.	142	-	(2)	-	-	-	-	-	140
Operadora Avo, S.A.	2	-	15	-	-	(1)	-	-	16
Parque Eólico La Sotonera, S.L.	2.412	-	103	-	-	-	-	-	2.515
Repsol, S.A.	1.913.206	-	142.360	55.022	(53.561)	4.407	-	-	2.061.434
Sociedad Andaluza de Valoración de la Biomasa, S.A.	58	(58)	-	-	-	-	-	-	-
Sociedad Concesionaria Vespucio Oriente, S.A.	12.277	-	691	-	-	12.957	-	-	25.925
Volatinima Group	58	-	62	-	-	68	-	-	188
Sacyr Nervión, S.L.R.	60	(60)	-	-	-	-	-	-	-
Soleval Renovables, S.L.	1.286	-	51	-	-	47	-	-	1.384
Somague Mesquita Hidurbe	4	-	-	-	-	(4)	-	-	-
Somague Panama	8	-	-	-	-	-	-	-	8
Tenemetro, S.L.	97	-	49	-	-	204	-	-	350
Via Expreso	13.924	-	1.726	-	-	-	-	(701)	14.949
Associates	1,973,487	(118)	151,261	55,022	(58,075)	29,045	60	(1,649)	2,149,033
Biorreciclaje de Cádiz, S.A.	5.302	(5,302)	-	-	-	-	-	-	-
Compost del Pirineo, S.A.	80	-	(24)	-	-	-	-	-	56
Constructora ACS-Sacyr, S.A.	35	-	-	-	-	-	-	-	54
Constructora Nescio Sacyr, S.A.	34	-	-	-	-	(34)	-	-	-
Constructora Sacyr - Nescio, S.A.	24	(24)	-	-	-	-	-	-	-
Constructora San Jose-San Ramon, S.A.	-	-	1.811	-	-	159	-	-	1.970
Constructora San Jose- Caldera, S.A.	2.329	-	(1.981)	-	-	(34)	-	-	314
Desarrollos Eólicos Extremeños, S.L.	735	-	(19)	-	-	-	-	-	716
Empresa Mixta de Aguas de Las Palmas, S.A.	23.886	-	(505)	-	-	61	-	-	23.442
G SJ Maintenance Ltd	1.905	-	470	-	(495)	-	-	-	1.880
Metrofongs, S.L.	3.160	-	106	-	-	-	-	-	3.266
N6 Operations Ltd	784	-	385	-	(625)	-	-	-	544
NDP, S.C.P.A.	9.594	-	554	-	-	(14)	-	-	10.134
Sociedad Sacyr Agua Santa, S.A.	87	-	5	-	-	8	-	-	100
Joint Arrangements	47,955	(5,326)	802	-	(1,120)	165	-	-	42,476
SACYR GROUP	2,021,442	(5,444)	152,063	55,022	(59,195)	29,210	60	(1,649)	2,191,509

Sociedad Hospital Majadahonda Explotaciones, S.A. and Hospital de Majadahonda, S.A. were sold in 2015 and, therefore, were removed from the scope of consolidation.

In addition to the companies included in these tables, the Group has shareholdings in other companies accounted for using the equity method whose value is zero.

The assumptions and procedures used to assess impairment in the various companies are explained below:

Repsol, S.A.:

The Sacyr Group is represented on Repsol's Board of Directors, since it holds two positions thereon, one of which is the second Deputy Chairman of the company.

Additionally, the two directors are members of the following committees, which set the financial and operating policies of the investee: Executive Committee of the Board of Directors, Appointments and Remuneration Committee and the Strategy and Investments and Corporate Social Responsibility Committee.

As a result of the foregoing, Sacyr considers that it complies with the conditioning factors of significant influence under IAS 28. Accordingly, it accounts for its investment in Repsol, using the equity method.

The Sacyr Group measures its investment in Repsol at its recoverable amount. NIC 36 defines the recoverable value of an asset as the higher of the asset's fair value less the costs to sell and its value in use.

At 31 December 2016, the quoted price of Repsol, S.A. shares was 13.42 euros per share (10.12 euros per share in 2015), leading to a valuation (fair value) of Sacyr's holding of 1,646 million euros. Nonetheless, the value in use of the Repsol investment is higher than its fair value, and the stake's recoverable value is therefore considered to be its value in use.

The Sacyr Group views this shareholding as a stable long-term investment and has no plans to accept a selling price for the shares below their value in use. The Group estimates the value in use pursuant to IAS 36.

Based on Repsol's financial statements for the year ended 2016 and the 2016-2020 Strategic Plan submitted by Repsol on 15 October 2015, the Group estimated the recoverable amount of its holding in Repsol, by comparing it with the carrying amount of this investment, in order to reassess the value recognised in this regard.

Since it acquired its interest in Repsol, the Group estimates its value in use, which was based on the calculation of the value of total assets by the free discounted cash flows method (cash flows) which this Group expects to generate, subsequently deducting the value of net financial debt and the non-controlling interests at the reference date of the analysis:

The Group estimated free cash flows based on its forecasts of the cash flows it will receive as a core shareholder in Repsol and on the Strategic Plan announced by Repsol.

Medium-term projections were used (five years), taking into account the maturity periods of the Group's major exploration and extraction projects. Likewise, perpetual income was considered from the last projected period, using the Gordon-Shapiro model. This applies a normalised free cash flow based on the cash flow for the last projected year, recurring perpetual investment in line with that of the last projected period and the maintenance of the productive capital stock. A perpetual growth rate (g) of 1% in nominal terms was applied (1% in 2015).

Projected cash flows were discounted at a rate based on the weighted average cost of capital (WACC), which, considering the weightings of each source of capital, is estimated at around 9.01% (11.44% in 2015). The key assumptions used in calculating the WACC were as follows:

- Cost of equity (Ke): using a discount rate of 11.7% (15.9% in 2015), based on the capital asset pricing model (CAPM) for construction, and the following parameters:
 - Risk-free rate (Rf): using the average weighted risk-free rates of countries in which Repsol operates (Spain, Argentina, Brazil, Mexico, Libya, Algeria, the United States, etc.) based on the yield on the respective long-term government fixed-interest assets (generally maturing at 10 years). The weighted average for these rates, based on Repsol's share of the net assets and exposure, is approximately 4% (4.18% in 2015).
 - Market risk spread of 6.5% (6.5% in 2015), considered globally for all markets in which Repsol operates.
 - Leveraged beta of 1.18 (1.22 in 2015), based on the correlation between the trading price of Repsol shares and the Spanish benchmark index.
- Specific spread: a specific spread may be applied to allow for any risks left out of previous parameters.
- The cost of bank borrowings after tax (Kd): a rate of around 2.71% is considered (2.68% in 2015).

In addition, a sensitivity analysis is performed regarding the residual growth rate (between 0.5% and 1.5% in 2016 and between 0.5% and 1.5% in 2015) and the WACC (between 8.51% and 9.51% in 2016 and between 10.94% and 11.94% in 2015).

The range of the value per share reached with this analysis, after excluding extreme values, lay between 16.2 euros and 17.4 euros per share, placing the central value at 16.8 euros per share.

A cross-over of values was obtained from this analysis, which excludes extreme values, in order to calculate the sensitivity of the reasonably possible changes in any of the key assumptions. This cross-over of values shows the following underlying impact of Sacyr's profit/loss after tax (in millions of euros):

		Perpetual growth				
		0.50%	0.75%	1.00%	1.25%	1.50%
C.M.P.C.	8.51%			153.29		
	8.76%		21.30	74.04	130.32	
	9.01%	-94.93	-48.91	0.00	52.08	107.66
	9.26%		-114.76	-69.31	-21.01	
	9.51%			-134.32		

Pursuant to IAS 36, the Group assessed a reasonably possible change in two other key assumptions on which management based its calculation of the recoverable amount of Repsol, S.A.: the euro/dollar exchange rate and the price of a barrel of Brent. Due to the correlation between both variables, the sensitivity thereof must be jointly analysed. Moreover, variations in key assumptions beyond the confines of normal market setups mean the measurement method may need to be reviewed, since this may result in a change to the business model. As a result of this analysis, it was concluded that:

- a. A 1% appreciation in the euro against the dollar in the entire projected period led to a drop in the value per share of -2.04% (2.12% in 2015).
- b. An increase of 1% in the price of a barrel of Brent in the entire projected period led to a rise in the value per share of 0.40% (0.56% in 2015).

Moreover, variations of key assumptions beyond the confines of normal market setups mean the measurement method requires a global analysis, or even a change to the business model.

In September and December 2016, Sacyr, through two wholly-owned holding companies, signed financial derivatives contracts with the aim of reducing its exposure to stock market fluctuations and maintaining any potential increase in the share price up to a certain level agreed with the financial institutions that act as the counterparty.

The financial derivatives consist of Prepaid Forward contracts with underlying of 20 and 30 million Repsol shares, with the voting rights of the shares being maintained. The proceeds from these prepaid forward contracts is recognised under the heading "Other hedged financial debt" on the liability side of the statement of financial position. At the same time, Call Spread contracts were also signed with the same counterparties, enabling, until their maturity and through payment of a premium, any potential increase in the Repsol shares to be recovered, up to a certain price. This hedge enables Sacyr to eliminate the risk of fluctuations in the trading price of Repsol below a threshold of 10.70 euros/share and 11.90 euros/share for 20 million and 30 million shares.

With the funds obtained 532 million euros has been used to repay part of the loan associated with the stake in Repsol, reducing it to 769 million euros, thus allowing the financial burden to be reduced and providing the guarantee structure with greater flexibility.

In accordance with IAS 39, the valuation of these derivatives contracts, including future premiums, must be recognised as trading, i.e. at fair value, recognising the changes directly in the income statement. At 31 December 2016, "Gain/(loss) on financial instruments" of -25.4 million euros and -17.7 million euros was recorded within financial results.

Solucia:

On 13 July 2013 Royal Legislative Decree 9/2013 was published on the adoption of urgent measures to guarantee the financial stability of the electricity system. The Single Derogation Provision of this Royal Decree derogated Royal Decree 661/07, while Transitory Provision Three stated that the economic system established in Royal Decree 661/07 would continue to apply as a transitory measure until a Royal Decree was introduced to regulate the legal and economic issues of the special regime. In February 2014, the draft Ministerial Order enacting Royal Decree-Law 09/213 was published, which determines the remuneration parameters of the standard facilities applicable to certain electricity facilities. In June 2014, Ministerial Order IET/1045/2014, of 16 June was published in the Spanish Official State Gazette on 20 June 2014, approving the remuneration parameters of the standard facilities applicable to certain electricity generation facilities using renewable energy, combined heat and power and waste sources. In this regard, in the 2015 and 2016 financial statements the equity accounting of Solucia generated a value of zero.

Solucia used the discounted cash flow method for this impairment test. This method treats the asset as a cash flow generating unit, and the current value of such flows is calculated with the appropriate discount rate to obtain the asset's value. Discounted cash flow methods are based on a detailed and careful prognosis for each period of each of the items related to the generation of cash flows. The discount rate applied to the cash flow projections was 6.17% in 2015 and 6.13% in 2016.

Autopista Madrid Sur (Radial 4):

Inversora de Autopistas del Sur, S.L., in which the Group holds a 35% interest and which owns 100% of the concessionaire Autopista Madrid Sur, C.E.S.A., which relates to the R4 motorway asset.

There is no potential sales option on Autopista Madrid Sur, C.E.S.A. On 14 September 2012 the R4 Board resolved to file for insolvency proceedings. On 4 October 2012 an Order was received accepting voluntary insolvency proceedings.

The concession continues to operate, offering users a top-level service.

In parallel to operation of the infrastructure, in conjunction with the Insolvency Administrators the procedures envisaged by Law are being implemented in order to establish the methods required to guarantee the concession's viability.

The Group made impairment provision for the entire investment and the subordinated loans with both companies. It did not recognise any further provisions, nor did it consider that any additional liabilities would arise.

The insolvency procedure involving the management company has reached the procedural phase of dealing with and resolving certain incidental claims against the Insolvency Administrators' report, and which concern rejection of the lists of creditors, the request for inclusion of certain collection rights and the acknowledgement of the privileged nature of others, etc.

Inversora Autopista Madrid Levante (AP-36):

Inversora de Autopistas de Levante, S.L., in which the Group holds a 40% interest and which owns 100% of the concessionaire Autopista Madrid-Levante Sur, C.E.S.A., which relates to the AP36 motorway asset (Ocaña-La Roda).

There is no potential sales option right on this motorway. The Ocaña-La Roda Motorway filed for bankruptcy on 19 October 2012. On 4 December 2012 an Order was received in acceptance of voluntary insolvency proceedings.

On 24 February 2015 the Judge at the N° 2 Court refused to accept the proposed proceedings submitted by SEITSA, and ruled that the liquidation phase should commence for both companies. On 4 September 2015 the company was notified of a Resolution of 31 July 2015 to suspend the period granted to the Insolvency Administrators to present the Liquidation Plan until the appeal submitted by the State Lawyer against the Order of 26 February 2015 had been resolved.

The concession continues to operate, offering users a top-level service.

In parallel to operation of the infrastructure, in conjunction with the Insolvency Administrator the procedures envisaged by Law are being implemented in order to establish the methods required to guarantee the concession's viability.

The insolvency procedures involving the two management companies have reached the procedural phase of dealing with and resolving certain incidental claims against the Insolvency Administrators' report on each of these procedures, and concern rejection of the lists of creditors, the request for inclusion of certain collection rights and the acknowledgement of the privileged nature of others etc.

The Group made provision for impairment of the entire investment and the subordinated loans with both companies. It did not recognise any further provisions, nor did it consider that any additional liabilities would arise.

Accesos de Madrid (R-3 and R-5 Motorways):

Insolvency proceedings 701/2012: Pursuant to an Order of 16 September 2014, 1) the common phase of insolvency proceedings was declared to have ended 2) the agreement phase commenced 3) the written processing of the agreement was resolved and written agreement proposals could be submitted until 16 October 2014; and 4) in order to exercise adherence, a period of one month was set following the completion of this presentation period.

On 16 October 2014 Accesos de Madrid presented its proposed agreement to the Court, which granted it leave to proceed. The grantor authority also presented its proposed agreement.

On 30 January 2015 Accesos de Madrid challenged the appeal for reconsideration filed by the State Lawyer against the Order of 6 November 2014, which granted leave to proceed to the proposal of Accesos de Madrid and urged the Administration to rectify certain aspects of its proposal.

An Order on 19 February 2015 compelled both Accesos de Madrid and the Administration to make good a number of defects, and the period granted was suspended. Accesos de Madrid presented clarifications to this requirement.

On 5 May 2016, notification was received of a number of Orders of 3 May 2016, which began the liquidation process for the companies Alazor Inversiones, S.A. and Accesos de Madrid C.E.S.A.

In the liquidation order for Accesos de Madrid C.E.S.A. the concession agreement was declared to be terminated and a total cessation of the insolvent company's business activity in relation to the abovementioned concession was ordered on 1 October 2016.

On 28 September 2016, the Insolvency Administrator submitted a petition to the Madrid Commercial Court number 6, through which the Liquidation Plan for Accesos de Madrid, C.E.S.A. was presented. In addition, the petition asked for the closure and cessation of activity order to be overruled, requesting that the court hearing be held on 1 July 2017.

An Order of 30 September 2016 overruled the closure and cessation of business activity decision, with the insolvent company continuing its operations.

Finally, an Order of 30 December 2016, (i) partially approved the Liquidation Plan; (ii) required the Insolvency Administrator to present a progress report within the first five calendar days of each month; (iii) ordered the removal of all charges, encumbrances, impediments and personal guarantees of an obligational nature, that could affect the moveable or immovable assets subject to the liquidation plan and made by virtue of credits included or excluded in the insolvency process and (iv) ordered the 6th Section, the assessment of insolvency, to be prepared.

Pazo de Congresos de Vigo:

In 2014 the Sacyr Group held a total stake of 55.55% in Pazo Congresos de Vigo, S.A. In 2015, following the sale of Testa, this fell to 11.11%.

The most significant events affecting Pazo de Congresos de Vigo in 2016, were as follows:

- On 22 November, the Company requested voluntary insolvency proceedings, in accordance with the decision adopted by the Board of Directors on 18 November, after four months in pre-insolvency.
- On 2 December, Pontevedra Commercial Court number 3, based in Vigo, announced the start of ordinary insolvency proceedings for Pazo de Congresos de Vigo S.A.
- On 16 December, Abanca Corporación Bancaria, by means of a notarial deed, submitted certifiable and lawful notification requesting early repayment of the loan granted to the Company.

N6 Concession Ltd:

N6 Concession Ltd is a mixed asset, in view of the income flows arising from the payment of users ("traffic risk"), plus payments guaranteed by the Administration.

Historically, the low level of traffic on the road made it necessary to verify year after year whether it was expected that the portion of the company's intangible assets could be borne by the discounting of future operating flows, without including the amount of traffic income, which had led to classification as a mixed asset.

In order to calculate the operating flows, the company considered the assumptions to be taken into account (traffic, opex, capex, etc.) were always based on the reports of the company's external advisors or on ongoing contracts. When these flows had been calculated, their discount rate was considered 2% for the year ended 31 December 2016 (2% for the year ended 31 December 2015).

These are the main assumptions which were included in the impairment test for intangible assets.

At 31 December 2016, the calculation of the impairment test for this company did not entail any impairment (the same as in the year ended 31 December 2015).

Concerning financial assets, Irish Administration payments are discounted at 9.4%. The financial model assumed collection of sums benchmarked against the 2% consumer price index, although this rate was not reached over the last two years. As a result, impairment provision was made against receivables on concession financial assets in the amount of 0.67 million euros at 31 December 2016 (1.2 million euros for the year ended 31 December 2015).

The table below presents the financial highlights of the main companies accounted for using the equity method in 2015:

	Dividends received	Assets current	Assets non-current	Liabilities current	Liabilities non-current	Revenue from operations ordinary	Loss on financial assets on continuing	Loss on financial assets on discontinued	Other Profit	Profit total
Altazor Inversiones, S.A.	-	42,320	1,201,074	1,072,317	233,230	4,242	(34,642)	-	-	(34,642)
Tenemieto, S.L.	12	1,138	9,000	1,087	-	-	35	-	-	35
A. Madrid Sur, S.A.	-	24,205	1,130,872	725,000	631,009	1,644	(38,649)	-	-	(38,649)
Inversora de Autopistas de Levante, S.L.	-	15,263	473,278	388,906	47,414	495	(24,671)	-	-	(24,671)
GSJ Maintenance Ltd	225	5,333	2,926	4,024	1	-	1,883	-	-	1,883
N4 Operations Ltd	250	1,676	496	603	1	721	779	-	-	779
N4 Concession Holding Ltd	-	0	-	-	0	-	-	-	-	-
N4 Concession Ltd	-	41,176	73,162	16,735	152,276	-	(8,199)	-	-	(8,199)
Sociedad Concesionaria Vespucio Oriente, S.A.	-	8,676	116,869	3,369	4,082	-	825	-	-	825
Operadora ANO	-	333	14	351	-	-	(11)	-	-	(11)
Desarrollo Vigal al Mar, S.A.S.	-	3,399	3,007	5,461	781	-	186	-	-	186
Consorcio Estable V5 Sociad C.P.A.	-	1,024	8	883	-	-	0	-	-	0
Saluda Renovables, S.L.	-	7,746	219,167	18,726	243,211	46	26	-	-	120
Enservar Naval, S.L.	-	55	-	2	(0)	-	(17)	-	-	(17)
Biomassas del Pirineo, S.A.	-	243	277	167	218	-	(0)	-	-	(0)
Residuos de Construcción de Cuenca, S.A.	-	36	1	103	0	-	(114)	-	-	(114)
Biorrefinería de Cádiz, S.A.	-	28,469	30,705	14,950	26,019	-	541	-	-	541
Socorec, S.L.	-	(58)	-	-	-	-	-	-	-	-
Boremir, S.A.	-	1,605	14,731	9,997	9,682	175	(1,602)	-	-	(1,602)
Compost del Pirineo, S.A.	-	24	522	175	211	-	(63)	-	-	(63)
Cultivos Energéticos de Castilla, S.A.	-	(197)	318	43	75	-	(2)	-	-	(2)
Desagües de Vertederos, S.A.	-	1	-	182	-	-	(0)	-	-	(0)
Gestión de Partículas del Bioreciclaje, S.A.	-	283	-	97	210	-	(0)	-	-	(0)
Reciclados y Tratamientos Andaluces, S.L.	-	3	-	-	-	-	-	-	-	-
Infoser Estacionamiento Regulado, A.I.E.	-	379	54	250	-	0	(177)	-	-	(177)
Iniciativas Medioambientales del Sur, S.L.	-	4	281	2	0	-	-	-	-	-
Infte RCD Huelva, S.L.	-	(107)	-	-	-	-	(0)	-	-	(0)
Alcorec, S.L.	0	494	459	662	-	30	(87)	-	-	(87)
Infte RCD Bahia de Cádiz, S.L.	-	(472)	-	-	-	-	-	-	-	-
Infte RCD, S.L.	-	0	0	217	-	-	(1)	-	-	(1)
Metrolangs, S.L.	-	16,032	1,710	3,119	-	1	1,535	-	-	1,535
Parque Edificio La Sotonera, S.L.	-	654	13,530	5,934	253	3	292	-	-	292
Participes del Bioreciclaje, S.A.	-	649	4,872	872	4,709	649	(0)	-	-	(0)
Vaidemíngómez 2000, S.A.	-	11,419	710	11,963	2,417	3	(2,607)	-	-	(2,607)
Plataforma por la Movilidad, A.I.E.	-	899	1,459	691	1,664	-	1	-	-	1
Empresa Mixta de Aguas de Las Palmas, S.A.	-	34,056	23,477	13,488	12,689	-	-	-	-	-
Sercanarias, S.A.	-	2,607	647	1,088	3,638	2,932	(952)	-	-	(952)
Gelada Skikado, S.L.	2,835	4,211	11,018	6	(142)	-	4,131	-	-	4,131
Gelada Terman, S.L.	6,362	2,940	21,734	-	(8,512)	-	7,447	-	-	7,447
Valotrimo, S.L.	-	445	3,700	3,775	209	-	158	-	-	158
Sociedad Economía Mixta de Aguas de Sorio, S.L.	-	2,972	12,155	1,663	8,287	-	177	-	-	177
Desarrolla Edificios Externos, S.L.	-	34	2,173	109	626	-	(45)	-	-	(45)
Sociedad Andaluza de Valoración de la Biomasa, S.A.	-	965	-	1	0	-	(12)	-	-	(12)
Soleval Renovables, S.L.	-	4,173	222	1,325	500	91	39	-	-	39
Ibervalar Energía Aragonesa, S.A.	-	(0)	(0)	28	0	-	(14)	-	-	(14)
M 30 (B&C) Ltd	-	411	0	19	8,000	-	(0)	-	-	(0)
N4 Construction Ltd	-	5,400	0	497	95,289	-	4	-	-	4
Grupo Unidos por el Canal, S.A.	-	1,390,909	80,234	1,456,657	507,956	5,552	(343)	-	-	(343)
Sociedad Sacyr Agua Sorio, S.A.	-	190	0	14	0	44	61	-	-	61
Constructora ACS-Sacyr, S.A.	-	203	802	936	0	-	2	-	-	2
Constructora Necio-Sacyr, S.A.	-	140	-	-	71	-	-	-	-	-
Constructora Sacyr-Necio, S.A.	-	53	-	2	3	-	-	-	-	-
Constructora San José-San Ramón, S.A.	-	334	-	6,231	-	-	(6,087)	-	-	(6,087)
Constructora San José-Cáldera, S.A.	-	14,338	62	7,366	0	-	(186)	-	-	(186)
Eurotek, S.C.P.A.	-	63,637	-	26,137	-	1,225	0	-	-	0
NDP, S.C.P.A.	-	80,658	-	70,658	-	60,385	-	-	-	-
Supertrada Pedemontana Veneta, S.R.L.	-	135,401	286,761	331,665	912	-	138	-	-	138
SES, S.C.P.A.	-	570,888	107,112	634,917	28,063	328,936	0	-	-	0
Tecnológica Lena, S.L.	-	390	19	887	-	-	(0)	-	-	(0)
Pazo de Congreso de Vigo, S.A.	-	502	55,774	1,224	45,948	6	(1,426)	-	-	(1,426)
Respal IFF, S.A.	-	12,751,000	50,326,000	14,477,000	19,911,000	41,741,000	(1,185,000)	-	-	(1,185,000)
Haçar - Consorcio do Edificado Hospital da Ilha Terceira, S.A.	116,098	17,635	73,352	2,440	87,940	-	723	-	1,447	2,170
Haçar Domus, Compra e Venda de Imóveis, Lda	-	2,111	-	113	1	-	28	-	-	28
SMNL Concessões Rodoviárias do Portugal, S.A.	-	39,856	117,240	614,016	10,515	-	114,472	-	-	114,472
Gestão de Sistemas Ambientais, S.A.	-	596	10	15	0	290	226	-	-	226
Somague Hidurbe ACE	-	-	10	-	4	(45)	(45)	-	-	(45)
H.S.E. - Empreendimentos Imobiliários, Lda	-	607	-	355	34	48	(209)	-	-	(209)
Via Expreso	-	128,816	193,277	25,449	215,439	15,793	1,528	-	-	1,528

	Cash	Financial liabilities current	Financial liabilities non-current	Depreciation and amortisation charge	revenue on interest	Expenses on interest	Income tax gains
Alazor Inversiones, S.A.	39,054	1,025,113	173,528	16,549	24	25,078	(950)
Tenemetro, S.L.	432	-	-	0	-	-	13
A. Madrid Sur, S.A.	10,947	679,716	157,118	5,400	8,670	36,541	-
Inversora de Autopistas de Levante, S.L.	14,269	584,624	5,002	2,197	54	18,597	-
GSJ Maintenance Ltd	3,997	1,045	-	839	-	88	269
N4 Operations Ltd	871	45	-	207	1	9	111
N4 Concession Holding Ltd	0	-	-	-	-	-	-
N4 Concession Ltd	20,229	14,626	113,795	3,293	4	10,647	-
Sociedad Concesionaria Vespucio Oriente, S.A.	5,764	-	4,046	42	379	-	(26)
Operadora AVO,	3,399	-	-	2	-	-	(3)
Desarrollo Vial al Mar, S.A.S.	64	-	780	-	35	27	77
Consortio Stable VIS Societá C.P.A.	74	-	-	3	0	1	-
Solucia Renovables, S.L.	1,901	16,303	241,643	4,988	106	13,540	(114)
Envaltor Naval, S.L.	53	-	-	4	-	-	-
Biomassas del Pirineo, S.A.	243	83	218	-	-	-	-
Residuos de Construcción de Cuenca, S.A.	46	2	-	15	-	-	-
Biorreciclaje de Cádiz, S.A.	5,693	1,242	2,130	1,435	203	521	657
Sacorec, S.L.	(58)	-	-	-	-	-	-
Boremer, S.A.	98	4,780	1	1,160	13	66	(535)
Compost del Pirineo, S.A.	20	59	-	15	0	9	-
Cultivos Energéticos de Castilla, S.A.	(197)	0	-	2	-	-	-
Desgasificación de Verfederos, S.A.	1	90	-	-	-	-	-
Gestión de Partícipes del Biorreciclaje, S.A.	70	-	-	-	-	-	-
Reciclados y Tratamientos Andaluces, S.L.	3	-	-	-	-	-	-
Infoser Estacionamiento Regulado, A.I.E.	185	-	-	13	0	-	-
Iniciativas Medioambientales del Sur, S.L.	4	-	-	-	-	-	-
Infe RCD Huelva, S.L.	(107)	-	-	-	-	-	-
Alcorec, S.L.	165	16	-	67	-	3	-
Infe RCD Bahía de Cádiz, S.L.	(472)	-	-	-	-	-	-
Infe RCD, S.L.	0	-	-	-	-	-	-
Metrofong, S.L.	10,389	0	-	6,431	690	70	1,028
Parque Eólico La Sotonera, S.L.	167	5,667	-	848	6	245	114
Partícipes del Biorreciclaje, S.A.	23	-	-	-	-	-	-
Valdemingómez 2000, S.A.	(1,463)	-	-	381	101	141	-
Plataforma por la Movilidad, A.I.E.	207	-	-	122	-	-	-
Empresa Mixta de Aguas de Las Palmas, S.A.	1,025	4	956	4,740	48	4	-
Sercanarias, S.A.	216	-	1,819	24	0	78	(316)
Geida Skikda, S.L.	9	-	-	-	75	-	-
Geida Tiemcen, S.L.	19	-	-	-	245	-	-
Valorinma, S.L.	20	3,389	-	-	-	-	61
Sociedad Economía Mixta de Aguas de Soría, S.L.	3,200	742	8,110	540	4	309	87
Desarrollos Eólicos Extremeños, S.L.	4	-	490	-	-	19	(1)
Sociedad Andaluza de Valoración de la Biomasa, S.A.	364	-	-	-	2	-	-
Soleval Renovables, S.L.	731	1	-	4	1	0	20
Ibervalor Energía Aragonesa, S.A.	1	-	-	-	-	-	-
M 50 [D&C] Ltd	410	-	-	-	-	0	-
N4 Construction Ltd	5,399	-	-	-	5	0	-
Grupo Unidos por el Canal, S.A.	30,354	261,379	222,363	34,183	738	24,931	116
Sociedad Sacyr Agua Santa, S.A.	189	-	0	-	0	-	15
Constructora ACS-Sacyr, S.A.	15	-	-	-	29	-	-
Constructora Necso-Sacyr, S.A.	1	-	-	-	-	-	-
Constructora Sacyr-Necso, S.A.	45	-	-	-	-	-	-
Constructora San Jose-San Ramon, S.A.	322	-	-	0	-	-	-
Constructora San Jose-Caldera, S.A.	38	-	-	6	0	0	-
Eurolink, S.C.P.A.	361	1,283	-	-	-	47	-
NDP, S.C.P.A.	1,250	5,373	-	1	0	1,378	-
Superstrada Pedemontana Veneta, S.R.L.	247	23,346	912	-	1,439	1,515	444
SIS, S.C.P.A.	6,269	8,930	4,182	4,537	155	1,446	-
Tecnológica Lena, S.L.	380	440	-	-	-	-	-
Pazo de Congreso de Vigo, S.A.	313	37,408	1,007	1,474	5	795	-
Repsol YPF, S.A.	2,448,000	7,073,000	10,581,000	5,827,000	150,000	718,000	899,000
Haçor - Concesionaria do Edifício Hospital da Ilha Terceira, S.A.	3,267	970	68,337	-	5,048	4,861	146
Haçor Damus, Compra e Venda de Imóveis, Ltda	1	-	-	-	-	-	-
SMNL Concessões Rodoviárias do Portugal, S.A.	29,639	607,636	-	3,988	9	11,501	5
Gestao de Sistemas Amientais, S.A.	-	-	-	-	-	-	-
Somague Hidurbe ACE	-	-	-	-	-	-	-
H.S.E. - Empreendimentos Imobiliários, Lda	134	3	-	-	8	(6)	-
Via Expresso	74,557	13,497	192,662	(12,513)	3,743	(4,342)	(788)

Reconciliation							
Equity	% stake	Value of holding	Adjustments	Investments in associa	Transfer restriction of funds	Commitments cash outflow	
Alazor Inversiones, S.A.	(62,153)	0	(15,638)	(15,638)	-	39,054	-
Tenemetro, S.L.	9,051	0	2,715	2,715	-	-	-
A. Madrid Sur, S.A.	(203,932)	0	(70,326)	(70,326)	-	-	-
Inversora de Autopistas de Levante, S.L.	(147,779)	0	(59,112)	(59,112)	-	-	-
G&J Maintenance Ltd	4,234	0	1,905	0	1,905	-	-
N6 Operations Ltd	1,568	1	784	-	784	-	-
N6 Concession Holding Ltd	0	0	0	0	-	-	-
N6 Concession Ltd	(54,873)	0	(24,693)	(24,693)	-	10,540	-
Sociedad Concesionaria Vespucio Oriente, S.A.	118,094	1	59,047	46,770	12,277	-	95,791
Operadora AVO	(4)	1	(2)	(4)	2	-	-
Desarrollo Vial al Mar, S.A.S.	164	0	62	62	-	-	-
Consorcio Stabile VIS Societá C.P.A.	150	0	14	(53)	66	-	-
Solucia Renovables, S.L.	(35,254)	1	(17,627)	(17,627)	-	-	-
Enervador Naval, S.L.	53	0	21	0	21	-	-
Biomassas del Pirineo, S.A.	135	0	59	(1)	60	-	-
Residuos de Construcción de Cuenca, S.A.	(46)	1	(23)	(23)	-	-	-
Biorreciclaje de Cádiz, S.A.	16,226	0	5,302	(0)	5,302	-	-
Sacorec, S.L.	(58)	0	(3)	(3)	-	-	-
Boremer, S.A.	(3,343)	1	(1,672)	(1,672)	-	-	-
Compost del Pirineo, S.A.	160	1	80	0	80	-	-
Cultivos Energéticos de Castilla, S.A.	3	0	1	0	1	-	-
Desgasificación de Vertederos, S.A.	(180)	1	(90)	(90)	-	-	-
Gestión de Partícipes del Biorreciclaje, S.A.	(25)	0	(8)	(8)	-	-	-
Reciclados y Tratamientos Andaluces, S.L.	3	0	0	0	-	-	-
Infoser Estacionamiento Regulado, A.I.E.	183	0	34	(0)	34	-	-
Iniciativas Medioambientales del Sur, S.L.	160	0	142	(0)	142	-	-
Inte RCD Huelva, S.L.	(107)	0	(21)	(21)	-	-	-
Alcorec, S.L.	290	0	29	1	28	-	-
Inte RCD Bahía de Cádiz, S.L.	(472)	0	(94)	(94)	-	-	-
Inte RCD, S.L.	(216)	0	(72)	(72)	-	-	-
Metrofungs, S.L.	14,623	0	3,159	(1)	3,160	-	-
Parque Eólico La Sotonera, S.L.	7,997	0	2,412	0	2,412	-	-
Partícipes del Biorreciclaje, S.A.	(60)	0	(20)	(20)	-	-	-
Valdemingómez 2000, S.A.	(2,251)	0	(901)	(901)	-	-	-
Plataforma por la Movilidad, A.I.E.	4	0	1	1	-	-	-
Empresa Mixta de Aguas de Las Palmas, S.A.	31,307	0	10,331	(13,555)	23,886	-	-
Sarcónicas, S.A.	(1,471)	1	(736)	(736)	-	-	-
Geida Skikda, S.L.	15,366	0	5,071	(0)	5,071	-	-
Geida Tlemcen, S.L.	33,086	1	16,543	(0)	16,543	-	-
Valorinima, S.L.	161	0	32	740	(708)	-	-
Sociedad Economía Mixta de Aguas de Soria, S.L.	5,177	0	766	0	766	-	-
Desarrollos Eólicos Extremeños, S.L.	1,471	1	736	1	735	-	-
Sociedad Andaluza de Valoración de la Biomasa, S.A.	0	0	944	(0)	944	-	-
Soleval Renovables, S.L.	2,570	1	1,285	(1)	1,286	-	-
Ibervalar Energía Aragonesa, S.A.	(28)	1	(14)	(14)	-	-	-
M 50 (D&C) Ltd	(7,608)	0	(3,233)	(3,233)	-	-	-
N6 Construcción Ltd	(90,386)	0	(38,414)	(38,414)	-	-	-
Grupo Unidos por el Canal, S.A.	(493,471)	0	(205,284)	(205,284)	-	-	-
Sociedad Sacyr Agua Santa, S.A.	176	1	88	1	87	-	-
Constructora ACS-Sacyr, S.A.	69	1	34	(1)	35	-	-
Constructora Necso-Sacyr, S.A.	69	1	35	1	34	-	-
Constructora Sacyr-Necso, S.A.	48	1	24	0	24	-	-
Constructora San Jose-San Ramon, S.A.	(5,897)	0	(1,946)	(1,946)	-	-	-
Constructora San Jose- Caldera, S.A.	7,035	0	2,329	(1)	2,329	-	-
Eurolink, S.C.P.A.	37,500	0	7,013	(1)	7,013	-	-
NDP, S.C.P.A.	10,000	0	4,890	(4,704)	9,594	-	-
Superstrada Pedemontana Veneta, S.R.L.	89,586	0	43,897	43,897	-	-	-
SS, S.C.P.A.	15,000	0	7,350	7,350	-	-	-
Tecnológicos Lena, S.L.	(478)	1	(239)	(239)	-	-	-
Pazo de Congreso de Vigo, S.A.	9,104	0	1,012	1,012	-	-	-
Repsol YPF, S.A.	26,789,000	0	2,298,206	385,000	1,913,206	-	-
Haçor - Concesionaria do Edifício do Hospita da Ilha Terceira, S.A.	407	0	159	(832)	991	-	-
Haçor Domus, Compra e Venda de Imóveis, Ltda	1,997	0	779	779	-	-	-
SMNL Concessões Rodovias de Portugal, S.A.	(467,435)	0	(116,859)	(116,859)	-	-	-
Gestao de Sistemas Ambientais, S.A.	591	1	296	296	-	-	-
Somague Hidurbe ACE	(45)	0	(19)	(23)	4	-	-
H.S.E. - Empreendimentos Imobiliários, Ltda	218	0	60	60	-	-	-
Via Expreso	81,205	0	9,095	801	8,294	-	-

For 2016:

	Dividends received	Assets current	Assets non-current	Liabilities current	Liabilities non-current	Income from Ordinary activities	Profit continuing operations	Profit discontinued operations	Other Profit	Profit total
Desarollo Vial al Mar, S.A.S.	-	21,447	35,017	18,055	1,104	-	2,028	-	-	2,028
Firso, S.R.L.	-	72	3	4	25	9	(10)	-	-	(10)
Alazar Inversiones, S.A.	-	54,621	1,304,288	1,073,361	239,780	25,092	(25,352)	-	-	(25,352)
Terrienteño, S.L.	-	913	8,997	791	-	1,590	46	-	-	46
A. Madrid Sur, S.A.	-	28,981	1,130,411	750,901	633,492	16,256	(23,868)	-	-	(23,868)
Inversora de Autopistas de Levante, S.L.	-	20,651	464,354	606,257	51,012	13,418	(21,880)	-	-	(21,880)
GSI Maintenance Ltd	-	3,308	2,344	1,473	-	17,518	1,045	-	-	1,045
N4 Operations Ltd	-	1,440	344	613	-	339	771	-	-	771
N4 Concession Holding Ltd	-	0	-	-	-	-	-	-	-	-
N4 Concession Ltd	-	44,312	54,338	18,090	143,208	-	(8,307)	-	233	(8,074)
Sociedad Concesionaria Vespucio Oriente, S.A.	-	81,975	32,063	1,160	2,415	-	1,381	-	-	1,381
Operadora Avo, S.A.	-	324	18	314	0	-	30	-	-	30
Consorcio Stabile VS Socie6 C.P.A.	-	3,742	1,246	4,838	-	2,257	0	-	-	0
Solucia Renovables, S.L.	-	8,333	225,961	19,288	-	-	27	-	-	27
Enervol Navai, S.L.	-	52	-	(1)	-	-	(0)	-	-	(0)
Empresa Mixta de Aguas de Las Palmas, S.A.	-	43,962	22,340	19,752	15,009	5,121	49	-	-	49
Sercanias, S.A.	3,683	2,490	499	921	3,188	-	351	-	-	351
Gelda Skikda, S.L.	9,652	611	10,811	14	-	-	3,904	-	-	3,904
Gelda Tlemcen, S.L.	-	98	21,432	60	-	-	8,165	-	-	8,165
Valderrama, S.L.	-	528	3,700	3,679	548	-	179	-	-	179
Sociedad Economia Mixta de Aguas de Sorio, S.L.	-	2,823	11,809	7,550	1,554	4,288	176	-	-	176
Biomasa del Pirineo, S.A.	-	243	277	167	218	-	(0)	-	-	(0)
Residuos de Construcción de Cuenca, S.A.	-	52	1	101	-	-	(2)	-	-	(2)
Socotec, S.L.	-	-	-	-	-	-	-	-	-	-
Boremer, S.A.	-	1,438	14,422	9,194	8,824	652	(1,874)	-	-	(1,874)
Compost del Pirineo, S.A.	-	11	510	203	205	-	(48)	-	-	(48)
Cultivos Energéticos de Castilla, S.A.	-	(1,977)	316	43	75	-	(2)	-	-	(2)
Desgasificación de Vertederos, S.A.	-	1	-	182	-	-	-	-	-	(0)
Gestión de Partículas del Bioreciclaje, S.A.	-	70	-	41	237	-	(184)	-	-	(184)
Residuos y Tratamiento Andaluces, S.L.	-	900	84,332	208,044	-	-	-	-	-	-
Infoser Estacionamiento Regulado, A.I.E.	-	182,194	-	(177,806)	-	-	-	-	-	-
Iniciativas Medioambientales del Sur, S.L.	-	-	281,436	2,124	(0)	-	(4)	-	-	(4)
Inte RCD Huelva, S.L.	-	-	-	-	-	-	-	-	-	-
Aicoec, S.L.	-	503,367	404,642	686,722	-	33	(53)	-	-	(53)
Inte RCD Baño de Cádiz, S.L.	-	-	-	-	-	-	-	-	-	-
Inte RCD, S.L.	-	49	-	216,856	-	-	(0)	-	-	(0)
Metalofangs, S.L.	-	18,160	-	3,044	-	13	493	-	-	493
Parque Eólico La Sotonera, S.L.	-	1,096	13,058	1,146	4,670	1	341	-	-	341
Valderrama 2000, S.A.	-	10,958	309	10,578	3,481	1,545	(511)	-	-	(511)
Plataforma por la Movilidad, A.I.E.	-	1,089	1,435	858	1,664	-	(2)	-	-	(2)
Desarrollos Eólicos Extremeños, S.L.	-	31	2,162	109	651	-	(38)	-	-	(38)
Soleval Renovables, S.L.	-	4,342	167	1,744	-	-	101	-	-	101
Ibervaler Energía Aragonesa, S.A.	-	23	-	0	0	1	(4)	-	-	(4)
M 50 (D&C) Ltd	-	193	0	7,798	7,798	-	(93)	-	-	(93)
N4 Construcción Ltd	-	545	0	90,589	90,589	-	(0)	-	-	(0)
Caspo Unidos por el Canal, S.A.	-	1,489,048	48,412	628,248	628,248	16,896	0	-	-	0
Sociedad Saoy Agua Santa, S.A.	-	204	0	0	0	17	10	-	-	10
Constructora ACS-Saoy, S.A.	-	1,117	-	-	-	-	1	-	-	1
Constructora Heco-Saoy, S.A.	-	116	58	0	0	-	2	-	-	2
Constructora San Jose-San Ramon, S.A.	-	8,323	-	-	-	-	5,487	-	-	5,487
Constructora San Jose-Caldera, S.A.	-	5,698	24	-	-	-	(6,004)	-	-	(6,004)
Eurotek, S.C.P.A.	-	56,777	-	-	-	1,175	(0)	-	-	(0)
NDP, S.C.P.A.	-	80,827	-	-	-	55,740	-	-	-	-
Supertrada Pademontana Veneta, S.R.L.	-	116,285	424,393	1,331	1,331	-	1,130	-	-	1,130
SE, S.C.P.A.	-	705,937	116,124	26,875	26,875	317,529	0	-	-	0
Tecnológica Lena, S.L.	-	390	19	-	-	-	-	-	-	-
Pazo de Congreso de Vigo, S.A.	-	435	54,551	1,356	46,279	1,092	(1,445)	-	-	(1,445)
Respal YPI, S.A.	-	15,928,000	48,921,000	14,737,000	19,001,000	990,000	1,437,000	299,000	1,022,000	2,459,000
SMNL Concesiones Rodovias de Portugal, S.A.	-	50,055	110,954	624,636	6,574	29,577	(2,765)	-	-	(2,765)
Haçor Domus, Compra e Venda de Imóveis, Ltda	-	2,079	-	150	-	31	27	-	-	27
Gestao de Sistemas Amientais, S.A.	-	603	-	13	-	291	-	-	-	225
Somague Habitat ACE	-	3	-	3	-	-	-	-	-	-
H.S.E. - Empreendimentos Imobiliários, Ltda	-	516	-	308	31,679	-	(35)	-	-	(35)
Via Expreso	-	299,953	203,445	27,082	185,069	16,831	7,421	-	-	7,421

	Cash	Financial liabilities current	Financial liabilities non-current	Depreciation and amortisation charge	revenue on interest	Expenses on interest	Income tax paid on income
Desarrollo Vital al Mar, S.A.S.	20,298	-	1,104	172	410	410	96
Finsa, S.R.L.	3	-	-	1	-	-	-
Alazor Inversiones, S.A.	54,398	664,385	173,528	16,069	10	10	25,938
Tenemetro, S.L.	220	-	-	0	-	-	-
A. Madrid Sur, S.A.	15,695	678,044	-	4,211	9,136	9,136	36,500
Inversora de Autopistas de Levante, S.L.	19,724	601,250	-	9,370	21	21	17,862
GSJ Maintenance Ltd	1,885	406	-	931	-	-	91
N6 Operations Ltd	627	29	81	189	1	1	6
N6 Concession Holding Ltd	0	-	-	-	-	-	-
N6 Concession Ltd	23,391	15,926	99,953	2,736	0	0	10,589
Sociedad Concesionaria Vespucia Oriente, S.A.	889	-	2,575	47	63	63	-
Operadora Avo, S.A.	58	-	0	5	0	0	-
Consorcio Stabile VIS Societa C.P.A.	24	1,183	-	139	0	16	9
Solucia Renovables, S.L.	804	16,401	227,823	9,485	121	12,931	(10,625)
Enervator Naval, S.L.	52	-	-	-	-	-	-
Empresa Mixta de Aguas de Las Palmas, S.A.	9,878	3	1,776	3,303	404	(1)	-
Sercanarias, S.A.	414	-	1,594	31	1	164	168
Geida Skikda, S.L.	51	-	-	-	15	-	-
Geida Tlemcen, S.L.	38	-	-	-	67	-	-
Valarinima, S.L.	126	446	-	-	-	81	60
Sociedad Economía Mixta de Aguas de Soria, S.L.	193	454	7,545	551	3	251	61
Biomasa del Pirineo, S.A.	243	83	218	-	-	-	-
Residuos de Construcción de Cuenca, S.A.	48	2	-	0	0	-	-
Socarec, S.L.	-	-	-	-	-	-	-
Boremer, S.A.	85	4,820	-	970	0	71	(657)
Compost del Pirineo, S.A.	8	-	-	12	0	9	-
Cultivos Energéticos de Castilla, S.A.	(197)	-	-	2	-	-	-
Desgasificación de Verdaderos, S.A.	1	90	-	-	-	-	-
Gestión de Partícipes del Biorreciclaje, S.A.	70	-	-	-	-	-	-
Reciclados y Tratamientos Andaluces, S.L.	-	208,044	-	-	-	-	-
Infoser Estacionamiento Regulado, A.I.E.	182,194	(177,806)	-	-	-	-	-
Iniciativas Medioambientales del Sur, S.L.	-	2,124	-	-	-	-	-
Inte RCD Huelva, S.L.	-	-	-	-	-	-	-
Alcorec, S.L.	187,177	426,122	-	38	0	-	-
Inte RCD Bahía de Cádiz, S.L.	-	-	-	-	-	-	-
Inte RCD, S.L.	-	318	-	-	-	16	-
Metrofangs, S.L.	-	0	-	1,492	192	-	218
Parque Eólico La Sotonera, S.L.	891	810	-	849	0	96	114
Valdemingómez 2000, S.A.	(1,081)	-	-	408	-	116	-
Plataforma por la Movilidad, A.I.E.	207	-	-	24	-	-	-
Desarrollos Eólicos Extremeños, S.L.	1	-	515	-	-	20	11
Soleval Renovables, S.L.	35	1	-	5	1	0	34
Ibervalor Energía Aragonesa, S.A.	23	-	-	-	-	-	-
M 50 (D&C) Ltd	191	-	-	-	-	-	-
N6 Construccion Ltd	538	-	-	-	-	-	-
Grupo Unidos por el Canal, S.A.	14,422	245,078	270,749	-	117	25,000	104
Sociedad Sacyr Agua Santa, S.A.	202	-	0	-	-	-	1
Constructora ACS-Sacyr, S.A.	910	-	-	-	27	-	(1)
Constructora Neco-Sacyr, S.A.	2	-	0	-	-	-	-
Constructora San Jose-San Ramon, S.A.	191	-	-	-	-	-	-
Constructora San Jose-Caldera, S.A.	38	-	-	-	0	0	-
Eurolink, S.C.P.A.	1,172	1,800	-	-	-	91	-
NDP, S.C.P.A.	241	1,287	-	-	0	1,387	-
Superstrada Pedemontana Veneta, S.R.L.	4,547	7,802	1,331	-	2,301	3,242	455
SIS, S.C.P.A.	5,265	2,079	7,539	4,275	-	2,593	-
Tecnológica Lena, S.L.	380	440	-	-	-	-	-
Pazo de Congreso de Vigo, S.A.	283	631	-	1,229	-	4	-
Repsol YPF, S.A.	4,687,000	6,909,000	9,482,000	3,476,000	176,000	741,000	(391,000)
SMNL Concessões Rodovias do Portugal, S.A.	47,771	617,417	-	7,133	15	10,699	4
Haçor Domus, Compra e Venda de Imóveis, Ltda	2	-	-	-	-	-	7
Gestao de Sistemas Amientais, S.A.	-	-	-	-	-	-	-
Somague Hidurbe ACE	-	-	-	-	-	-	-
H.S.E. - Empreendimentos Imobiliários, Ltda	127	-	8	-	-	-	-
Via Expresso	92,075	19,738	161,247	11,485	3,198	(3,677)	(723)

Reconciliation							
Equity	% stake	Value of holding	Adjustments	Investments in assoc	Transfer restriction of funds	Commitments cash outflow	
Desarrollo Vial al Mar, S.A.S.	37,306	0	13,990	(0)	13,990	15,223	13,588
Finsa, S.R.L.	46	0	23	(0)	23	-	-
Alazor Inversiones, S.A.	(135,282)	0	(34,037)	(34,037)	-	-	-
Tenemetra, S.L.	1,168	0	350	0	350	-	-
A. Madrid Sur, S.A.	(224,801)	0	(78,680)	(78,680)	-	-	-
Inversora de Autopistas de Levante, S.L.	(172,264)	0	(68,906)	(68,906)	-	-	-
G5J Maintenance Ltd	4,180	0	1,881	1	1,880	-	-
N6 Operations Ltd	1,089	1	545	1	544	-	-
N6 Concession Holding Ltd	0	0	0	0	-	-	-
N6 Concession Ltd	(62,948)	0	(28,326)	(28,326)	-	8,030	-
Sociedad Concesionaria Vespucio Oriente, S.A.	130,263	1	65,132	39,207	25,925	-	-
Operadora Avo, S.A.	27	1	14	(2)	16	-	-
Consorcio Stable VIS Societá C.P.A.	150	0	14	(53)	66	-	-
Solucia Renovables, S.L.	(114,793)	1	(7,397)	(7,397)	-	-	-
Envaloral Naval, S.L.	53	0	21	0	21	-	-
Empresa Mixta de Aguas de Las Palmas, S.A.	31,540	0	10,408	(13,034)	23,442	-	-
Serconarios, S.A.	(1,121)	1	(560)	(560)	-	-	-
Geida Skikda, S.L.	15,497	0	5,114	(0)	5,114	-	-
Geida Tlemcen, S.L.	30,772	1	15,386	(1)	15,387	-	-
Valorima, S.L.	548	0	110	(707)	817	-	-
Sociedad Economía Mixta de Aguas de Soria, S.L.	5,528	0	818	1,447	(629)	-	-
Biomasa del Pirineo, S.A.	135	0	59	(1)	60	-	-
Residuos de Construcción de Cuenca, S.A.	(48)	1	(24)	(24)	-	-	-
Sacrec, S.L.	(58)	0	(3)	(3)	-	-	-
Boremer, S.A.	(2,158)	1	(1,079)	(1,079)	-	-	-
Compost del Pirineo, S.A.	113	1	56	0	56	-	-
Cultivos Energéticos de Castilla, S.A.	1	0	0	0	-	-	-
Desgasificación de Vertederos, S.A.	(180)	1	(90)	(90)	-	-	-
Gestión de Partícipes del Biorreciclaje, S.A.	(209)	0	(70)	(70)	-	-	-
Reciclados y Tratamientos Andaluces, S.L.	(123)	0	(6)	(6)	-	-	-
Infoser Estacionamiento Regulado, A.I.E.	360	0	66	0	66	-	-
Iniciativas Medioambientales del Sur, S.L.	279	1	140	(0)	140	-	-
Inte RCD Huelva, S.L.	(107)	0	(21)	(21)	-	-	-
Alcorec, S.L.	205	0	21	2	19	-	-
Inte RCD Bahía de Cádiz, S.L.	(472)	0	(94)	(94)	-	-	-
Inte RCD, S.L.	(217)	0	(72)	(72)	-	-	-
Metrofong, S.L.	15,116	0	3,265	(1)	3,266	-	-
Parque Eólico La Sofonera, S.L.	8,338	0	2,515	0	2,515	-	-
Valdemingómez 2000, S.A.	(2,792)	0	(1,117)	(1,117)	-	-	-
Plataforma por la Movilidad, A.I.E.	2	0	0	0	-	-	-
Desarrollos Eólicos Extremeños, S.L.	1,433	1	716	0	716	-	-
Soleval Renovables, S.L.	2,765	1	1,382	(2)	1,384	-	-
Ibervalor Energía Aragonesa, S.A.	23	1	11	0	11	-	-
M 50 (D&C) Ltd	(7,700)	0	(3,273)	(3,273)	-	-	-
N6 Construccion Ltd	(90,382)	0	(38,412)	(38,412)	-	-	-
Grupo Unidos por el Canal, S.A.	(509,847)	0	(212,096)	(212,096)	-	-	-
Sociedad Sacyr Agua Santa, S.A.	202	1	101	1	100	-	-
Constructora ACS-Sacyr, S.A.	106	1	53	(1)	54	-	-
Constructora Necso-Sacyr, S.A.	(213)	1	(107)	(107)	-	-	-
Constructora San Jose-San Ramon, S.A.	5,979	0	1,973	3	1,970	-	-
Constructora San Jose-Caldera, S.A.	947	0	313	(1)	314	-	-
Eurolink, S.C.P.A.	37,500	0	7,013	(1)	7,013	-	-
NDP, S.C.P.A.	10,000	0	4,890	(5,244)	10,134	-	-
Superstrada Pedemontana Veneta, S.R.L.	90,687	0	44,437	44,437	-	-	-
SIS, S.C.P.A.	15,000	0	7,350	7,350	-	-	-
Tecnológica Lena, S.L.	(478)	1	(239)	(239)	-	-	-
Pazo de Congreso de Vigo, S.A.	(11,767)	0	(1,307)	(1,307)	-	-	-
Repsol YPF, S.A.	28,487,000	0	2,335,934	274,500	2,061,434	-	-
SMNL Concessões Rodoviarías do Portugal, S.A.	(470,201)	0	(117,550)	(117,550)	-	-	-
Haçor Domus, Compra e Venda de Imóveis, Ltda	2,025	0	790	790	-	-	-
Gestao de Sistemas Ambientais, S.A.	591	1	296	(7)	302	-	-
Somague Hidurbe ACE	(45)	0	(19)	(19)	-	-	-
H.S.E. - Empreendimentos Imobiliários, Lda	175	0	48	(2)	50	-	-
Via Expresso	87,801	0	9,834	(5,125)	14,959	-	-

The Group classifies companies as associates when it exercises significant influence over their management, regardless of whether its holding is less than 20%, in fulfilment of the conditions of IAS 28.

10. Contribution by proportionately consolidated companies

The table below presents the financial highlights of proportionately consolidated companies in 2015 and 2016:

<i>Thousands of euros</i>	2015					
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Income	Expenses
Consortio GDL Viaducto, S.A. de C.V.	448	23,795	2,337	19,837	35,372	33,309
Consortio Túnel Guadalajara, S.A. de C.V.	342	52,346	-	49,516	72,839	69,529

<i>Thousands of euros</i>	2016					
	Non-current liabilities	Current liabilities	Non-current liabilities	Current liabilities	Income	Expenses
Consortio GDL Viaducto, S.A. de C.V.	228	38,106	596	34,839	51,962	50,891
Consortio Túnel Guadalajara, S.A. de C.V.	588	65,264	643	61,054	75,447	74,401

There were no contingent liabilities or commitments in respect of the above businesses in 2015 and 2016.

11. Receivables from concessions

As indicated in Note 3.c.10), following application of IFRIC 12 some concession projects have been classified as financial assets and recorded under "Receivables from concessions". This item includes receivables from the public authorities granting the concessions under the various agreements.

The conditions of the concession agreements justifying accounting treatment as financial asset receivables pursuant to IFRIC 12 recognised at 31 December 2016 involve the following companies: Autovía del Noroeste Concesionaria de CARM, S.A., Valles del Desierto, S.A., S.C. Rutas del Desierto, S.A., S.C. Valles del Bio Bio, S.A., S.C. Ruta del Algarrobo, S.A., S.C. Salud siglo XXI, S.A., Concesionaria Vial Sierra Norte, S.A., Concesionaria Vial Unión del Sur, S.A.S., Hospital de Parla, S.A., Hospital del Noreste, S.A., Intercambiador de Transportes de Plaza Elíptica, S.A. and Intercambiador de Transportes de Moncloa, S.A.

The changes in the scope of consolidation in 2016 resulted from the sale of two Portuguese concession companies, Escala Braga – SGED, S.A. and Escala Vila Franca – SGED, S.A., and the inclusion of Uruguayan company, Consortio PPP Rutas del Litoral, S.A., which currently contributes little to income as works are still in their early stages.

Pursuant to IFRIC 12 "Service Concession Arrangements", these companies recognised a financial asset instead of an intangible asset for the building investment undertaken (construction services), as they have an unconditional right acknowledged in legally enforceable agreements to receive cash or other financial assets from the grantor for the construction services provided, either through the collection of specific measurable amounts, or through the collection of any shortfalls between the amounts received from users of the public services and the specific or measurable amounts.

Pursuant to the instructions of the IFRS Interpretations Committee, Sociedad Concesionaria Rutas Limarí, S.A. recognised a receivable by way of a consideration for construction services, as the company has an unconditional contractual right to receive cash or other financial assets from the grantor (investment subsidies), the value of which discounted at the risk rate for this type of instrument is equivalent to 64.97% of the estimated cost of construction. This is therefore a combined concession asset consisting of intangible assets, and also a financial asset in the percentage stated.

The movements in this heading in 2015 and 2016 were as follows:

2015 Thousands of euros	Balance at 31-dec-14	Additions	Disposals	Restatements and transfers	Changes in scope of "	Exchange rate effect	Balance at 31-dec-15
Non-current receivables from concessions	917,402	403,543	(3,326)	(293,471)	398,448	(33,607)	1,388,989
Current receivables from concessions	49,906	82,533	(276,461)	293,471	64,887	(351)	213,985
2016 Thousands of euros	Balance at 31-dec-15	Additions	Disposals	Restatements and transfers	Changes in scope of "	Exchange rate effect	Balance at 31-dec-16
Non-current receivables from concessions	1,388,989	502,390	(3,385)	(200,530)	(69,581)	94,744	1,712,627
Current receivables from concessions	213,985	27,912	(229,896)	200,530	(44,281)	5,627	173,877

Additions in 2015 and 2016 were accounted for by progress on ongoing construction work, chiefly the Chilean assets Rutas del Algarrobo, Valles del Bio Bio, Rutas del Desierto, Salud Siglo XXI, Valles del Desierto, Rutas del Limarí, and the Colombian projects, Vial Unión del Sur and Vial Montes de María.

Changes in the scope of consolidation in 2015 correspond to the change in the consolidation method used for a number of concession operators, as described in Note 2. Specifically, these were as follows: Autovía del Noroeste Concesionaria de CARM, S.A., Hospital de Parla, S.A., Hospital del Noreste, S.A., Intercambiador de Transporte de Moncloa, S.A. and Intercambiador de Transporte de Plaza Elíptica, S.A. were accounted for using the equity method in 2014, and were fully consolidated in 2015.

The reconciliation between the previous values of Autovía del Noroeste Concesionaria de CARM, S.A., Intercambiador de Transporte de Moncloa, S.A. and Intercambiador de Transporte de Plaza Elíptica, S.A. and those stated in these business combinations is as follows:

01/01/2015 Thousands of euros	Previous amount Carrying amount of receivables from concessions	Adjustments	Fair value
Receivables, concession projects	185,440	42,214	227,654
Other assets	116,377	-	116,377
Total assets	301,817	42,214	344,031
Interest-bearing loans and borrowings	159,535	-	159,535
Deferred tax liabilities	25,486	10,553	36,039
Other non-current liabilities	36,763	-	36,763
Current liabilities	15,309	-	15,309
Total liabilities	237,093	10,553	247,646
Total net assets	64,724	31,661	96,385
Non-controlling interests	(31,715)	(15,514)	(47,229)
Total fair value of net assets	33,009	16,147	49,156

The disposals in both years relate to the amounts received from the grantor Authority by each concession operator.

The changes in the scope of consolidation in 2016 resulted from the sale of the Hospital de Braga and Hospital de Vila Franca concessions.

The detail of "Receivables from concessions" is as follows:

Thousands of euros	2016		2015	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Autovía del Noroeste Concesionaria de CARM, S.A.	47,820	10,894	49,513	11,393
Total motorways in Spain	47,820	10,894	49,513	11,393
Sociedad Concesionaria Vial Sierra Norte, S.A.	9,062	7,223	6,486	25,938
Sociedad Concesionaria Valles del Desierto, S.A.	135,881	30,518	128,892	28,894
Sociedad Concesionaria Ruta del Limarí, S.A.	66,123	-	31,156	-
Sociedad Concesionaria Rutas del Desierto, S.A.	146,011	13,680	127,161	12,115
Sociedad Concesionaria Valles del Bio Bio, S.A.	300,348	22,134	227,199	15,797
Sociedad Concesionaria Ruta del Algarrobo, S.A.	283,048	25,508	234,331	18,615
Concesionaria Vial Unión del Sur, S.A.S.	29,396	-	4,146	-
Sociedad Concesionaria Vial Montes de María, S.A.S.	26,015	-	7,106	-
Consorcio PPP Rutas del Litoral S.A.	108	-	-	-
Total motorways abroad	995,992	99,063	766,477	101,359
Motorways	1,043,812	109,957	815,990	112,752
Escala Braga - Sociedad Gestora do Edificio, S.A.	-	-	41,872	22,815
Escala Vila Franca - Sociedad Gestora do Edificio, S.A.	-	-	29,784	21,863
Sociedad Concesionaria Salud Siglo XXI, S.A.	210,457	7,184	87,452	-
Hospital de Parla, S.A.	76,654	15,003	78,160	14,811
Hospital del Noreste, S.A.	76,013	15,909	78,179	15,944
Hospitals	363,124	38,096	315,447	75,433
Intercambiador de Transportes de Moncloa, S.A.	135,708	14,532	137,538	14,515
Interc. de Transporte de Plaza Elíptica, S.A.	48,509	7,454	49,374	7,474
Transport hubs	184,217	21,986	186,912	21,989
Valoriza Servicios Medioambientales, S.A.	49,833	3,833	51,423	3,630
Waste treatment	49,833	3,833	51,423	3,630
Alcudia desalination plant	959	5	958	112
Myah Gulf Oman Desalination Company SAOC	52,423	-	-	-
Water	53,381	5	958	112
Sacyr Construcción, S.A.U (Gisa police stations)	18,259	-	18,259	69
Other	18,259	-	18,259	69
RECEIVABLES, CONCESSION PROJECTS	1,712,627	173,877	1,388,989	213,985

Concession periods and the investment commitment are as follows:

	Concession period		Committed investment (thousands of euros)
	Date put into service	End of concession	
Motorways			
Autovía del Noroeste Concesionaria de CARM, S.A.	2,001	2,026	-
Sociedad Concesionaria Vial Sierra Norte, S.A.	2,014	2,039	142,782
Sociedad Concesionaria Valles del Desierto, S.A.	2,011	2,025	-
Sociedad Concesionaria Ruta del Limarí, S.A.	2,018	2,041	58,134
Sociedad Concesionaria Rutas del Desierto, S.A.	2,014	2,039	-
Sociedad Concesionaria Valles del Bio Bio, S.A.	2,016	2,039	26,885
Sociedad Concesionaria Ruta del Algarrobo, S.A.	2,015	2,033	3,854
Concesionaria Vial Unión del Sur, S.A.S.	2,015	2,044	623,577
Sociedad Concesionaria Vial Montes de María, S.A.S.	2,015	2,040	133,214
Consortio PPP Rutas del Litoral, S.A.	2,017	2,041	83,860
Hospitals			
Escala Braga - Sociedad Gestora do Edificio, S.A.	2,011	2,039	-
Escala Vila Franca - Sociedad Gestora do Edificio, S.A.	2,013	2,041	-
Sociedad Concesionaria Salud Siglo XXI, S.A.	2,017	2,032	31,529
Hospital de Parla, S.A.	2,007	2,035	-
Hospital del Noreste, S.A.	2,007	2,035	-
Transport hubs			
Intercambiador de Transportes de Moncloa, S.A.	2,008	2,043	-
Interc. de Transporte de Plaza Elíptica, S.A.	2,007	2,040	-
Waste treatment			
Valoriza Servicios Medioambientales, S.A.			
Los Hornillos waste treatment centre	2,011	2,030	-
La Paloma plant	2,003	2,022	-
Las Calandrias	2,003	2,023	-
Guadarrama green areas	2,008	2,022	-
Cleaning and solid urban waste collection, Majadahonda	2,012	2,022	-
Water			
Alcudia desalination plant	2,010	2,025	-
Myah Gulf Oman Desalination Company SAOC	-	2,038	189,333
Other			
Sacyr Construcción, S.A.U (Gisa police stations)	2,007	2,032	-

There are no significant undertakings for repairs or replacements either now or in the future, other than the habitual repairs and replacements for this type of company. Concession arrangements usually include the following infrastructure procedures:

- a) Major repair and replacement works when they are carried out with respect to periods of use exceeding one year, enforceable in relation to the conditions that must be met by each of the infrastructures to make them suitable for the services and activities for which they are used.
- b) The procedures required to revert the infrastructure to the grantor entity at the end of the concession, in the state of use and operation set forth in the concession arrangement.

12. Non-current and current financial assets

The movements in the various accounts under this heading of non-current financial assets in 2015 and 2016 were as follows:

2015 Thousands of euros	Balance at 31-dec-14	Additions	Disposals	Restatements and transfers	Changes in scope of	Exchange rate effect	Balance at 31-dec-15
Loans to companies accounted for using the equity metho	167,006	189	(10,966)	-	(54,498)	-	101,731
Other loans	36,365	2,737	(2,431)	16,051	(15,136)	(417)	37,169
Available-for-sale financial assets	244,883	3,192	(122)	(3,200)	-	-	244,753
Debt securities	3,862	567	(19)	-	-	-	4,410
Financial assets held for trading	896	7	(800)	(4)	2	-	101
Non-current guarantees and deposits given	42,954	2,190	(7,315)	(182)	(21,363)	(227)	16,057
Cost	495,966	8,882	(21,653)	12,665	(90,995)	(644)	404,221
Impairment	(47,861)	-	38	(41,648)	-	-	(89,471)
Impairment	(47,861)	-	38	(41,648)	-	-	(89,471)
TOTAL	448,105	8,882	(21,615)	(28,983)	(90,995)	(644)	314,750
2016 Thousands of euros	Balance at 31-dec-15	Additions	Disposals	Restatements and transfers	Changes in scope of	Exchange rate effect	Balance at 31-dec-16
Loans to companies accounted for using the equity metho	101,731	13,678	(6,307)	-	-	-	109,102
Other loans	37,169	13,753	(2,418)	85	289	1,881	50,759
Available-for-sale financial assets	244,753	5,659	(3,621)	(237,447)	903	3	10,250
Debt securities	4,410	524	(3)	(4,931)	-	-	-
Financial assets held for trading	101	318	(51)	-	-	16	384
Non-current guarantees and deposits given	16,057	3,330	(4,290)	729	7,889	(435)	23,280
Cost	404,221	37,262	(16,690)	(241,564)	9,081	1,465	193,775
Impairment	(89,471)	(19,648)	2,223	-	-	-	(106,896)
Impairment	(89,471)	(19,648)	2,223	-	-	-	(106,896)
TOTAL	314,750	17,614	(14,467)	(241,564)	9,081	1,465	86,879

The scope of consolidation was reduced in 2015 following the change in the method of consolidation of several concession operators, as described in Note 2. This meant that the companies to which credits were granted by the Group were accounted for by the equity method in 2014, but these balances were eliminated in 2015 when they were fully consolidated.

Particularly of note in 2016, was the reduction for reclassifications and transfers due to the Group's interest in Itinere Infraestructuras, S.A. being reclassified as "non-current assets held for sale", under IFRS 5, as explained in Note 4.

As required by law, Group companies have disclosed all companies in which they have taken up a shareholding of over 10% or, where they already held such a shareholding, any additional acquisitions or sales above 5%.

"Loans to companies accounted for using the equity method" reports the Group's loans to companies consolidated in this manner.

"Guarantees and deposits given" mainly comprises the percentage of guarantees paid by lessees that Spain's regional governments require as a deposit.

The breakdown of current financial assets at 31 December 2016 and 2015 is as follows:

<i>Thousands of euros</i>	2016	2015
Loans to companies accounted for using the equity method	32,350	72,992
Other current assets	13,944	25,058
Debt securities	6,233	12,481
Loans to third parties	31,224	30,834
Short-term deposits and guarantees	13,711	8,329
Provisions	(9,911)	(9,386)
TOTAL	87,551	140,308

Credits to third parties fell in 2015, mainly due to the reclassification of a loan granted by Sociedad Concesionaria Valles del Desierto, S.A. as non-current, a loan in pesos signed up on 28 June 2012 for 3 years between the company as creditor and "Fondo de Inversión de Empresas Las Américas Emergente" as the borrower. At 31 December 2014 the status of the receivables was changed from non-current to current, as the loan was due to be repaid on 28 June 2015. However, a public deed was drawn up on 19 June 2015 to extend the loan period to 5 years, and consequently at 31 December 2015 the status of the receivables was reclassified from current to non-current, as the loan was now due to be repaid on 28 June 2020.

In 2016, the reduction of the balance under "Loans to companies accounted for using the equity method" mainly relates to the dividend receivable and pending payment from Repsol that the Group had at 31 December 2015.

In 2016 and 2015, "Other current financial assets" related mainly to fixed-term deposits.

13. Tax situation

13.1. Consolidated tax group

As indicated in Note 3.c.21, in compliance with Royal Decree 4/2004 of 5 March approving the revised Corporate Income Tax Law, Sacyr, S.A. and its subsidiaries decided, with the approval of each company's corporate bodies, to file a consolidated tax return, and duly notified the A.E.A.T. (Spanish tax authorities), which assigned the tax identification number 20/02 to the head of the Tax Group.

Companies forming part of the tax group are listed in Appendix II of these consolidated financial statements. Following the sale of Testa, a number of companies left the tax group in 2015.

13.2. Years open for inspection

At year-end 2016, the Group had the years 2011 to 2015 open for inspection in respect of all taxes for which it is liable, and VAT and Income Tax from 2011 to 2016.

On 12 September 2016, the return in relation to the partial inspection of VAT for the period 11/2011 to 12/2012, for a total amount of 8,929,577.48 euros, was signed in dispute and this is now being challenged at the Central Administrative Economic Tribunal.

The return signed in dispute by Sacyr, S.A. as Parent of the Tax Group 20/02 in relation to Corporate Income Tax for the periods 2004 to 2007, totalling 75,824,683.84 euros, are currently being challenged at Spain's Appeals Court ("Audiencia Nacional"). This review was instigated against Sacyr, S.A. and included payment agreements and the imposition of penalties, and all of them related to subsidiaries of the Tax Group in this period. Of this amount, 74,607,971.34 euros correspond to the group, as the sum in respect of Merlin Properties (the company that absorbed Testa Inmuebles en Renta, Socimi, S.A.) was eliminated because the company no longer forms part of the group.

The return signed in dispute by Sacyr, S.A. as Parent of the Tax Group 20/02 in relation to Corporate Income Tax for the periods 2007 to 2010, totalling 128,796,080.93 euros, is now being challenged at Spain's Central Administrative Economic Tribunal. This review was initiated against Sacyr, S.A. and will not under any circumstances entail payments to the tax authorities, as they will merely involve smaller recognised tax loss carryforwards. Of this amount, 125,784,482.75 euros correspond to the group, as the sum in respect of Merlin Properties (the company that absorbed Testa Inmuebles en Renta, Socimi, S.A.) was eliminated because the company no longer forms part of the group. The sanction proceedings deriving from the aforementioned tax return have also been appealed before the Central Administrative Economic Tribunal.

The VAT return for the period between May 2009 and December 2010, signed in dispute by Sacyr, S.A. as Parent of the VAT Tax Group 410/08, for a total cumulative amount of 14,336,876.11 euros, is currently being challenged at the Central Administrative Economic Tribunal. The sanction proceedings deriving from this tax return have also been appealed before the same Tribunal.

The Parent's management and its tax advisers do not expect the final outcome of the review proceedings under way and of the appeals submitted to have a significant impact on the financial statements at year-end 2016.

13.3. Tax rate

The main nominal tax rates used in calculating tax on the income of the Group companies for 2016 are as follows:

- Spain: 25%
- Portugal: 22.5%
- Chile: 24%
- Mexico: 30%
- Panama: 25%
- Brazil: from 15% to 25%
- Ireland: 12.5%
- Great Britain: 20%
- Ecuador: 22%
- Costa Rica: 30%
- Italy: 27.5%
- United States: 32.5%
- Libya: 15% to 40%
- Algeria: 19% to 25%
- Australia: 30%
- Qatar: 10%
- India: 42%
- Oman: 12%

- Colombia: 25%
- Peru: 28%
- Bolivia: 25%

Income tax expense on continuing operations recognised by the Sacyr Group at 31 December 2016 and 2015 amounted to 45,600 thousand euros and 157,252 thousand euros respectively, which represents an effective rate on pre-tax earnings of 25.21% and -24.48% respectively.

The reconciliation between accounting income and taxable income and tax expense reconciliation before and after deductions and adjustments are as follows:

<i>Thousands of euros</i>	2016	2015
Consolidated profit before tax	180,852	(642,483)
Profit and loss of companies using the equity method	(199,244)	476,433
Other consolidated adjustments	12,910	(25,822)
Permanent differences	169,996	167,560
Tax profit/loss	164,514	(24,312)
x average tax rate	26.95%	35.87%
Tax expense before deductions and other adjustments	44,334	(8,720)
Deductions and rebates for the year	2,614	(1,793)
Adjustment of prior years' income tax	0	(9,530)
Adjustment due to change in tax rate	(4,203)	7,790
Other adjustments	2,855	169,505
Income tax	45,600	157,252
Effective tax rate	25.21%	(24.48%)
(-/+) Deferred tax expense/income from continuing operations	4,700	(94,542)
(-/+) Current tax expense/income from continuing operations	(50,300)	(62,710)
	(45,600)	(157,252)

In 2016:

In terms of reconciliation of accounting income and taxable income, in addition to corrections in respect of the results of associates, most of the permanent differences are accounted for by: losses obtained in foreign subsidiaries that are not tax deductible, those losses attributable to derivative financial instruments related to the Group's stake in the associate Repsol, S.A., and the non-deductible finance costs that the Group has estimated will not be recoverable in a period of less than 10 years and which therefore have not been capitalised.

In 2015:

In terms of reconciliation of accounting income and taxable income, in addition to corrections in respect of the results of associates, most of the permanent differences were accounted for by loans to associates where no future tax recovery is expected.

Consolidation adjustments mainly concerned the results generated by the fair value of the assets of several group companies after they had been taken over, with no effect on tax expenditure.

In terms of reconciliation between tax expenditure before deductions and adjustments and final tax expense, the major difference under "Other adjustments" arose from the Group's provision for impairment of its tax credits following the sale of Testa, as the credits had been supported by the generation of taxable income by this company's assets.

13.4. Change in deferred tax

Movements in deferred tax assets and liabilities in 2015 and 2016 were as follows:

Thousands of euros	Balance at 31-Dec-14	Additions	Disposals	Restatements and transfers	Changes in scope of consolidation	Exchange rate effect	Impact on equity	Balance at 31-Dec-15
Deferred tax assets	866,499	93,879	(159,618)	360	705	(56)	(10,170)	791,599
Deferred tax liabilities	41,808	45,050	643	360	26,140	(2,574)	(1,222)	110,205

Thousands of euros	Balance at 31-Dec-15	Additions	Disposals	Restatements and transfers	Changes in scope of consolidation	Exchange rate effect	Impact on equity	Balance at 31-Dec-16
Deferred tax assets	791,599	69,482	(37,755)	(5,553)	(10,335)	13,026	1,336	821,800
Deferred tax liabilities	110,205	43,590	(16,564)	4	335	13,360	(449)	150,481

Movements in deferred tax assets in 2016 were mainly caused by the temporary differences resulting from the different taxation and accounting criteria used to measure certain assets and liabilities, chiefly in the concessions segment as a consequence of the application of IFRS-EU. Movements under this heading were also affected by the application of Royal Decree 3/2016, that limits the tax deductibility of portfolio provisions made in relation to companies accounted for using the equity method. Finally, movements were also generated by temporary differences resulting from the results obtained from temporary joint ventures, where the accounting treatment differs from the tax treatment.

Movements in deferred tax liabilities in 2016 were mainly caused by the temporary differences resulting from the different taxation and accounting criteria used to measure certain assets, principally related to the valuation of receivables in the Group's concession projects in Chile.

In 2015, changes in the scope of consolidation were mainly accounted for by full consolidation of a number of concession operators, stipulated in Note 2, which were taken over during 2015.

Additions to deferred tax assets in 2015 were caused by the generation of tax loss carryforwards for the tax group, and temporary differences due to the different taxation and accounting criteria used to measure certain assets and liabilities, chiefly in the concessions segment.

Disposals of deferred tax assets were mainly caused by the impairment of tax credits as a result of the Group's estimate of their recoverability at year-end 2015, as explained in Note 13.3.

Deferred tax liability additions and disposals were caused by temporary differences due to the different taxation and accounting criteria used to measure certain assets and liabilities, chiefly in the concessions segment.

In 2016 and 2015, the balance of "Deferred tax assets" breaks down as follows:

Thousands of euros	2016	2015
DEFERRED TAX ASSETS	821,800	791,599
SACYR, S.A. TAX GROUP IN SPAIN	654,105	649,052
1. TOTAL DEDUCTIONS AND CARRYFORWARDS OF THE CONSOLIDATED TAX GROUP	447,551	432,035
1.1. Deductions	291,647	291,133
Sacyr Vallehermoso Participaciones Mobiliarias SL (double taxation on dividends)	200,665	200,665
Rest of consolidated tax group (*)	90,982	90,468
1.2. Tax loss carryforwards	155,904	140,902
Sacyr Vallehermoso Participaciones Mobiliarias SL (sale of 10% of Repsol)	82,218	79,425
Rest of consolidated tax group (*)	73,686	61,477
2. TAX EFFECT OF FINANCIAL INSTRUMENTS	6,230	10,933
3. TEMPORARY DIFFERENCES ARISING BETWEEN ACCOUNTING AND TAXABLE PROFIT	200,324	206,083
Other	200,324	206,083
COMPANIES NOT INCLUDED IN THE TAX GROUP	167,695	142,547

(*) The credits of Vallehermoso División Promoción are not recognised under "Deferred tax assets" as they are classified as "Non-current assets held for sale".

The Group assessed the recoverability of the consolidated deferred tax assets relating to tax loss carryforwards and unused tax credits, based on the evaluation of the economic projections of each of the companies forming the consolidated Tax Group in line with its own business plans and with the Sacyr Group's strategic plan.

The Group has deductible temporary differences which were not recognised as deferred tax assets in the statement of financial position. These differences were mainly non-deductible finance costs, the impact of which on deferred tax assets was 40 million euros (31 million euros in 2015). Article 16 of Corporate Income Tax Law 27/2014 stipulates a limit on the deductibility of finance costs whereby finance costs may generally only be deducted up to 30% of operating profits.

13.5. Tax loss carryforwards

Some Tax Group companies have tax losses that can be carried forward and offset against taxable income of individual companies in subsequent years.

Unused tax loss carryforwards at 31 December 2016 applicable in future years and considered recoverable break down as follows:

Consolidated tax group		
Year generated	Thousands of euros	Cumulative
2001	1,015	1,015
2002	397	1,412
2003	-	1,412
2004	-	1,412
2005	109	1,521
2006	-	1,521
2007	-	1,521
2008	20,212	21,733
2009	252	21,985
2010	3,963	25,948
2011	326,493	352,441
2012	136,999	489,440
2013	125,873	615,313
2014	-	615,313
2015	182,043	797,356
2016	5,987	803,343
TOTAL BASE	803,343	

The Corporate Income Tax Law 27/2014 eliminated the temporary limit for the offset of tax losses, which had previously been set at 18 years. This will mean that tax assets will not expire. These tax loss carryforwards are expected to be offset against future profits and unrealised gains.

In 2016, the consolidated Tax Group was not able to deduct all the finance costs generated in the year. At year-end, the Group had finance costs amounting to 161 million euros (125 million euro in 2015) which were not subject to tax relief and which may be deducted in the following tax periods with no time limit. However, in line with the accounting principle of prudence, they were not capitalised since it cannot be guaranteed that they will be deducted over the next ten years.

13.6. Unused tax credits

At 31 December 2016, the Tax Group had 294,992 thousand euros in unused tax credits, accrued in 2016 and previous years (2007 to 2015). The yearly breakdown is as follows:

Year generated	Amount (thousands of euros)	Cumulative (thousands of euros)
2007	13,465	13,465
2008	9,643	23,108
2009	51,431	74,539
2010	65,636	140,175
2011	53,164	193,339
2012	35,556	228,895
2013	33,517	262,412
2014	29,562	291,974
2015	2,378	294,352
2016	640	294,992
TOTAL	294,992	

The main unused tax relief relates to the tax credits for the double taxation of dividends of Repsol, S.A., the 2009 reinvestment tax relief and R&D&i tax credits. The maximum periods to apply unused tax relief are unlimited for tax credits for double taxation, 18 years for R&D&i tax credits and 15 years for the remaining tax relief, all calculated from the period in which they were generated.

14. Inventories

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

<i>Thousands of euros</i>	2016	2015
Down payments	91,857	53,238
Auxiliary work and start-up costs	62,968	62,472
Construction materials and other supplies	44,820	37,975
Goods for resale	35,801	30,857
Work-in-progress and semi-finished goods	5,432	10,357
Finished goods	4,474	5,331
By-products, waste and recycled materials	38	55
Provisions	(9,269)	(3,624)
TOTAL	236,121	196,661

The Group's inventories, which are classified as non-current assets held for sale, include finance costs, and no further amounts were added in 2015 and 2016. Total cumulative finance costs included in inventories totalled 2,258 thousand euros in 2016 and 2,880 thousand euros in 2015.

At 31 December 2016, the carrying amount of finished buildings used to secure debts including the Vallehermoso Group, was 345 thousand euros (2,935 thousand euros in 2015);

and the carrying amount of the land used to secure debts amounted to 60,659 thousand euros (73,898 thousand euros in 2015).

Additionally, at 2016 year-end, including the Vallehermoso Group, the debt guaranteed by finished buildings amounted to 34 thousand euros (2,627 thousand euros in 2015); and the debt guaranteed by the land amounted to 26,124 thousand euros (28,668 thousand euros in 2015).

The Group's property assets classified as inventories with a carrying amount of 128 million euros at 31 December 2016, were valued at 140 million euros, representing an unrealised gain of 8 million euros. These inventories are classified as "Non-current assets held for sale". At 31 December 2015, with an accounting value of 133 million euros, they had been appraised as 141 million euros, producing an unrealised gain of 8 million euros. These inventories were classified as "Non-current assets held for sale".

As indicated in Note 7, as of 1 January 2016, the accounting classification of greenhouse gas emission rights has changed from an intangible asset to an inventory item. At 31 December 2016, the majority of the gas emission rights and consumed rights were contributed by the following companies:

	2016			
	Balance		Consumption	
	Number of rights	Fair (thousands of euros)	Number of rights	Fair (thousands of euros)
Compañía Energética Puente del Obispo	91,783	611	91,670	610
Compañía Energética Las Villas	95,636	633	112,785	729
Compañía Energética Pata de Mulo	52,744	370	52,710	369
Compañía Energética Linares	76,742	464	93,389	557

15. Trade and other receivables

The breakdown of "Trade and other receivables" at 2016 and 2015 year-end is as follows:

<i>Thousands of euros</i>	2016	2015
Customers (Clientes)	860,639	936,325
Completed work pending certification	806,566	670,074
Personnel	994	1,171
Receivable from companies accounted for using the equity	210,695	206,830
Other receivables	124,480	148,933
Receivable from public entities	160,156	133,011
Impairment	(102,221)	(99,729)
TOTAL	2,061,309	1,996,615

The trade receivables balance was significant. Its breakdown by business and type of customer at 31 December 2015 and 2016 is as follows:

2015 Thousands of euros	Central government	Autonomous regions	Local authorities	Public sector companies	Private customers	TOTAL
Sacyr Construcción	66,230	49,130	26,339	16,297	112,860	270,856
Somague	70,106	22,047	5,476	54,565	190,896	343,090
Valoriza	13,607	29,356	60,483	11,980	113,607	229,033
Industrial	-	-	-	-	30,151	30,151
Concessions,	30,139	18,374	3,328	5,371	5,912	63,124
Adjustments and othe	-	-	-	-	71	71
TOTAL	180,082	118,907	95,626	88,213	453,497	936,325

2016 Thousands of euros	Central government	Autonomous regions	Local authorities	Public sector companies	Private customers	TOTAL
Sacyr Construcción	29,357	9,620	15,283	11,328	134,336	199,924
Somague	51,469	4,074	8,452	58,345	178,533	300,873
Valoriza	8,160	31,511	67,682	10,730	123,442	241,525
Industrial	-	-	-	-	64,366	64,366
Concessions,	11,315	22,001	3,683	11,188	5,743	53,930
Adjustments and othe	-	-	-	-	21	21
TOTAL	100,301	67,206	95,100	91,591	506,441	860,639

The average collection period for the Sacyr Group in 2016 was approximately 155 days (150 days in 2015).

The line-item "Receivable from associates" includes the Group's balances at equity-accounted companies. The largest amount, 141 million euros in 2016 and 135 million euros in 2015, is accounted for by commercial credits with the Italian company SIS S.c.p.A. The Group's investment in the Italian company SIS S.c.p.A. is accounted for using the equity method. It has a stake of 49% in this company, detailed to build and subsequently manage the new Pedemontana-Veneto motorway linking Venice and Treviso. This subsidiary transfers its revenues and expenses to its partners so that its individual earnings are zero. The partners record all the expenses and revenues and recognise the commercial debts and credits arising from them.

"Receivables from public entities" at 31 December 2016 and 2015 mainly comprises VAT and Income Tax payments owed to the Group.

Regarding "Impairment", the Group writes down loans and receivables as impaired if payment has not been received six months after maturity or when it becomes aware that the customer has declared itself insolvent, except for public entities, which are assumed to be solvent.

Completed work pending certification has increased as a result of the inclusion of NM Industrial Developments, S.A.C. in the consolidation scope and the performance of the Group's business activities.

16. Cash and cash equivalents

The detail of "Cash and cash equivalents" in 2015 and 2016 is as follows:

<i>Thousands of euros</i>	2016	2015
Cash	546,518	536,473
Other cash equivalents	74,790	66,349
TOTAL	621,308	602,822

Of this amount, 363,343 thousand euros are unrestricted (484,992 thousand euros in 2015) for those companies who hold the cash. The restricted portion is due mainly to the restrictions established for the lending agreements arranged, which oblige the fixed assets to have the required amount to service the debt at the next maturity date. This situation occurs mainly in the concessions area and in the project companies financed through "Project finance", due to the reserve accounts to service debt (which guarantee the next round of debt servicing).

17. Equity

Details and movements in this heading in 2015 and 2016 are shown in the consolidated statement of changes in equity, which forms an integral part of the consolidated annual financial statements.

a) Allocation of profits of Sacyr, S.A. (Parent)

The distribution of 2016 profits proposed by the Directors of the Parent and to be submitted for approval at the General Shareholders' Meeting is as follows:

Euros	2016	2015
Basis of distribution	331,893,447	809,503,791
Income statement	331,893,447	809,503,791
Application	331,893,447	809,503,791
To voluntary reserves	331,893,447	-
To legal reserve	-	41,068,342
To dividends	-	25,727,156
To retained earnings	-	742,708,292

On 31 August 2015 the Board of Directors of the Company resolved to pay shareholders an interim dividend against 2015 profits equivalent to 5% of the par value of shares, for a total distribution of 25,727 thousand euros. This dividend was paid on 15 September 2015.

As shown in the following table, the Company has sufficient liquidity to fund this distribution while meeting the maximum limit set forth in current legislation regarding distributable profit from the previous year-end.

SACYR, S.A.	
ESTADO CONTABLE DE LIQUIDEZ PREVISTO A EFECTOS DE LA DISTRIBUCIÓN DEL DIVIDENDO A CUENTA DEL EJERCICIO 2015, ACORDADO EN EL CONSEJO DE ADMINISTRACIÓN DEL DÍA 31 DE AGOSTO DE 2015	
Tesorería e inversiones al 30 de junio de 2015	3,270,780.21
Crédito disponible al 30 de junio de 2015	48,073,219.79
Estimated receivables and payables at the date of approval	196,514,000.00
NET CASH AVAILABLE	247,858,000.00
JUSTIFICACIÓN DE LA EXISTENCIA DE RESULTADOS PARA LA DISTRIBUCIÓN DEL DIVIDENDO A CUENTA DEL EJERCICIO 2015, ACORDADO EN EL CONSEJO DE ADMINISTRACIÓN DEL DÍA 31 DE AGOSTO DE 2015	
Beneficio Después de Impuestos al 30 de junio de 2015	553,227,929.04
Appropriation to legal reserve	41,068,342.17
PROFIT AFTER TAX LESS APPROPRIATION TO RESERVES	512,159,586.87
INTERIM DIVIDEND PAID	0.00
MAXIMUM AMOUNT DISTRIBUTABLE	512,159,586.87
DISTRIBUCIÓN DEL DIVIDENDO A CUENTA DEL EJERCICIO 2015 ACORDADO EN EL CONSEJO DE ADMINISTRACIÓN DEL DÍA 31 DE AGOSTO DE 2015	
Acciones emitidas de la sociedad	517,430,991
Treasury shares	2,887,866
Shares with dividend rights	514,543,125
Ordinary dividend per share (euros)	0.0500
INTERIM DIVIDEND	25,727,156.25
<small>* The dividend will fall due and be payable on 13 September 2015</small>	

Limitations on the distribution of dividends

The Company is required to transfer 10% of profit for the year to a legal reserve until the reserve reaches at least 20% of share capital. The reserve cannot be distributed to shareholders unless it exceeds 20% of share capital.

Once the legal or Company bylaw requirements are met, dividends may only be distributed against profit for the year or against unrestricted reserves if the value of equity is not lower than that of share capital or does not fall below share capital as a result of this distribution. Accordingly, profit recognised directly in equity may not be distributed either directly or indirectly. Where losses exist from previous years that reduce the Company's equity to below the amount of share capital, profit must be allocated to offset these losses.

b) Share capital and share premium

At December 31, 2015 and 2016 the Company's share capital was 517,431 thousand euros, represented by 517,430,991 shares of 1 euro par value each, fully subscribed and paid. All shares are of the same class. No shares bear founder rights. All of the shares have been admitted for trading on Spain's Continuous Market.

In 2015 the Company carried out a share capital increase charged to reserves in the amount of 15,218,558 euros, by issuing 15,218,558 shares with a par value of 1 euro each, all the same class.

The General Shareholders' Meeting held on 12 June 2014, authorised the Board of Directors, during a maximum period of five years, to increase share capital through monetary contributions up to a maximum of 251,106,216 euros.

The share premium is subject to the same restrictions and can be used for the same purposes as voluntary reserves, including conversion to share capital.

In 2015 the Company offset losses from previous years with an issue premium and unrestricted reserves, in the respective amounts of 667,611,816.28 euros and 931,868,571.93 euros.

The Company's shareholders at 31 December 2015 and 2016 were as follows:

	2016	2015
Disa Corporación Petrolifera, S.A.	12.66%	12.66%
Grupo Corporativo Fuertes, S.L.	6.27%	6.27%
Beta Asociados, S.L.	5.08%	5.08%
Prilomi, S.L.	4.66%	4.66%
Gam International Management Limited (Antes THS)	3.91%	3.06%
Prilou, S.L.	3.16%	3.16%
Cymofag, S.L.	1.86%	5.06%
Other	62.40%	60.05%
Total	100.00%	100.00%

c) Reserves

- Reserves of the Parent

The details of the reserves of the Group's Parent at 31 December 2015 and 2016 is as follows:

Thousands of euros	2016	2015
Legal reserve	103,486	62,418
Voluntary reserve	761,880	30,735
Total	865,366	93,153

Companies are required to transfer at least 10% of profit for the year to a legal reserve until this reserve reaches 20% of share capital. This reserve is not distributable to shareholders, and may only be used to cover the receivable balance of the income statement if no other reserves are available.

At 31 December 2015 and 2016, the legal reserve amounted to 12.06% and 20% of share capital, respectively.

The Parent's voluntary reserves are unrestricted.

- Other reserves

In 2015 the change was mainly due to the transfer of the issue premium to reserves.

In 2016, the changes in reserves were due mainly to the transfer to reserves of profit from the previous year. In addition, other changes in reserves took place which affected the Group, mainly 48 million euros, as a result of the change in Repsol's equity.

d) Valuation adjustments

Movements in the reserve for unrealised gains and losses are recognised in the statement of comprehensive income and include:

- Available-for-sale financial assets

As explained in Note 4, in accordance with IAS 39, the interest in Itínere Infraestructuras, S.A. was recognised at fair value, with no deduction of any potential costs to sell, as these costs were non-material. Changes resulting from restatements to fair value are recognised directly in equity under "Available-for-sale financial assets" until the financial asset is derecognised from the consolidated statement of financial position or its value is considered impaired, at which point the amount recognised in equity is taken to the separate consolidated income statement.

- Hedging instruments

The reconciliation between the fair values of hedging instruments described in Note 24 and adjustments recognised in the consolidated income statement and consolidated equity is as follows:

Fair value at 31 December 2014	(123,892)
Income and expense recognised directly in equity	(12,409)
Ineffective hedge, changes in scope and other	(57,846)
Transfer to separate consolidated income statement	31,902
Fair value at 31 December 2015	(162,245)
Income and expense recognised directly in equity	(52,919)
Ineffective hedge, changes in scope and other	17,134
Transfer to separate consolidated income statement	67,556
Fair value at 31 December 2016	(130,474)

- Translation differences

This is the difference between translating the equity of companies reported in non-euro currencies at year-end and at historical exchange rates. In 2016 and 2015, the main movements in this heading were due to the performance of Repsol S.A.

e) Treasury shares

At December 31, 2016, the parent company held 6,068,302 treasury shares, equivalent to 1.1728% of its share capital. At the average exchange rate, the price paid was 6.84 per share.

Movements in treasury shares in 2015 and 2016 were as follows:

Balance at 31/12/14	2,766,020
Shares bought (liquidity contract)	33,874,772
Shares sold (liquidity contract)	(31,820,768)
Bonus share issue	78,776
Balance at 31/12/15	4,898,800
Shares bought (liquidity contract)	72,089,138
Shares bought (discretionary transaction)	4,899,480
Shares sold (liquidity contract)	(73,808,183)
Shares sold (discretionary transaction)	(2,010,933)
Balance at 31/12/16	6,068,302

Throughout 2016, Sacyr maintained the liquidity agreement it entered into on 29 March 2012 with GVC Gaesco Bolsa, S.V., S.A. pursuant to Circular 3/2007, of 19 December, of the Spanish National Securities Market Commission.

Between 1 January and 31 December 2016, 76,988,618 and 75,819,116 Sacyr shares were bought and disposed of, respectively.

At 31 December 2016, Sacyr was custodian of 1,601 Sacyr shares, which were those that were not subscribed in the bonus issue of 2015.

Sacyr will be the legal custodian of these securities in the three years established by law, at the end of which, and pursuant to Article 59 of the Spanish Corporate Enterprises Act, it will sell and deposit the resulting amount, together with the dividend rights received during this entire period, in the General Deposit Fund, where it will be available to its shareholders.

At the 2016 balance sheet date, the Sacyr share price was 2.220 euros, 22.38% lower than at the prior year close (1.814 euros per share).

f) Equity of non-controlling interests

"Non-controlling interests" shown under equity on the consolidated statement of financial position represents the value of all the stakes held by minority shareholders in the equity of the Group's consolidated subsidiaries. "Minority interests" on the consolidated income statement reflects the portion of profit or loss for the year attributable to these minority shareholders.

There was an increase in 2015 in "Other variations" in the consolidated statement of changes to equity, mainly due to the incorporation of a number of fully consolidated companies which were not, however, wholly owned by the Group, and to a change in the consolidation method used to account for several concession operators, to which the equity method had been applied in 2014, and which were fully consolidated in 2015.

There were no significant changes in 2016.

18. Deferred income

Movements in "Deferred income" in 2015 and 2016 are as follows:

2015 Thousands of euros	Balance at 31-dic-14	Additions	Disposals	Restatements and transfers	Changes in scope of	Balance at 31-dic-15
Government grants	32,054	5,053	(4,613)	-	25,188	57,682

2016 Thousands of euros	Balance at 31-dic-15	Additions	Disposals	Restatements and transfers	Changes in scope of	Balance at 31-dic-16
Government grants	57,682	3,450	(6,067)	174	781	56,020

There was an increase in 2015 due to a change in the scope of consolidation caused by a change in the method used to account for Sociedad Concesionaria de Palma de Manacor, S.A., which was fully consolidated in 2015. This company has a non-refundable subsidy from the regional government in Majorca.

There were no significant changes in 2016.

19. Provisions

19.1. Non-current provisions

Movements in this heading in 2015 and 2016 were as follows:

2015 Thousands of euros	Balance at 31-Dec-14	Additions	Disposals		Restatements and transfers	Changes in scope of consolidation	Exchange rate effect	Balance at 31-Dec-15
			Reversals	Amounts used				
Non-current provisions	279,246	109,651	(1,859)	(4,577)	(17,729)	(2,930)	0	361,804
Reconciliation								
Provisions for income tax		10,271	0	(4,852)	0	0	0	
Other provisions (income statement by nature)		10,947	(40,907)	(11,081)	0	(4,321)	0	
Associates (financial)		29,060	(343)	0	0	0	0	
Provisions for pensions and similar obligations		0	0	0	(115,183)	0	0	
Major repairs (other operating costs)		4,457	(1,709)	0	(13,539)	0	0	
Transfer to current provisions		0	0	0	(45,358)	0	0	

2016 Thousands of euros	Balance at 31-Dec-15	Additions	Disposals		Restatements and transfers	Changes in scope of consolidation	Exchange rate effect	Balance at 31-Dec-16
			Reversals	Amounts used				
Non-current provisions	361,804	27,760	(5,021)	(19,932)	(52,156)	58,052	(79)	370,428
Reconciliation								
Provisions for income tax		537	0	(2,024)	135	9,863	0	
Other provisions (income statement by nature)		10,985	(5,021)	(15,529)	(3,815)	11,676	(82)	
Associates (financial)		6,623	0	0	(48,476)	0	0	
Provisions for pensions and similar obligations		66	0	(224)	0	1,879	3	
Major repairs (other operating costs)		9,549	0	(2,155)	0	34,634	0	
Transfer to current provisions		0	0	0	0	0	0	

Non-current provisions include:

- Provisions for losses on equity-method companies that exceed the investment in them, in accordance with IAS 28 (paragraphs 29 and 30), amounting to 172 million euros at 31 December 2016 (255 million euros at 31 December 2015). Once the value of the investment in equity-method companies is zero, any additional losses are recorded by the Group insofar as it has incurred in the legal or implicit obligations. Those losses relating to Grupo Unidos por el Canal, S.A. are of particular note here.

In 2010, Sacyr, S.A. bought a stake in Grupo Unidos por el Canal, S.A., the company which holds the construction contract for the third set of locks for the Panama Canal. Although Sacyr, S.A. is the owner of the holding, the construction division staff is

representing the Group as a whole in the project, with an internal agreement existing between the Company and its shareholder that the profits or losses will be assumed by Sacyr Construcción, S.A. (sole shareholder company) without this implying the transfer of the rights, benefits or interests that Sacyr, S.A. may have in the contract or in the company, as is expressly prohibited in the construction works agreement. At 31 December 2015 and 2016, Sacyr Group held a 48% stake in the consortium awarded the contract to build the third set of locks on the Panama Canal, with respect to the customer, and this was the basis whereby the initial guarantees currently in force were established. There are also internal agreements concerning the redistribution of percentages in the results of members of the consortium, which allocate Sacyr, S.A. a 41.6% share in earnings. This company is accounted for using the equity method and this is the main explanation for the variation between the two years, which results from new loans being granted by the Group.

At 31 December 2016, GUPC had received construction certificates amounting to 3,672.1 million US dollars, which represents a 100% percentage of completion of the work, recognised and paid by the Client. At the end of 2016, the balance of advances by the ACP (Panama Canal Authority) to GUPC amounted to 868 million US dollars, which relate to advances stipulated in the agreement ("Mobilisation Security" amounting to 248 million US dollars and "Plant Security" amounting to 300 million US dollars); and the remainder (320 million US dollars) to payments made directly to a number of suppliers for changes to the Contract signed with the ACP.

On 31 May 2016, GUPC successfully completed the extension of the third set of locks on the Panama Canal, with delivery being received by the ACP on 24 June 2016. The ACP and the Panamanian government officially opened the locks on 26 June 2016, with the passing through of the container ship Cosco Shipping Panamá. The works are currently in the maintenance and conservation stage, within their guarantee period.

GUPC has filed several objective quantified claims amounting to 3,953.8 million US dollars. These claims arising from various unforeseen costs arising in the project are in a settlement phase in line with that stipulated in the contract between the company and the Panama Canal Authority ("Autoridad del Canal de Panamá - ACP"). This contract establishes a system to resolve claims or disputes based on three resolution levels: 1) the claims must be notified to the ACP, which may recognise all or a part thereof; 2) the claims rejected by the ACP should be addressed to the DAB (Dispute Adjudication Board), formed by three experts, one chosen by the ACP, another by GUPC and a third expert who is appointed by mutual agreement between both; 3) lastly, the claims may be addressed to the ICC's Arbitration Court with headquarters in Miami, subject to Panamanian Law, governed by the regulations of the International Chamber of Commerce). The arbitration proceedings established will take a decision on the liability of those unforeseen costs with respect to which the GUPC has presented various claims.

The claims submitted that have been recorded as income in GUPC's financial statements consolidated using the equity method amounted to 1,245.7 million US dollars at the end of 2016 (1,090 million US dollars in 2015), i.e. 31.5% of the claims submitted during the resolution phase.

In 2016, 50.2 million US dollars was collected from claims resulting from the DAB ruling, with 337.5 million US dollars having been received in total.

In December 2016, GUPC requested that the ICC resolve all the claims arising from this project, due to the slowness of the DAB arbitration process and with the aim of grouping together all of the claims in a single ICC tribunal.

The breakdown of the main claims at 31 December 2016 is as follows:

- Claim 6.2 Physical Conditions (Mass Balance): the total amount of the claim is 114.1 million dollars. In January 2017, the DAB approved this claim for 4 million US dollars.
- Claim 14 Change in the design of the sluice gates: amounting to 355.5 million US dollars.
- Claim 43 Basalt: amounting to 246 million US dollars.
- Claim 52 Concrete: amounting to 218 million US dollars.
- Claim 78 Disruption: this claim, which amounts to 1,596.6 million US dollars, interrelates parts of many other claims. Monthly updates of this claim have been presented to the customer.
- Claim 93 for 218.4 million US dollars regarding the delay and extra costs arising from events and circumstances related to the threat of the contract termination, which slowed the pace of work from September 2013 onwards and led to the work suspension in January 2015.
- Claim 110 Costs in connection with Project Funding & Cash Flow: a claim of 191 million US dollars for a delay in finalising the financing agreement for completion of construction work.

Regarding the ICC arbitration before 2016:

- Claim 6.1 Pacific Cofferdam, updated in the amount of 194.1 million US dollars. the arbitration process with the Miami ICC commenced in 2016. The proceedings were held in January 2017 and the ICC has promised to give its ruling before the end of the year.

On 7 February 2017 the independent expert DLF Associate, Ltd. updated the report analysing each claim, describing the status of each until that date, and establishing a fair estimate of the amount that the company can expect from each. The estimates are based on its own research and experience and on the documentation provided by GUPC. Its conclusion is that the company should reasonably expect to recover 1,953.9 million US dollars. As 337.5 million US dollars have accrued to date, a further 1,616.4 million US dollars are pending collection out of a total of 3,953.8 million US dollars in claims submitted up to 31 December 2016. Sacyr is due a share of 41.6%, and therefore can reasonably be expected to recover 672.4 million US dollars of a total of 1,644.8 million US dollars.

b) Provisions to cover risks associated with lawsuits in progress. These were recorded in accordance with the best estimates at year-end and there is no material amount. By business areas, they are as follows:

- Services
 - Provisions for greenhouse gas emissions by several power companies (C.E. Puente del Obispo, C.E. Pata de Mulo, C.E. de Linares and C.E. de las Villas). This provision is allocated as the rights are used (see Note 7). Emission rights are not amortised.

- Grupo Valoriza Servicios Medioambientales, Sadyt and Facilities were provisioned for onerous contracts with which the company expects a negative cash flow for construction completion and environmental action.
- Concessions
 - Based on the concession sector's circumstances and in view of the uncertainties in the regulatory and market conditions, in 2016 the Group recorded non-current provisions amounting to 52.5 million euros (50.4 million euros in 2015) for the contingencies and liabilities that it would have to assume as the shareholder vis-à-vis third parties in the event of an asset impairment at its investees beyond the capital provided.
 - Provisions provided for large repairs envisaged in the concession agreement amounting to 39,649 thousand euros (32,586 thousand euros in 2015).

The amount of financial adjustments is not significant.

- c) Provisions for tax claims include tax liabilities whose amount or due date is uncertain and where an outflow of resources from the group will probably be required to settle a liability arising from a present obligation. There were no significant changes in 2015. The increase in 2016 is mainly due to the inclusion of Río Narcea Recursos, S.A.U. in the scope of consolidation.

19.2. Current provisions

Movements in this heading in 2015 and 2016 were as follows:

2015 Thousands of euros	Balance at 31-dic-14	Change in operating	Additions	Reversals	Disposals Amounts used	Restatements and transfers	Ex. rate effect	Changes in scope of	Balance at 31-dic-15
Current provisions	315,908	36,789	5,912	(32,651)	(54,914)	(22,332)	(2,412)	(52)	246,248
Reconciliation									
Change in operating provisions		36,789	-	-	-	-	-	-	
Transfer from non-current provisions		-	-	-	-	(22,332)	-	-	
Other responsibilities (income statements by nature)		-	5,912	(29,577)	(54,914)	-	(2,412)	(52)	
Other trade provisions (income statements by nature)		-	-	(3,074)	-	-	-	-	
	315,908	36,789	5,912	(32,651)	(54,914)	(22,332)	(2,412)	(52)	246,248
2016 Thousands of euros	Balance at 31-dic-15	Change in operating	Additions	Reversals	Disposals Amounts used	Restatements and transfers	Ex. rate effect	Changes in scope of	Balance at 31-dic-16
Current provisions	246,248	12,701	2,130	(16,898)	(29,399)	3,013	2,948	35	220,778
Reconciliation									
Change in operating provision		12,701	105	(16,233)	(26,398)	(2,376)	2,785	35	
Transfer from non-current provisions		-	-	-	-	2,819	-	-	
Other responsibilities (income statements by nature)		-	1,049	-	-	2,376	157	-	
Other trade provisions (income statements by nature)		-	976	(665)	(3,001)	194	6	-	
	246,248	12,701	2,130	(16,898)	(29,399)	3,013	2,948	35	220,778

The Sacyr Group Parent's traffic provisions at the end of 2016, in the amount of 93 million euros (116 million euros in 2015), relate mainly to coverage of the potential risks it had to undertake as shareholder of the Madrid radial motorways in relation to the legal proceedings filed by third parties, along with possible impairment of the guarantees furnished by the Parent to its investees in the area of property development, which may not be recoverable based on trends in business appraisals.

20. Contingent liabilities

The Group assesses its obligations and liabilities by considering the potential obligations arising from past events whose existence must be confirmed by uncertain future events not under the Group's control as "contingent liabilities". At 31 December 2015 and 2016 there were no material contingent liabilities that could have a significant impact on the Group's financial statements or which could lead to an outflow of resources.

At 31 December 2015 and 2016 Group companies had provided guarantees of 2,369,596 thousand euros and 2,306,480 thousand euros, respectively. The breakdown of guarantees provided in each segment is as follows:

2015	Financial guarantees		Technical guarantees		TOTAL
	Spain	Outside	Spain	Outside	
Thousands of euros					
Holding	78,262	134,181	32,244	243,092	487,779
Construction,	69,937	253,029	276,049	527,196	1,126,211
Concessions,	1,824	18,735	50,937	315,549	387,045
Valoriza	3,564	27,115	207,941	112,404	351,024
Vallehermoso	5,298	0	12,239	0	17,537
Total	158,885	433,060	579,410	1,198,241	2,369,596

2016	Financial guarantees		Technical guarantees		TOTAL
	Spain	Outside	Spain	Outside	
Thousands of euros					
Holding	124,147	126,567	31,187	275,632	557,533
Construction,	49,038	281,728	235,304	553,737	1,119,807
Concessions,	1,826	0	70,018	195,290	267,134
Valoriza	7,173	22,630	207,846	111,229	348,878
Vallehermoso	4,712	0	8,416	0	13,128
Total	186,896	430,925	552,771	1,135,888	2,306,480

In the construction divisions, these were performance guarantees signed up on contracts with customers and tenders, and any advances received.

In the Concessions division, a distinction is made between technical guarantees (deposits for tender, construction and operation of toll motorways) and financial guarantees (bank guarantees).

The guarantees extended by the Valoriza Group largely correspond to construction contracts.

In the Real Estate Development division (Vallehermoso Group), a distinction is made between:

- Technical guarantees, relating to the contracts for construction and sale of developments, land tenders and down payments from property buyers.
- Financial guarantees, which mainly relate to deferred payments for the acquisition of land.

The holding's technical guarantees mainly concern the project to build the third set of locks on the Panama Canal.

The amount of the guarantees and collateral posted by Sacyr directly or indirectly via Grupo Unidos por el Canal, S.A. (GUPC) for construction of the third set of locks on the Panama Canal is as follows:

<u>Guarantees (millions of US dollars)</u>	<u>Guarantee by Sacyr</u>
Corporate credit guarantee granted to GUPC	124.1
Guarantee for the payment of suppliers and employees	21.7
Advances	371.7
Guarantees at 31 December 2015	517.5
Partial cancellation of corporate credit guarantee granted to GUPC	(12.7)
Advances	25.2
Guarantees at 31 December 2016	530.0

By virtue of the contract, the GUPC members undertake a joint and several guarantee vis-à-vis the ACP (Panama Canal Authority), as stated in clause 1.7A of the contract, to a maximum amount of 600 million US dollars.

In addition, the GUPC members jointly guarantee the correct operation of the work carried out, in accordance with the appendix of the VO 108 contract, for 150 million US dollars.

No liabilities other than those recorded and described in these notes to the consolidated financial statements that would result in an outflow of resources for the Group are expected to arise.

21. Bank borrowings

The table below shows the Group's financial debt by division at year-end 2015 and 2016. Schedules are prepared based on the contractual maturity of financing agreements. Debt maturities are classified in the consolidated statement of financial position in accordance with applicable accounting standards.

The breakdown of the Group's gross financial debt at December 31, 2015, by division and contractual maturity, was follows:

	2016	2017	2018	2019	2020	Subsequent years	TOTAL BORROWINGS
Sacyr	227,906	22,600	66,361	238,020	29,150	18,337	602,374
- Bank borrowings	23,080	22,600	66,361	9,256	3,550	18,337	143,184
- Bonds and other marketable debt securities	204,826	-	-	228,764	25,600	-	459,190
Sacyr Group (Construction)	108,051	6,163	2,932	5,468	3,305	41,441	167,360
Sacyr Group (Concessions) (1)	205,622	95,020	101,761	123,126	181,100	1,261,714	1,968,343
Valoriza Group	76,336	24,925	24,952	24,458	14,989	96,089	261,749
Industrial Group	28,159	15,314	10,181	10,271	6,707	7,238	77,870
Somague Group	148,084	37,952	17,902	3,685	2,412	3,326	213,361
SVPM (Repsol)	47,659	-	1,627,200	-	-	-	1,674,859
TOTAL DEBT PAYABLE	841,817	201,974	1,851,289	405,028	237,663	1,428,145	4,965,916
Transaction costs to be distributed	-	-	-	-	-	-	(43,001)
TOTAL DEBT	841,817	201,974	1,851,289	405,028	237,663	1,428,145	4,922,915
Vallehermoso Group (2)	23,503	11,500	-	435	-	1,675	37,113
TOTAL DEBT PAYABLE	23,503	11,500	-	435	-	1,675	37,113

Figures include 40 million euros of accrued unpaid interest.

(1) At Sacyr Concesiones current bank borrowings include all Viastur's financial data as the coverage ratio used to service the debt is lower than that stipulated in the contract. Debt maturities are classified according to contractual maturities.

(2) In Vallehermoso's figures, accounting classification by term differs from the contractual maturities owing to the classification of debt associated with inventories as current debt.

At 31 December 2015, gross financial debt amounted to 4,923 million euros.

In 2015, through a number of operations (sale of shares, shared dividends, share capital reductions and increases), Sacyr S.A. sold its 77.01% in Testa Inmuebles en Renta, Socimi, S.A. to Merlin Properties. Sacyr received 1,555 million euros from the sale of shares.

Bank borrowings fell in 2015 by almost 2,000 million euros, chiefly due to the sale of Testa, which reduced debt and wrote off Group financial debt.

The loan for Sacyr Vallehermoso Participaciones Mobiliarias S.L.U.'s stake in Repsol was refinanced in the first half of 2015 - the final repayment date was extended to 31 January 2018, in the amount of 2,265 million euros.

Also in 2015, Sacyr Vallehermoso Participaciones Mobiliarias S.L.U., the special-purpose vehicle which owns 8.48% of Repsol, S.A., received two dividends against 2014 earnings totalling 116.83 million euros.

Subsequently, in July Sacyr Vallehermoso Participaciones Mobiliarias S.L.U. made an early repayment of 611 million euros to reduce the principal on the loan to 1,654 million euros.

Sacyr Concessions increased its gross borrowing in 2015 for several reasons; the first reason was the change to the consolidation method used to account for a number of concession operators, in the amount of 561 million euros; the second was international expansion requiring greater investment, and thirdly divestment of the 30% stake in the Antofagasta Hospital in Chile, and its 49% holding in the Chilean concessionaire "Ruta Limarí". Sale of these assets reduced debt by 24 million euros.

The detail of the Group's financial debt at 2016 year-end, by divisions and maturities, was as follows:

2016	2017	2018	2019	2020	2021	Subsequent years	TOTAL BORROWINGS
Sacyr	97,522	142,611	242,956	10,955	4,050	42,507	540,602
- Bank borrowings	55,599	142,611	9,187	3,800	4,050	13,776	229,024
- Bonds and other marketable debt securities	41,923	-	233,769	7,155	-	28,731	311,578
Sacyr Group (Construction)	167,595	6,118	5,007	3,234	3,395	35,560	220,909
Sacyr Group (Concessions) (1)	347,003	105,961	89,573	184,378	192,893	1,343,400	2,263,208
- Bank borrowings	339,159	101,166	84,376	178,738	186,722	1,317,757	2,207,918
- Bonds and other marketable debt securities	7,845	4,795	5,197	5,639	6,171	25,643	55,290
Valoriza Group	95,882	34,456	59,472	31,160	24,311	123,874	369,155
Industrial Group	61,704	8,092	8,645	6,258	5,858	11,808	102,365
Somague Group	50,977	14,751	11,763	14,641	76,294	32,314	200,739
SVPM (Repsol)	14,577	769,126	-	-	-	-	783,704
TOTAL DEBT PAYABLE	835,261	1,081,115	417,416	250,626	306,801	1,589,463	4,480,682
Transaction costs to be distributed	-	-	-	-	-	-	(45,941)
TOTAL DEBT	835,261	1,081,115	417,416	250,626	306,801	1,589,463	4,434,740
Vallehermoso Group	29,824	-	-	-	-	-	29,824
TOTAL DEBT PAYABLE	29,824	-	-	-	-	-	29,824

Figures include 29 million euros of accrued unpaid interest.

Debt maturities are classified according to contractual maturities.

(1) At Sacyr Concesiones current bank borrowings include all Viastur's and S. C. del Turia's financial debt as the coverage ratio used to service the debt is lower than that stipulated in the contract.

(2) In Vallehermoso's figures, accounting classification by term differs from the contractual maturities owing to the classification of debt associated with inventories as current debt.

Gross financial debt at 31 December 2016 amounted to 4,435 million euros, down by 488 million euros against financial debt of 4,923 million euros at 31 December 2015.

On 29 April 2016, Sacyr, S.A. fully repaid convertible bonds for an amount of 200 million euros, from the issue carried out on 31 March 2011.

In November 2016, Sacyr S.A. launched a simple bonds issue, at below par value, for 30 million euros, maturing on 23 November 2023, with an annual 4.75% coupon payable.

On 13 April 2016, promissory notes of the ECP programme were registered, with maturity of one year and a maximum amount of 300 million euros at a variable interest rate.

In 2016, Sacyr continued with its financial debt reduction policy in relation to the Repsol loan, repaying 885 million euros early. At December 31, 2016, the principal of the loan pending payment amounted to 769 million euros.

This early repayment was mainly made by using the 317 million euros received from the sale of Testa in June 2016; with the funds obtained (533 million euros) from the two derivatives instruments on 50 million Repsol shares, arranged in October and December 2016, and the rest coming from the dividends received during this same year from the stake in Repsol.

Sacyr Concesiones has refinanced the debt of the concessionaire companies that manage and operate the Plaza Elíptica and Moncloa transport hubs in Madrid for a total of 190 million euros. This refinancing has allowed the average repayment period to be extended by almost 25 years, to the new maturity dates of 2028 and 2041, respectively. The transaction takes advantage of the current low market interest rates.

On 26 April 2016, Sociedad Concesionaria autopista del Noroeste (AUNOR), which is part of Sacyr Concessions Group, issued 540 below-par bonds for 100,000 euros each, for a total of 54 million euros. The bonds have an annual coupon of 4.75%, mature in 2025 and trade on the Alternative Fixed-Income Market (MARF).

Sacyr Concessions increased its gross borrowing by 295 million euros in 2016, for two main reasons. Firstly, international expansion requiring greater investment, particularly in Chile where gross debt has increased by 314 million euros, and secondly due to the divestment of the Braga, Vila Franca de Xira and Azores hospitals in Portugal, which saw the associated gross debt reduced by 92 million euros.

The Somague Group has successfully obtained refinancing of 121.2 million euros of financial debt that was due to mature in the short term in its Portuguese subsidiary, Somague Engenharia. Maturity has been extended to 2023.

At 31 December 2015, the Group's financial debt was summarised under the following headings and each division had the following basic characteristics:

Millions of euros	Amount	Current average interest rate	Date of next interest rate review	Interest rate review period
Loan for Repsol acquisition	1,654	2.95%	1/30/2016	6 months
Other debt				
Credit facilities	282	5.99%	As per facility	1,3,6,12 months
Loans	297	3.02%	As per loan	1,3,6,12 months
Concession project finance	2,159	5.44%	As per loan	1,3,6,12 months
Mortgage loans and leasing	26	4.14%	As per loan	1,3,6,12 months
Bonds and other marketable debt securities	453	5.07%	-	Fixed
Unmatured interest accrued and debt arrangement expenses	52	-	-	-
TOTAL	4,923			

Financing of concession projects represents the major portion of financial debt, with limited recourse to shareholders.

Borrowings in connection with the Repsol stake, after the early redemption in 2015, are the second largest item, and are largely included in the special-purpose vehicle Sacyr Vallehermoso Participaciones Mobiliarias.

Sacyr Construcción, S.A.U. guaranteed mortgage loans in the amount of 5.1 million euros and leases in the amount of 1.3 million euros. The credit rights generated by sale of the mortgaged land were also pledged in favour of the bank. The proceeds of the sale will be used to cancel the mortgage loans ahead of schedule.

In May 2015 Sacyr S.A. issued 26.2 million euros in a 5-year bond issue. This, along with the two bond issues in previous years, increased financial debt at year-end to 453 million euros.

The main characteristics of debt in each division at 31 December 2015 were as follows:

- Holding: The Parent's financial debt includes 4,000 bonds issued in April 2011 for a total nominal amount of 200 million euros targeting European institutional investors, thus entering the capital market as a new source of financing. They mature on 1 May 2016 and are remunerated with a fixed annual nominal coupon of 6.5%, payable every quarter. The bonds can be voluntarily swapped by holders for existing shares, and/or converted into new ordinary shares of the issuer during the conversion period. The initial swap or conversion price at year-end was 8.24 euros. In May 2014 the company launched the second issue of 250 million euros - 2,500 bonds, each in the amount of 100,000 euros, maturing on 8 May 2019, and paid with a 4% fixed annual nominal coupon on a quarterly basis. The initial swap or conversion price at 31 December 2015 was 5.444 euros.

On 7 May 2015, Sacyr S.A. launched an issue of simple bonds in the amount of 26.2 million euros, maturing at five years on 7 May 2020, with an annual 4.5% coupon payable.

Floating-rate bank debt amounted to 142 million euros, consisting of working capital credits and corporate loans used by Sacyr S.A. to coordinate and provide financial management as the Group's Parent.

- Sacyr Vallehermoso Participaciones Mobiliarias S.L. (SVPM): gross debt of 1,670 million euros, associated with the Repsol holding. This loan was novated in the first half of 2015, and the repayment date was extended to 31 January 2018. The capital outstanding at year-end 2015 was 1,654 million euros. Dividends received from the Repsol holding are used to service this debt. The IRS acting as a hedge against higher interest rates, with a notional amount of 1,500 million euros, fell due on 31 January 2015, and no hedges have been arranged subsequently to date.

In order to comply with the terms of the guarantee contract concerned associated debt, the value to loan ratio must be above 130%. At 31 December 2016 the rate was 146%. The assets pledged as a guarantee are all the shares in Repsol, S.A. and shares in other Sacyr group companies.

- Construction (Sacyr and Somague): Bank borrowings totalled 381 million euros, all bearing floating interest, 67% of which were repayable at short term. They finance the net working capital generated by lengthening the average collection periods and are instrumented through credit lines and programmes for discounting receivables. A total of 68% of the borrowings come from activity outside Spain.
- Concessions (Sacyr Concesiones): This heading includes financing for concession projects which, at 31 December 2015, totalled 1,932 million euros; 50% of this lending was hedged against interest rate increases. It will be repaid with cash flow from the concessions and 90% is contractually due from 2017 onwards. Projects outside Spain, i.e. Chile, Portugal and Ireland, account for 46% of the division's borrowings.

The debt of Sacyr Concessions rose by 70% against debt of 1,141 million euros at 31 December 2014.

The increase was mainly brought about because a number of concession operators were fully consolidated, whereas at 31 December 2014 they had been consolidated using the equity method. The reason for the revaluation, conducted in accordance with IFRS 10, was amendments to shareholders' agreements altering the control of Autovía del Arlanzón, Hospital de Parla, S.C., Palma Manacor, Hospital del Noreste, Intercambiadores de Transportes de Moncloa, Hospital del Noreste, Intercambiadores de Transportes de Moncloa y Plaza Elíptica, Autovía del Turia and Autovía del Noroeste.

Secondly, debt was also considerably increased by investment by the division abroad, especially in Chile.

Thirdly, debt was reduced by divestment of the 30% stake in the Antofagasta Hospital and the 49% stake in Sociedad Concesionaria "Ruta del Limari", both in Chile.

- Services (Valoriza Group): distributes 339 million euros of the gross financial debt reported at 31 December 2015 in two blocks. Firstly, structured lending, which represents 50% of the total, 79% of which is in turn hedged against interest rate increases. This is structured debt undertaken by the water treatment, renewable energy and environmental services concession businesses, serviced by cash flows generated by the concessions.

Secondly, borrowings in connection with construction work and contracts account for the remaining 54% of debt. This financing is corporate, and funds the net working capital arising from the operation of service agreements.

Projects abroad on water distribution and treatment at Somague Ambiente in Portugal account for 18% of Valoriza's gross borrowings.

A total of 69% of the 339 million euros is repayable from 2017 onwards.

- Property (Testa Group): The sale of 77.01% of Testa shares brought down gross financial debt, which totalled 1,711 million euros at 31 December 2014.
- Residential development (Vallehermoso Group): At 31 December 2015, gross debt amounted to 37 million euros.

The following table presents a summary of the Group's financial debt, according to the nature of that debt, at 31 December 2016:

Millions of euros	Amount	Current average interest rate	Date of next interest rate review	Interest rate review period
Loan for Repsol acquisition	769	2.90%	7/31/2017	6 months
Other debt				
Credit facilities	359	4.23%	As per facility	1,3,6,12 months
Loans	446	3.38%	As per loan	1,3,6,12 months
Concession project finance	2,451	4.59%	As per loan	1,3,6,12 months
Mortgage loans and leasing	62	4.41%	As per loan	1,3,6,12 months
Bonds and other marketable debt securities	365	4.19%	-	Fixed
Unmatured interest accrued and debt arrangement expenses	-17	-	-	-
TOTAL	4,435			

Concession projects accounted for 55% of the Group's total financial debt. In this type of financing, the guarantee received by the lender is limited to the project cash flow and its asset value, with limited recourse to shareholders. These guarantees entail pledging the shares of the concession operators, their major current accounts and collection rights (insurance claims, contracts etc.).

Even after the large early repayment made to the loan associated with the Repsol stake in 2016, it remains the second largest item. The financial debt is mainly included in the special purpose vehicle, Sacyr Vallehermoso Participaciones Mobiliarias.

The outstanding balance of bonds and other marketable debt securities comprises 365 million euros after three bond issues and a promissory notes programme of the company ECP carried out by Sacyr S.A., along with a bond issue carried out in April 2015 by Sociedad Concesionaria autopista del Noroeste (AUNOR), part of Sacyr Concessions Group.

The Sacyr Construcción Group and Valoriza Group guarantee mortgage loans in the amount of 5.4 million euros and leases in the amount of 21.4 million euros. Sacyr Construcción has credit rights generated by sales of mortgaged land pledged in favour of the bank. The proceeds of the sale will be used to cancel the mortgage loans ahead of schedule.

Working capital requirements are financed by credit/loan lines and sales of trade receivables. Capital-intensive strategic investment made by the Group where returns are generated in the long term have their own project finance. These investments and the concession projects form part of the Group's long-term financing policy.

The main characteristics of borrowings in each division at 31 December 2016 are as follows:

- Holding: The Parent's financial debt includes a convertible bond issue launched in May 2014, for 250 million euros, consisting of 2,500 bonds each with a value of 100,00 euros, maturing on 8 May 2019, and with a 4% fixed annual nominal coupon paid on a quarterly basis. The initial swap or conversion price at 31 December 2016 was 5.444 euros.

On 7 May 2015, Sacyr S.A. launched an issue of simple bonds in the amount of 26.2 million euros, maturing at five years. On 14 December 2016, an early redemption of 186 bonds was made for a nominal amount of 18.6 million euros. The outstanding nominal balance of the issue at 31 December 2016 stood at 7.6 million euros. This issue was carried out among eligible investors, at a fixed interest rate, paid by an annual coupon of 4.5%.

In November 2016, Sacyr S.A. launched a new simple bonds issue, at below par value, for 30 million euros. These bonds mature on 23 November 2023, have a 4.75% coupon payable annually and are subject to English law.

On 13 April 2016, promissory notes of the ECP programme were registered, with maturity of one year and a maximum amount of 300 million euros at a variable interest rate.

Floating-rate bank debt amounted to 229 million euros, consisting of working capital credits and corporate loans used by Sacyr S.A. to coordinate and provide financial management as the Group's Parent.

- Sacyr Vallehermoso Participaciones Mobiliarias S.L. (SVPM): gross debt of 784 million euros, of which 769 million euros relates to the principal on the loan associated with the stake in Repsol, and the remaining 15 million euros is accrued interest payable.

This loan matures on 31 December 2018. Dividends received from the Repsol holding are used to service this debt.

In order to comply with the terms of the guarantee contract concerned associated debt, the value to loan ratio must be above 130%. At 31 December 2016 the rate was 185%. The assets pledged as a guarantee are all the shares in Repsol, S.A. and shares in other Sacyr group companies.

- Construction (Sacyr and Somague): Bank borrowings totalled 422 million euros: 79% with a variable interest rate and 21% at fixed interest; 52% was repayable at short term. In 2016, Somague Engenharia has refinanced 122 million euros of short-term debt, extending its maturity to 2023.

This division finances net working capital generated through the use of credit lines, loans and sales of trade receivables. A total of 68% of the borrowings come from activity outside Spain.

- Concessions (Sacyr Concessions Group): gross financial debt at 31 December 2016 amounted to 2,218 million euros, divided into 2,163 million euros in concession project financing and 55 million euros in bonds.

A total of 45% of this financial debt is hedged against interest rate rises. The debt will be serviced with cash flows generated by the concessions. 85% is contractually due from 2018 onwards. Projects outside Spain, i.e. Chile, and Peru, account for 50% of the division's borrowings.

All of Viastur Concesionaria del Principado de Asturias, S.A.'s bank borrowings are shown as current liabilities on the basis of the expected failure to meet the debt service coverage ratio in 2017.

With regard to Autovía del Turia, Concesionaria de la Generalitat Valenciana, S.A., the debt service coverage ratio in 2016 was lower than that stipulated in the company's loan agreement, for which reason, at 31 December 2016, total bank borrowings have been reclassified as current liabilities in the statement of financial position.

Between them Viastur and Autovía del Turia have classified 238 million euros as short term, which, according to the maturity schedules stipulated in the financing agreements, is to be repaid long term.

On 19 April 2016, Autovía del Noroeste Concesionaria de CARM, S.A. issued 540 below-par, senior covered bonds, for 100,000 euros each, on the Alternative Fixed-Income Market (MARF). The total of the issue was 54 million euros and the bonds have an annual coupon of 4.75%, with a final maturity date of 30 June 2025.

Gross financial debt of this division at 31 December 2016 had increased by almost 300 million euros with respect to a year before, mainly due to the borrowing required to fund the advancements made in the Chilean companies' project execution and the signing of refinancing agreements in various companies: Intercambiador de Transportes de Moncloa, S.A., Intercambiador de Transporte de Plaza Elíptica, S.A. and Autovía del Noroeste Concesionaria de CARM, S.A; in addition, there were reductions in the total financial debt in various companies, with the most significant being that recognised in the Somague Concessoes Group, as a consequence of the divestment of the Braga, Vila Franca de Xira and Azores hospitals in Portugal.

The maturity of bank borrowings in 2015 and 2016 is as follows:

- Services (Valoriza Group): distributes 472 million euros of the gross financial debt reported at 31 December 2016 in two blocks. Firstly, structured lending, which represents 47% of the total, 77% of which is in turn hedged against interest rate increases. This is structured debt undertaken by the water treatment, renewable energy and environmental services concession businesses, serviced by cash flows generated by the concessions.

Secondly, borrowings in connection with construction work and contracts account for the remaining 53% of debt. This financing is corporate, and funds the net working capital arising from the operation of service agreements of the business lines: Environment, Water, Multi-services and Industrial.

Projects abroad on water distribution and treatment at Somague Ambiente in Portugal account for 14% of Valoriza's gross borrowings.

Gross financial debt at 31 December 2016 had increased by 132 million euros (39%) with respect to a year earlier, mainly due to the provision of the loan granted for the execution of the contract to "design, build, operate and maintain a seawater desalination plant in Sohar, Oman" and the financing of various contracts awarded in Peru and Mexico.

With regard to repayments, 314 million euros (67% of gross financial debt) reach contractual maturity in 2018 onwards.

- Residential development (Vallehermoso Group): The Group continues to draw up agreements with creditors, and at 31 December 2016 gross debt stood at 30 million euros, down by 19% compared to year-end 2015.

The Sacyr Group has non-euro borrowings taken out by companies whose cash flows are also generated in foreign currency, thereby providing a natural hedge against currency risk. The breakdown of the Group's consolidated borrowings at 31 December 2016 and 2015 is as follows:

Thousands of units						
Company	Type of financing	Currency of loan	2016 foreign currency	2016 thousands of euros	2015 foreign currency	2015 thousands of euros
Sacyr Concesiones Chile	Project financing	CLP	3,539	5	8,752,372	11,371
Sacyr Conc.Valle del Desierto (clp)	Project financing	CLP	104,327,597	147,397	114,248,825	148,431
Rutas del Desierto (link roads to Iquique)	Project financing	CLP	102,976,406	145,488	80,303,844	104,330
Soc. Conc. Bio Bio (Concepción-Cabrero)	Project financing	CLP	175,552,095	248,025	141,769,036	184,185
Ruta del Algarrobo (Aut. Serena-Vallenar)	Project financing	CLP	183,584,917	259,374	156,671,392	203,546
Sacyr Chile	Discount/Factoring	CLP	26,446,947	37,365	35,399,733	45,991
Sociedad Concesionaria Salud Siglo XXI	Project financing	CLP	124,486,448	175,878	48,148,439	62,554
Sociedad Concesionaria Ruta del Limarí	Project financing	CLP	53,906,756	76,161	18,741,669	24,349
Chile			771,284,705	1,089,693	604,035,310	784,757
Sacyr Construccion (Panamá branch)	Working-capital loans	USD	4,950	4,707	4,951	4,556
Grupo Unidos por el Canal	Working-capital loans	USD	-	-	-	-
Panamá			4,950	4,707	4,951	4,556
Sainca	Working-capital loans	USD	34,139	32,461	15,119	13,914
Sacyr Concesiones, S.L.	Project financing	USD	26,762	25,446	-	-
Sacyr Construction (Peru branch)	Working-capital loans	USD	481	457	-	-
Sociedad Concesionaria Vial Sierra Norte	Project financing	USD	52,920	50,319	-	-
Sacyr Concesiones Perú	Project financing	USD	12,191	11,591	84,178	77,469
Peru			126,492	120,274	99,297	91,383
Sacyr Construction (Qatar)	Corporate loan	QAR	64,417	16,785	50,993	12,890
Sacyr Construction (Qatar)	Working-capital loans	QAR	32,422	8,448	16,702	4,222
Qatar			96,839	25,233	67,695	17,112
Myah Gulf Oman Desalination Company	Project financing	OMR	23,199	57,282	-	-
Myah Gulf Oman Desalination Company	Asset-linked	OMR	12,080	29,828	-	-
Oman			35,280	87,110	-	-
Sacyr Construcción (Colombia branch)	Working-capital loans	COP	20,694,658	6,543	-	-
Sacyr Construcción (Colombia branch)	Finance leases	COP	1,559,295	493	-	-
Colombia			22,253,953	7,036	-	-

Maturity schedules for non-euro borrowings of companies operating in Chile in 2016 and 2015 are as follows:

Thousands of euros	2016	2017	2018	2019	Subsequent years	Total
2015	82,333	17,878	28,968	33,872	621,706	784,757

Thousands of euros	2017	2018	2019	2020	Subsequent years	Total
2016	75,214	60,801	53,317	141,791	758,570	1,089,693

For Panamá:

Thousands of euros	2017	2018	2019	2020	Subsequent years	Total
2016	4,950	-	-	-	-	4,950

For Colombia:

Thousands of euros	2017	2018	2019	2020	Subsequent years	Total
2016	7,036	-	-	-	-	7,036

For Peru:

<i>Thousands of euros</i>	2016	2017	2018	2019	Subsequent years	Total
2015	14,088	22,369	16,087	14,042	24,797	91,383

<i>Thousands of euros</i>	2017	2018	2019	2020	Subsequent years	Total
2016	57,117	15,818	4,536	5,453	37,350	120,274

For Qatar:

<i>Thousands of euros</i>	2016	2017	2018	2019	Subsequent years	Total
2015	17,112	-	-	-	-	17,112

<i>Thousands of euros</i>	2017	2018	2019	2020	Subsequent years	Total
2016	25,233	-	-	-	-	25,233

For Oman:

<i>Thousands of euros</i>	2017	2018	2019	2020	Subsequent years	Total
2016	399	24	30,608	2,062	54,017	87,110

Interest-bearing borrowings and loans and debt securities are recognised at amortised cost which, unless more reliable evidence is provided, is equivalent to fair value; therefore, there are no significant differences between the fair value and the carrying amount of the Sacyr Group's financial assets and liabilities.

Most of the Group companies' floating-rate financing arrangements are benchmarked to Euribor, as are any related hedges. Their review frequency is based on the loans' characteristics: at short term, at one to three months for the working capital policies, and at six months for the longer-term structured debt associated with specific assets and project financing. In any case, interest rates on long-term financial liabilities are reviewed regularly, at intervals of less than a year.

The average interest rate of financial debt at 31 December 2016 was 4.08%, compared to 4.50% at 31 December 2015. This change was mainly due to the fall in the variable benchmark interest rates on bank borrowings in almost all new lines of finance: credit facilities, financing of concession projects, loan to finance the acquisition of the Repsol stake, and for the redemption of convertible bonds for an initial nominal amount of 200 million euros, with an annual coupon of 6.5%, the cost of which was above the Group's average.

22. Other hedged financial debt

The Group has arranged two derivative instruments on its Repsol shares (see Note 9). The proceeds obtained from the two forward contracts amounted to 239,094 thousand euros and 378,450 thousand euros, respectively. Both contracts accrue interest at market rates for this type of transaction, which at 31 December 2016 was 59 thousand euros, with a bullet repayment due on maturity in 5 years time.

23. Non-current payables

The breakdown of “Non-current payables” in 2016 and 2015 was as follows:

<i>Thousands of euros</i>	2016	2015
Bills of exchange payable	378	-
Other payables	280,841	285,554
Non-current guarantees and deposit	3,678	2,933
TOTAL	284,897	762,327

“Other payables” mainly comprises payables to suppliers of property, plant and equipment where payment does not fall due for more than a year. In 2016 and 2015, the main balances were provided by Autopista del Guadalmedina Concesionaria Española, S.A., which recognise the subordinated and participating loans granted by the company's other partners. The increase in 2015 was mainly caused by the change in the consolidation method used for Autovía del Arlanzón, S.A., which was accounted for using the equity method in 2014 but fully consolidated in 2015.

There were no significant changes in 2016.

The balances include an implied interest rate, and there is considered to be no significant difference between their carrying amount and fair value.

24. Derivative financial instruments

The Sacyr Group does not subscribe to instruments that impair its asset solvency. The group arranges derivatives which act as their hedges only if the risk can be assumed, i.e. generally long-term financing at floating rates. The objective is to always maintain prospectively effective hedges between the derivatives and the underlying, avoiding speculative positions in the domestic and international financial markets.

The Group seeks to adapt financial liabilities to the best market conditions, and thus occasionally refinances certain liabilities. When a liability or its underlying is renegotiated, the derivative financial instrument used to hedge the related cash flow risk is adapted accordingly.

The derivative financial instruments arranged by the Group hedge exposure to changes in flows associated with financing, and almost all are cash flow hedges as defined by IAS 39. Their objective is to reduce the risk of interest rate variations and their impact on the cash flows associated with the financing hedged, specifically those arising from the increased costs thereof as a result of rising benchmark interest rates, enabling the cost of the transaction to be set.

The main differences between an effective and ineffective hedge are as follows:

- Effective hedge: when the ratio of the performance of the hedging instrument and the underlying is between 80% and 125%. In these cases, the measurement of the effective portion of these derivatives has been directly recognised in equity and the ineffective portion in the income statement.

- Ineffective hedge: the derivatives are recognised against the year's earnings. When it is understood that a derivative may pose difficulties because its characteristics include terms that, a priori, cause a certain degree of ineffectiveness, such as step-up in the fixed rate, a mismatch in periods, Euribor benchmark or overhedging, the hypothetical derivative is formulated in accordance with the characteristics of the hedged item. In addition, the change in its valuation is contrasted with the change in the valuation of the actual derivative. Both data series then undergo a regression analysis and statistics accepted in the standard are obtained. Firstly, the R2 correlation coefficient is used to measure the degree to which the two variables are correlated and must be situated between 80% and 100% and, secondly, the slope of the regression line which must lie between 0.8 and 1.25. If the hedge is not 100% effective but is within the margins, it may be considered a hedge under IAS 39, but the degree of ineffectiveness should be recognised directly in the income statement.

In the overwhelming majority of cases, variable financing rates are swapped to fixed rates using interest rate swaps (IRS); other instruments such as caps and collars are not representative in the Group's portfolio. As a result, the Group transforms its variable-rate financing into fixed-rate financing for the hedged amount. Nearly all the Group's derivatives are indexed to the euro; only in Chile does the group arrange derivatives in non-euro currency. Two cross-currency swaps were signed to convert the project finance in Chilean pesos (CLP) into units of account (CLF), the interest rates for which are expected to be more favourable to the concession operators. The Group partially hedges the financing based on the arranged derivatives; notional derivatives account for an average of 82% of the principal of the underlying debt.

In 2015, hedged financing and the hedging instruments used could be stated as follows:

Thousands of euros	HEDGED ITEM		HEDGE		
	Main	Benchmark rate payable	Nature	Notional	Benchmark rate hedged
Loans to finance concession projects and others	1,207,465			1,009,380	
Services (Utilities)	156,109	Euribor	IRS	136,614	Euribor
Infrastructure (Motorways, Hospitals, transport hubs)	1,051,356	euribor/ICP (1)	IRS /CCS	872,766	euribor/ICP (1)
TOTAL	1,207,465			1,009,380	

(1) ICP: "Índice Cámara Promedio"

The main financing lines hedged and the instruments used to hedge them at year-end 2016 were as follows:

Thousands of euros	Main	Benchmark rate payable	Nature	Notional	Benchmark rate hedged
	Loans to finance concession projects and others	1,020,004			811,336
Services (Utilities)	145,992	Euribor	IRS	110,186	Euribor
Infrastructure (Motorways, Hospitals, transport hubs)	874,012	euribor/ICP (1)	IRS /CCS	701,150	euribor/ICP (1)
TOTAL	1,020,004			811,336	

(1) ICP: "Índice Cámara Promedio"

The changes in the notional amounts of derivatives tied to hedge and speculative financing, at 31 December 2015 and 2016, were as follows:

	CHANGE 2015			
	Notional 31-12-14	Change in current instruments at 31 December 2014	New instruments	Notional 31-12-15
Thousands of euros				
Loan for acquisition of shares in Repsol	1,500,000	-	(1,500,000)	-
Mortgage loans (Testa)	118,700	-	(118,700)	-
Loans to finance service concession projects	148,116	-	(11,502)	136,614
Loans to finance infrastructure concession projects	564,772	20,836	375,836	961,444
TOTAL	2,331,588	20,836	(1,254,366)	1,098,058

	CHANGE 2016			
	Notional 31-12-15	Change in current instruments at 31 December 2015	New instruments	Notional 31-12-16
Thousands of euros				
Loans to finance service concession projects	136,614	(26,428)	25,356	135,542
Loans to finance infrastructure concession projects	961,444	(179,386)	-	782,058
TOTAL	1,098,058	(205,814)	25,356	917,600

The market value of the derivatives contracted by the Group, recognised at 31 December 2016, entails a net liability of 123 million euros. Balances at year-end 2015 and 2016, and movements in financial asset and liability instruments, both hedging and speculative, were as follows:

Thousands of euros	31-dic.-14	Movement	31-dic.-15	Movement	31-dic.-16
Effective hedging instruments	(123,891)	(38,354)	(162,245)	43,504	(118,741)
Ineffective hedging instruments	(8,865)	(4,568)	(13,433)	(2,502)	(15,935)
Trading instruments	0	0	0	(43,155)	(43,155)
Call/put options	23,392	359	23,751	(37,919)	(14,168)
	(109,364)	(42,563)	(151,927)	(40,072)	(191,999)
Financial assets	1,713	12,228	13,941	15,432	29,373
Financial liabilities	(134,469)	(55,150)	(189,619)	(17,585)	(207,204)
Call/put options	23,392	359	23,751	(37,919)	(14,168)
	(109,364)	(42,563)	(151,927)	(40,072)	(191,999)

37 million euros relating to the option on Itinere has been reclassified as a non-current asset held for sale. The value of the option on Guadalmedina, whose market value at 31 December 2016 provides an asset of 14.2 million euros, is not recognised as a hedge instrument.

The valuations of the instruments, not including the aforementioned options, represent net overall liabilities of 177.8 million euros and account for their full market value. Although they were all arranged prospectively as hedges, the degree of ineffectiveness quantified afterwards in the link to the underlying financing means that 15.9 million euros were reclassified as speculative instruments at 31 December 2016, recognised in the year's earnings.

The instruments recorded as hedge transactions for financing account for net liabilities of 130.4 million euros. Of these, 127.6 million euros are pending application to the income statement. The remaining 2.8 million euros are due to the degree of partial ineffectiveness of several instruments which, though they help to continue with the hedge, have led to recognition of part of the valuation in the earnings for the year and previous years.

The valuations of the interest rate derivatives, mostly vanilla IRS, were made in line with the calculation of the present value of all the settlements envisaged per the notional amount schedule set and with the expected interest rate curve, interpolated in accordance with the establishment and settlement periods. Market data were obtained from Bloomberg, both on the underlying rate curves of 3-6 month Euribor at 31 December 2016, and the volatility curve of the caps and swaptions on the different strikes.

The technique used at 31 December 2016 to calculate the valuations in accordance with the market curve did not vary with respect to that used at 31 December 2015. In the case of options, an insignificant percentage within the Group, their intrinsic value is separated from their temporary value - the latter is affected by volatilities, with a direct impact on results. With this mechanism, the valuations were obtained without considering the credit risk.

On 1 January 2013, IFRS 13 came into force on the measurement of fair value with the consideration of the credit risk on the calculation of the valuation of the derivative instruments, both that relating to each of the counterparts and own credit risk. Since this involves derivatives the market value of which may be positive or negative from the point of view of the Sacyr Group, a counterparty credit risk exists when the value is positive and an own credit risk when it is negative.

A consolidated net positive effect of 14.1 million euros was appraised and recognised in this regard. Without adjusting the credit risk, the valuation of the financial instruments would represent a net liability of 163.7 million euros instead of the 177.8 million euros recognised at 31 December 2016.

At 31 December 2015, the net positive adjustment was 12.6 million euros, without which the net liabilities would have totalled 188.2 million euros instead of the 175.6 million euros recognised.

Accordingly, the average expected exposure was calculated taking into account the changes in the market variables, introducing volatilities as a measurement of the frequency and intensity of the changes in value. This was adjusted by the probability of non-payment of each counterparty. The implicit probability of non-payment was obtained based on market data of companies with a comparable credit rating in some cases and through the implicit quoted price on the secondary own marketable securities market. The loss rate used given the degree of non-compliance is 60% and that of recoverability 40%, which corresponds to the Credit Default Swaps market standard.

Changes in the fair value of derivative financial instruments may exert additional volatility on results, owing to non-compensation because of the hedging against variations in the underlying. To limit this risk, and in light of the requirements under IAS 39, the Group has conducted prospective and retrospective effectiveness tests on instruments designated as hedges when they were initially contracted.

The numeric measurement of effectiveness will indicate the degree to which the changes of value of the hedging instrument offset the changes in the value of the hedged risk.

In accordance with the degree of effectiveness, the valuation of hedges will be recognised in equity to the extent that they are effective, and the ineffective portion will be recognised in the income statement.

With financing in which the underlying loan and the designated instrument contain identical critical characteristics, variance reduction analyses have been conducted comparing the cumulative variance of the hedged instrument with the variance in the hedge relationship. For each rate-renewal date, steps will be taken to ensure that the IRS notional amount does not exceed the outstanding principal on the loan. If the notional amount does exceed the outstanding principal, the hedge must be considered ineffective as overhedged. The variations in the cash values of the hedged instrument and of the hedging instrument will be calculated on each rate-renewal date.

The notional amount of derivative contracts entered into relates to the amount on which future settlement of the derivative is based and does not represent a risk undertaken by the Group. Two cross-currency swaps hedging two project finances in Chile were converted, for collection and payment, from Chilean pesos (CLP) into units of account (CLF), but they are not significant amounts for the Group.

The amount corresponding to the effective portion of cash flow hedge derivatives was recognised in the consolidated statement of comprehensive income for 2016 and 2015.

The breakdown is shown below of the maturity at year-end 2016 and 2015 of the notional amounts of the interest rate derivatives of the both the assets and liabilities arranged by the Group and the valuation pending allocation to the income statement, i.e. the effective portion, since the ineffective portion and that related to the speculative derivatives were already included in them.

2015 Thousands of euros DERIVATIVES	Valuation	Notional	Notional					Subsequent		
			2015	2016	2017	2018	2019			
Interest rate derivatives	(157,803)	1,085,362	(42,163)	(160,163)	(110,086)	(166,664)	-	(64,942)	-	(541,344)
-Cash flow hedges (1)	(157,803)	996,683	(34,392)	(150,919)	(95,654)	(149,648)	-	(43,589)	-	(522,482)
-Other non-hedge derivatives (2)	-	88,679	(7,771)	(9,244)	(14,432)	(17,016)	-	(21,353)	-	(18,862)

* Positive amounts imply increases in notional amounts, while negative amounts relate to redemptions.

(1) The total measurement of derivative financial instruments accounted for as interest rate hedges was 162,244 thousand euros. As a result of the partial ineffectiveness of several hedges at year-end 2014, an outstanding amount of 157,802 thousand euros (10,318 thousand maturing in 2016) was pending recognition in profit and loss. The other 4,441 thousand euros was recognised in the income statement of this year and of previous years.

2016 Thousands of euros DERIVATIVES	Valuation	Notional	Notional					Subsequent		
			2017	2018	2019	2020	2021			
Interest rate derivatives	(127,609)	836,693	(127,762)	(61,733)	(77,575)	(134,532)	-	(125,696)	-	(309,396)
-Cash flow hedges (1)	(111,674)	730,429	(117,477)	(46,232)	(59,462)	(109,082)	-	(102,161)	-	(296,018)
-Other non-hedge derivatives	(15,935)	106,264	(10,285)	(15,501)	(18,113)	(25,450)	-	(23,535)	-	(13,378)

* Positive amounts imply increases in notional amounts, while negative amounts relate to redemptions.

(1) The total measurement of derivative financial instruments accounted for as interest rate hedges was 130,474 thousand euros. As a result of the partial ineffectiveness of several hedges at year-end 2016, an outstanding amount of 127,609 thousand euros (7,532 thousand maturing in 2017) was pending recognition in profit and loss. The other 2,865 thousand euros was recognised in the income statement of this year and of previous years.

The expected schedule for future application to the income statement of the valuation of the instruments recognised as hedges, as explained above, is as follows.

<u>Thousands of euros</u>	2015
2016	(24,856)
2017	(26,712)
2018	(25,606)
2019	(20,626)
2020	(13,866)
2021 and subsequent years	(46,137)
TOTAL	(157,803)

<u>Thousands of euros</u>	2016
2017	(19,779)
2018	(22,725)
2019	(19,915)
2020	(13,399)
2021	(12,183)
2022 and subsequent years	(39,608)
TOTAL	(127,609)

For financial instruments measured at fair value, the Group uses the following three-level hierarchy, based on the reliability of the variables used to carry out the measurements:

- Level 1: trading price (unadjusted) on active markets for identified assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. arising from prices); and
- Level 3: variables that are not based on observable market data (non-observable variables).

2015 Thousands of euros	Level 1	Level 2	Level 3
Financial assets measured at fair value	-	37,693	772,389
	-	37,693	772,389
Financial liabilities measured at fair value			
Hedging derivatives	-	189,619	-
Liabilities associated with non-current assets held for sale	-	-	224,186
	-	189,619	224,186

2016 Thousands of euros	Level 1	Level 2	Level 3
Financial assets measured at fair value	-	15,205	486,041
	-	15,205	486,041
Financial liabilities measured at fair value			
Hedging derivatives	-	207,204	-
Liabilities associated with non-current assets held for sale	-	-	203,042
	-	207,204	203,042

In 2015 there was an increase in financial assets and liabilities measured at fair value, due mainly to consideration of the 22.6% stake still held by the Group in Testa as a non-current asset held for sale.

In 2015 and 2016, there were no significant transfers between levels in the fair-value hierarchy.

24.1. Other options

Apart from the financial instruments described above, there are other options such as the following:

1. Sociedad Concesionaria Aeropuerto de la Región de Murcia, S.A.

Selling options were granted to non-controlling shareholders of the Company, with the following characteristics:

- Date granted: 31 May 2007
- Conditions: Point 5 of the aforementioned shareholders agreement details the "Share purchase and sale arrangement" indicating that "During the construction period and prior to the date of entry into operations once the opening licence to civil traffic has been granted by the related authority, the non-controlling interests will have the option to sell their respective shares (plus the subordinate debt, if any) of their interest in Sacyr-Itinere Infraestructuras, S.A., and the latter will be

obliged to buy them, for the amount effectively paid plus the 1-year Euribor, plus 0.50 points, provided that the transfers are authorised by the relevant granting body, in line with that envisaged in this connection in the individual administrative clauses of the tender.

This share purchase arrangement will not be applied when a situation, event, circumstance or condition has arisen that is not attributable to the concession operator, which substantially affects the project's viability."

- o Amount: "The transaction price will be determined by the arithmetic average of the appraisal drawn up by two investment banks (among the seven main banks operating in Spain) appointed by mutual agreement of the parties. It will be determined from the end of the construction period."
- o Exercise dates: The non-controlling interests may sell their shares in the company to Sacyr-Itinere, which will be obliged to buy them within six months following the end of the first fiscal year following the approval date of the start-up of Murcia International Airport by the competent authorities.

If the 6-month period referred to in the preceding paragraph elapses and the non-controlling interests have failed to provide reliable notification of their decision to sell their shares, Sacyr-Itinere will be released from the obligation to purchase the shares.

At 31 December 2012, the option exercised by each of the non-controlling interests was recognised as an increased investment against liabilities, since the definitive award ruled in favour thereof and, at year-end, the payment of 1.9 million euros had not been made effective.

The options issued and exercised by two of the non-controlling shareholders were recognised in 2012 as a provision for litigation in the amount of 5.2 million euros. The Group considered that it was necessary to resort to a third party to determine whether the unconditional obligation under certain circumstances and assumptions envisaged in the shareholders' agreement was being fulfilled, either because it meant that an unconditional obligation no longer existed or that there was a disagreement concerning the option's exercise price.

In relation to the unexercised options issued to the three non-controlling shareholders, the Group recognised a financial liability amounting to 3.5 million euros pursuant to paragraph 23 of IAS 32, corresponding to the present value of the amount to be repaid in the event of exercise of the sale options. The amount recognised was included in "Bank borrowings".

The outcome of two of the three arbitration proceedings were favourable to the Sacyr Group. In 2013 the Group cancelled the provision recognised in 2012.

The Group estimates that the debt valuation of these options is zero for both 2015 and 2016.

2. Autovía del Barbanza, Concesionaria de la Xunta de Galicia, S.A.

A selling option had been granted to the company's non-controlling shareholders at the end of 2014. The shareholders' agreement was drawn up on 1 June 2012, and the conditions were as follows:

- The non-controlling shareholder was entitled to exercise the sale option on all or part of the shares at any time from 31 May 2015 onwards, on one or several occasions, up to 24:00 h on 31 May 2016.
- The price per share is the result of dividing the full investment made by the company's non-controlling shareholder (Autovía de Barbanza), as capital or similar to Euribor at 12 months plus one percentage point from the disbursement date until the payment date, divided between the number of shares held by it at each point.
- Simultaneous to the granting of the deed of purchase entailing the separation of the shareholder, Sacyr Concesiones, S.L.U. would be subrogated to the debtor position in the loan agreements held by it vis-à-vis the company.

Pursuant to paragraph 23 of IAS 32, the Group recognised a financial liability for the present value of the amount to be repaid in the event of exercise of the put options. The amount recognised was included under "Other non-current liabilities" in the amount of 1.2 million euros at year-end 2014.

Finally, on 15 June 2015, Abanca Corporación Industrial y Empresarial, S.L. (which had held the put option up to that point) notified the Group of the exercise of its put option for 10% of share capital and, after obtaining authorisation to do so from the grantor authority, the sale of the shares was recorded on a public deed on 23 July 2015.

At year-end 2015, therefore, there were no ongoing put options concerning Autovía del Barbanza Concesionaria la Xunta de Galicia, S.A.

3. Autopista de Guadalmedina, Concesionaria Española, S.A.

Put options were granted in favour of the company's non-controlling shareholders. The shareholders' agreement was drawn up on 3 February 2011 (on 1 June 2012, a novation was signed on the contracts for the put options, participating loans and subordinated debt between Sacyr Concesiones, S.L.U., Sacyr Vallehermoso, S.A., Caixa Nova Invest S.C.R. De Régimen Simplificado, S.A.U. and NCG Banco, S.A.). The conditions are summarised as follows:

- On 3 February 2011 the framework agreement was recorded in a public deed for investments to be made between Sacyr Vallehermoso, S.A. and Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (hereinafter, UNICAJA), which owns 30% of Autopista del Guadalmedina, Sociedad Concesionaria, S.A. This agreement establishes that Sacyr Vallehermoso, S.A. will guarantee a minimum return of 5% on the paid-up capital, provided that UNICAJA continues to own at least 15% of the company. A put option was also agreed on the participating loans, to be exercised between 1 January 2015 and 30 September 2015.
- On 3 February 2011, the put option was agreed on the participating and subordinated loans and shares of Autopista del Guadalmedina, Sociedad Concesionaria, S.A., between Sacyr Vallehermoso, S.A., Sacyr Concesiones, S.L.U. and Caixa Nova Invest de Régimen Simplificado, S.A.U. (hereinafter CAIXA NOVA INVEST). CAIXA NOVA INVEST holds a 30% stake. On 1 June 2012 the put option contract was novated, establishing a validity period for 50% of the shares and loans between 28 October 2017 and 28 October 2018, and for the other 50% between 28 October 2018 and 28 October 2019.

- On 22 September 2015 UNICAJA notified the Group of the exercise of its put option on the participating loans. On 19 November 2015, transfer of the participating loans from UNICAJA to Sacyr, S.A. was recorded on a public deed, with deferred payment. The Group, under the framework agreement for the transfer of profit or loss signed in 2011 with Sacyr, S.A. (formerly Sacyr Vallehermoso, S.A. -(note 1), recognised the accounting effects arising from the transfer of these participating loans in its statement of financial position.

Pursuant to paragraph 23 of IAS 32, the Group recognised a financial liability for the present value of the amount to be repaid in the event of exercise of the put options. The sum recognised was included under "Other non-current liabilities" in the amount of 43.9 million euros (41.6 million euros in 2015).

25. Trade and other payables and current payables to associates

The breakdown of "Trade and other payables" in 2016 and 2015 was as follows:

<u>Thousands of euros</u>	2016	2015
Advances received on orders	313,471	296,049
Certified work pending execution	141,914	117,647
Trade payables	942,521	1,046,646
Bills of exchange payable	152,325	193,505
SUPPLIERS	1,550,231	1,653,847
Bills of exchange payable	3,452	1,294
Other payables	161,557	161,075
Current guarantees and deposits	847	701
OTHER PAYABLES	165,856	163,070
PAYABLE TO EMPLOYEES	36,136	27,594
CURRENT TAX LIABILITIES	93,145	90,375
INCOME TAX PAYABLE	9,593	11,809
TOTAL	1,854,961	1,946,695

"Trade payables" mainly relates to balances from the Construction and Services divisions, which contributed 432,154 thousand euros and 223,282 thousand euros respectively (517,403 thousand euros and 185,853 thousand euros respectively in 2015). Of the construction balance at 31 December 2016 and 2015, 154,133 thousand euros and 184,591 thousand euros respectively corresponded to Sacyr Construcción, S.A.U. and were accrued in the normal course of its business.

The increase in "Advances received on orders" is due mainly to developments in the construction business.

"Other tax liabilities" at 31 December 2016 and 2015 mainly consisted of VAT and Corporate Income Tax payable by the Group.

The line-item "Current payables to associates" includes the Group's balances at equity-accounted companies. The largest amount, 191 million euros (184 million euros in 2015), was commercial credits with Italian company SIS S.c.p.A. The Group's investment in the Italian company SIS S.c.p.A. is accounted for using the equity method. It has a stake of 49% in this company, detailed to build and subsequently manage the new Pedemontana-Veneto motorway linking Venice and Treviso. This subsidiary transfers its revenues and expenses to its partners so that its individual earnings are zero. The partners record all the expenses and revenues and recognise the commercial debts and credits arising from them.

25.1 Average period for payments to suppliers

In accordance with the stipulations of the sole additional provision of the Resolution of 29 January 2016, issued by the Spanish Accounting and Audit Institute (ICAC), on disclosures to be included in the notes to the financial statements with regard to the average payment period to suppliers in commercial transactions.

	2016	2015
	Days	Days
Average period for payment to suppliers	59	45
Ratio of transactions paid	44	45
Ratio of transactions pending payment	128	53
	Amount (euros)	Amount (euros)
Total payments made	554,930,494	445,229,786
Total payments outstanding	115,655,611	45,126,343

These amounts do not include payments made to suppliers that are group companies and associates, suppliers of fixed assets or financial lease creditors.

26. Risk management and control policy

Due to its considerable international presence, the Sacyr Group carries out its activity in a number of sectors, social and economic environments and regulatory frameworks. Accordingly, the Company is exposed to a variety of risks related to the businesses and sectors in which it operates.

Sacyr has established a Comprehensive Risk Management System, organised by business units and support areas at corporate level, and has a sound policy in place to efficiently identify, evaluate and manage risks in order to reasonably guarantee the efficiency and effectiveness of operations, reliability of information and compliance with legislation.

The purpose of the Sacyr Group's Risk Management and Control Policy is to establish the scope, values, principles, governance model and operational bases of the Group's Comprehensive Risk Management System to manage and control risks inherent to its business.

This Policy is implemented through the Risk Analysis Regulations ("RAR"), the objectives of which are as follows:

- Identify key processes and decisions within the business where a systematic structured format is established to control and manage critical risks throughout the lifespan of projects.

Describe the risk analysis process.

- Establish how responsibilities are allocated during the analysis process.
- Define escalation for approval of the final recommendation emerging from the analysis.

The Comprehensive Risk Management System is divided into six phases:

- Planning - during this phase, system management tools are deployed and the parties responsible and risk owners are designated for the lifespan of the project.
- Identification - this phase includes activities to identify the subrisks and critical risks associated with each major decision.
- Assessment - this phase includes activities to evaluate, in accordance with the scales defined, filter and prioritise the project's subrisks and critical risks.
- Treatment - the purpose of the activities carried out during this phase is to implement Mitigation Plans to reduce or eliminate exposure to risk before and after maximum tolerances are breached.
- Monitoring - this phase identifies new risks and appraises developments in existing risks, an assessment is conducted of the Mitigation Plans deployed, tolerances and risk assessment scales are calibrated, and Contingency Plans are implemented if the tolerances defined are breached.
- Control – this phase includes activities carried out by the Risk Management and Control Department throughout project lifespans in a bid to secure the lessons learned for continuous improvement of the System and its management.

The financial risk management policy is conditioned by specific legislation and casuistries of the sectors in which the Group operates and by the situation of finance markets.

The Group's main financial liabilities include financing from banks and trade and other payables. Financial assets include trade and other receivables, and cash and cash equivalents arising directly from the transactions performed. The Group has available-for-sale investments and arranges transactions with derivatives.

The Group is exposed, to a greater or lesser extent, depending on the business area, to the risks detailed below, particularly credit, liquidity and market risks, and especially to fluctuations in interest rates and, to a lesser extent, exchange rates.

At year-end the Group performs impairment tests on all its non-financial assets. However, if any signs of impairment are detected, the recoverable value of the asset will be reassessed in order to identify the scope of the impairment loss.

Group policy does not permit speculative trading with derivatives.

There follows a summary of each of these financial risks.

26.1. Credit risk

Credit risk is the risk that one of the counterparties fails to comply with the obligations arising from a financial instrument or purchase agreement, thereby giving rise to a financial loss. The Group is exposed to credit risk in its operating activities, mainly in relation to trade payables, and in its financing activities.

Each business unit performs an assessment prior to the contract, including a solvency survey. When contracts are performed, it monitors debt on a permanent basis, reviewing recoverable amounts and making the necessary corrections.

Customer concentration risk is mitigated by the Group's diverse customer base, 41% (52% in 2015) of which is backed by public sector bodies (central government, regional governments, local corporations and public-sector companies), as explained in Note 15.

The credit risk of balances with banks and financial institutions is managed by the Group's cash department. Cash surpluses are invested in low-risk liquid instruments at highly solvent entities.

- **Infrastructure concessions:** credit risk is only slight because revenues are mainly earned from national, regional and local tiers of government in Spain and other countries where the Group operates (see Notes 15 and 41). These administrative authorities have been settling their debts on a regular basis. Average collection periods have been lengthening recently, giving rise to an increase in the working capital requirement, although these receivables are acknowledged and covered by the contractual relationship set out in the various service and concession agreements. In transport infrastructures road tolls are paid in cash, eliminating credit risk from a large portion of the division's revenue.

89.4% (91% in 2015) of the Group's customer base is backed by public sector bodies (central government, regional governments, local corporations and public-sector companies), as explained in Note 15.

At year-end, therefore, no financial assets were in default or impaired. Nor had any guarantees been accepted against payment.

- **Services:** Credit risk in the Services division must be analysed individually for the Group's different businesses. The different types of service customer are described in Note 15. Valoriza (Services division) has four main areas of activity.

Environment

Credit risk can be considered to be minimal since the breakdown of customer receivables is as follows:

- Public sector customers: 82.5% (85.8% in 2015).
- Private customers: 17.5% (14.2% in 2015).

Almost 81.6% of public sector customers are town halls (80.5% in 2015), with central or regional governments making up the remainder. Credit risk is practically non-existent since, even though public-sector companies are not particularly scrupulous in complying with the contract payment conditions and on occasions default or generate delays, public authorities are not insolvent by nature, and any delays or defaults are compensated with late-payment interest under the law governing public procurement contracts and

Royal Legislative Decree 8/2013, and therefore most of the default problems to date at certain companies have been resolved.

Private customers with payables dating back over six months do not present major problems of insolvency, as credit reports are required before most contracts are signed. At the end of each year, provision for doubtful debts is posted for private customer balances aged over six months. Balances in recent years have not been particularly significant.

Water

The drinking water distribution business is exposed to specific credit risk, as supply is associated with collection of the rate. Experience in this business indicates a payment default rate of less than 2% in 2015 and 2016.

Multiservices

Valoriza Facilities' credit risk can be considered minimal, as 64% of average balances receivable by the Company are from public-sector customers (68% in 2015), 15% from Group customers and associates (18% in 2015) and 21% from private customers (14% in 2015). We feel the Company's structure will continue to feature a larger percentage of public-sector customers in its client base. In the private sector, tougher contracting conditions and proactive collection management produce a minimum level of risk.

The credit risk in Valoriza Servicios a la Dependencia, S.L.U. can be considered minimal, since in relation to the average balance the Company has receivable, 99% of its customers are from the public sector. At 31 December 2015 and 2016, the balance of receivables from public sector customers, past-due between 180 and 360 days, amounted to 3.05% and 0.29% of the total, respectively. The balance of receivables from public sector customers, past-due by over 360 days, represented 0.05% in 2015 and 0% in 2016.

At Valoriza Conservación de Infraestructuras, S.A.U., the distribution of receivables is largely guaranteed due to the nature of the debtor: public institutions, central and local government represent 16% of the total, private companies 24%, with Group companies making up the remaining 60% (32% and 68%, respectively in 2015).

At Cafestore, the credit risk is low, since most of the transactions are collected in cash; collections are made in cash on the date of the sale or provision of a service.

- **Industrial:** The potential credit risk is practically nil, since the Company acts as a holding of other power companies and most of its revenue is earned with the other group companies and as the successful bidder on EPC projects where the customers are usually public bodies.

- **Construction:** credit risk in the Construction division is analysed for each type of customer (see Note 15):
 - Public sector, public institutions, regional governments and local councils, i.e. public sector with good credit ratings.

The entire public sector accounted for 33% of customer receivables at 31 December 2016 (58% at 31 December 2015).

- Private customers. To mitigate risks of default, the Group implements control mechanisms before awarding contracts based on studies of customer solvency. The financial and legal departments continuously monitor this risk throughout project execution in order to control collections; the average collection period is 175 days (131 days in 2015).

At year-end, no significant financial assets were in default or impaired. Nor was it considered necessary to provide any guarantees against payment.

26.2. Liquidity risk

The factors causing liquidity risk are investment based on business plans, which require additional funding, and the excessive concentration of short-term loan repayments which require immediate financing. These circumstances could impair the ability to meet payment obligations, albeit temporarily.

Liquidity risk in each of the Sacyr Group's business areas is as follows:

- **Infrastructure concessions:** Liquidity risk is low at the concession operators forming part of Sacyr Concessions, due to the nature and characteristics of the businesses' collections and payments structure, EBITDA, project financing, toll systems and clearly defined, systematic investment upgrade programmes. Consequently, concession operators do not require credit facilities. Nevertheless, the Parent company of the Sacyr Concessions Group has assigned working capital credit facilities to cover possible timing differences causing gaps in cash flow at its subsidiaries and to meet any unexpected demands for capital for ongoing projects or in newly awarded concessions.

The financing structure, financing products, hedging arrangements, guarantees and the most appropriate financing instruments are selected on the basis of the nature and extent of the risks inherent to each project, with a view to eliminating or mitigating the risks as far as possible, without losing sight of the risk/reward trade-off. Financing tends to take the form of structured project financing where the lender undertakes substantially all the transaction risks in exchange for guarantees, with limited recourse to developers or shareholders.

Note 21 provides a detailed breakdown of the maturities of liabilities with banks.

Notes 12 and 24 contain information on the various financial options with non-controlling shareholders and banks.

- **Services:** liquidity risk in services must be analysed individually for the Group's different businesses.

Environment

The Company's business requires hefty investment at the beginning of the concessions, including in machinery, containers, treatment plants, purifiers and other items of property, plant and equipment. These investments are recovered over the concession period in accordance with repayments and financing, at interest rates that are considerably above the Company's cost of capital.

To finance these investments, the Group structures debt in such a way as to allow the project to finance the initial requirements, through project financing for the contracts entailing the largest investment (the urban solid waste processing plant in Los Hornillos, the thermal sludge drying plant in Butarque and the incinerator in Maresme) or by lease lines to finance the acquisition of machinery and equipment, which are paid with the cash generated by the project.

EBITDA of the businesses ensures that liquidity risk is low, as the various projects are financed with the cash flow they generate.

Regarding working capital, as noted in (a), public-sector customers are legally solvent, even though they may on occasion be very slow to pay, generating short-term cash requirements. To meet these needs, the Company has its own credit lines, currently 62.65% drawn down (15.41% in 2015). Credit terms offered to customers can be traded via factoring lines or by discounting construction certificates. In the event that a risk were to arise because the Company were unable to secure sufficient credit lines, it could trade the certificates and use the factoring lines already contracted.

Water

The Group estimates that there is no liquidity risk in this business as investments are financed with the cash flow generated by projects.

Multiservices

Valoriza Facilities has sufficient credit facilities to cover its payment obligations. In addition, it has arranged factoring contracts that enable it to undertake invoice discounting in order to finance working capital. Therefore, liquidity risk is minimal.

Valoriza Conservación de Infraestructuras has not had any problems in raising finance, 97% of its debt matures long term. The composition of its financial liabilities is as follows:

- Credit facilities and loans: 2%
- Finance leases: 16%
- Government-subsidised loans: 82%

Cafestore has no liquidity risk, as it has sufficient bank loans to meet its working capital needs.

- **Industrial:** The financing structure, financing products, hedging arrangements, guarantees and the most appropriate financing instruments are selected on the basis of the nature and extent of the risks inherent to each project, with a view to eliminating or mitigating the risks as far as possible, without losing sight of the risk/reward trade-off. Financing tends to take the form of structured project financing where the lender undertakes substantially all the transaction risks in exchange for guarantees, with limited recourse to developers or shareholders.
- **Construction:** the Construction business has adequate liquidity to cover its projected current obligations with the credit facilities it has arranged with banks, cash and short-term financial investments. Activity is slowing down in Spain and Portugal and as a result the generation of cash flow is being affected; to address this transitory situation, the construction division, in 2016 has begun a negotiation process with its financial institutions, obtaining an extension in borrowings with short-term maturities amounting to 121 million euros in Portugal, in order to adapt them to the current cash flow forecast. This negotiating process to adjust loans to the cash flow position will continue in all geographic markets in which it operates in 2017.

Details of the credit facilities arranged, by amounts drawn down and undrawn at year end, are given in the corresponding note to the financial statements.

Short-term cash surpluses are occasionally invested in highly liquid short-term risk-free deposits, provided this is in line with best financial management practice. The Group is not considering the option of acquiring equity options or futures or any other high-risk deposit as a means of investing its short-term cash surpluses.

26.3. Market risk

Interest rate risk: To ensure a balanced financing structure and reduce the exposure of its businesses to the risk of interest rate fluctuations, the Group needs to have a reasonable balance between floating-rate and fixed-rate loans, either because they are inherently fixed-rate loans or because they are guaranteed with derivative financial instruments.

Underlying debts requiring greater coverage vis-à-vis interest rate fluctuations are project financing loans and those associated with specific assets since they are exposed during longer periods, in view of the repayment deadlines, and due to their strong correlation with project cash flows.

The schedule and conditions of these derivatives are tied to the characteristics of the underlying debt they cover, and thus their repayment dates are the same as or slightly ahead of debt, and the notional amount is the same as or less than the loan's outstanding principal. Virtually all these derivatives relate to interest rate swaps (IRS). These financial instruments guarantee payment of a fixed rate on loans required to finance projects in which the Group participates.

The structure of Group financial debt at 31 December 2016 and 31 December 2015, with a distinction made between fixed-rate and protected borrowings - after consideration of hedging arrangements - and floating-rate borrowings, is as follows:

<i>Thousands of euros</i>	2016		2015	
	Amount	%	Amount	%
Fixed-rate or hedged borrowings	1,524,540	34.38%	1,562,890	31.75%
Floating-rate debt	2,910,200	65.62%	3,360,025	68.25%
TOTAL	4,434,740	100.00%	4,922,915	100.00%

The proportion of loans with a fixed interest rate, due to their nature or because they were hedged, has risen slightly against 2015 levels to above 34%.

Interest rate risk has been mitigated by the use of fixed-rate financing and the derivative instrument of interest rate swaps. Financial derivatives represent 59% of fixed-rate borrowings.

To gauge the impact of a 100bp increase in the benchmark interest rate, pre-tax finance expenditure is recalculated, taking into account the tax rate in force, to show the amount of interest that the outstanding balances of borrowings would accrue. The same procedure is used with derivatives: taking into account the outstanding notionals, a simulation is performed of the impact of such a change on their variable portion. The aggregate of the two financial settlements indicates the impact on income and therefore on equity.

In 2016 and 2015 a sensitivity analysis was not performed with regard to the rate reduction, since the 3M and 6M Euribor benchmark rates used in most borrowings and derivatives stood at less than 1% and therefore it did not make sense to perform a simulation.

The market valuations of the derivatives recognised at year-end would undergo a change as a result of the fluctuations in the expected Euribor curve. The new present value of the derivatives portfolio, considering that the remaining contractual conditions and the tax rate in force are maintained each year, would have an impact on the Group's earnings and equity.

The sensitivity of profit and equity to interest rates, when the analysis is conducted with outstanding balances on borrowings at 31 December, is as follows:

<i>Thousands of euros</i>	2016		2015	
Borrowing cost at current average rate (Co) *	184,329		243,909	
	(Co)+1%	(Co)-1%	(Co)+1%	(Co)-1%
Borrowing cost at average cost +100 bp / -100 bp	214,269	-	281,079	-
Changes in profit:	(21,898)	-	(26,891)	-
Changes in equity:	(131)	-	(7,490)	-

* Estimate based on the debt at the average interest rate at 31 December.
does not represent actual income statement figures.
No analysis of sensitivity to a fall in interest rates was carried out as the 3-month and 6-month Euribor used mainly in the Group were below 1%, making a simulation ineffective.

Note 24 on derivative financial instruments addresses their composition and breakdown.

Exchange rate risk: as the Group operates abroad, it is exposed to exchange rate risks on currency transactions, but this had had no major impact at year-end 2016 and 2015. The bulk of foreign investment outside the Eurozone was in Chile, Panama and Peru, countries that enjoy considerable economic, political and social stability.

Within this risk category, some attention should be drawn to the impact of currency fluctuations on the translation of the financial statements of foreign entities the functional currency of which is not the euro: corporate policy is to mitigate this risk by means of natural hedging, by purchasing materials and contracting services in the currency in which the cash flows are generated.

That said, the Group's rapid geographic expansion in recent years means that in the future it may encounter situations that give rise to exchange rate risk. In these circumstances, it will consider how this risk can best be minimised through the use of hedging instruments under the umbrella of conservative corporate policy.

Risk to demand for concession projects: the main source of revenue in the motorway concessions business is tolls paid by travellers, which depends on the number of vehicles using the toll roads and the capacity of the motorways to absorb traffic. Daily traffic volumes and toll revenue depend, in turn, on a number of factors, including the quality, convenience and duration of travel by alternative toll-free roads or on other toll roads not run by the Group, the quality and upkeep of the Group's concession motorways, the economic scenario and the price of fuel. Volumes can also be affected by natural disasters such as earthquakes and forest fires, weather conditions in the countries where the Group operates, environmental laws (including pollution control measures restricting the use of motor vehicles), and the viability and existence of alternative means of transport, such as planes, trains, buses or other public transport services. The Group has measured the recoverability of the investment by continuously reviewing its valuation models in due consideration of traffic flow and the economic growth outlook for the market where each concession operates.

The Group's other concessions mainly focus on water, where the predominant drinking water distribution business is not exposed to specific credit risk, as supply is associated with the collection of the tariff.

Risks associated with international expansion: the Group plans to continue expanding its business in other countries, seeing this as a way to boost growth and profitability. However, prior to making any foreign investment, the Group conducts an exhaustive on-site suitability analysis, which can take several years. Nonetheless, any expansion into new geographic regions carries some risk as it involves working in markets in which the Group does not have the same degree of experience as it has in its current markets.

Other risks to which the Group is exposed are:

- Risks of damage caused during infrastructure construction and maintenance work.;
- Risks associated with workplace health and safety;
- Risks of loss of assets.

The Group has implemented control systems to adequately identify, quantify, evaluate and remedy all these risks, in order to minimise or eliminate the

consequences. The Group also takes out and renews insurance policies to cover these risks, among others.

Regulatory risk: The Group seeks to serve society in all its business areas by applying a sustainable and profitable business model that adds value for all stakeholders through innovation, technological progress and excellence in delivery.

To this end, the Group has drawn up the Corporate Responsibility Master Plan, approved by the Board of Directors, which lays down guidelines on each unit's commitments to employees and the environment.

The Group invests appropriate resources to ensure that the Plan guidelines are met, and is constantly extending the scope of certifications, the number of audits, environmental quality management systems and initiatives to improve energy efficiency and manage emissions, waste and spillages.

26.4. Capital management policy

The principal aim of the Group's capital management policy is to ensure that the financial structure complies with prevailing standards in countries in which the Group operates.

The Group's policies are aimed at meeting all its financial obligations, and in particular the credit ratios established in financing agreements. Exceptionally and very occasionally, it is possible that a ratio may not be met in one of the companies as a result of its asset management. The possible non-compliance in this regard is described in the notes on financial debt.

The Group's gearing at the reporting date 2016 and 2015 is as follows:

<i>Thousands of euros</i>	2016	2015
Gross debt	4,434,740	4,922,915
Cash	(621,308)	(602,822)
Current financial investments	(87,551)	(140,308)
Net debt	3,725,881	4,179,785
Equity	2,080,398	1,911,590
Total equity + net debt	5,806,279	6,091,375
Gearing ratio	64.17%	68.62%
Net debt / equity	1.8	2.2

Gross debt does not include the hedged financial debt described in Note 22.

27. Revenue

The breakdown of revenue from the Group's ordinary activities in 2015 and 2016, by division and geographical market, is as follows:

2015	Holding	Sacyr Group (Construction)	Concessions Group	Valoriza Group	Sacyr Group (Industrial)	Vallehermoso Group	Testa Group	Somague Group	TOTAL
<i>Thousands of euros</i>									
Spain	28,818	407,116	143,132	681,546	167,199	-	-	14,880	1,442,691
Portugal	-	-	20,783	29,965	-	-	-	121,754	172,502
Ireland	-	-	1,263	-	-	-	-	7,556	8,819
Angola	-	-	-	-	-	-	-	139,964	139,964
Italy	-	143,076	-	-	-	-	-	-	143,076
Algeria	-	-	-	13,776	-	-	-	-	13,776
Cape Verde	-	-	-	-	-	-	-	12,214	12,214
Australia	-	-	-	19,433	-	-	-	-	19,433
US	-	188	-	-	-	-	-	-	188
Brazil	-	-	-	-	-	-	-	62,265	62,265
Panama	-	37,061	-	-	431	-	-	-	37,492
Mexico	-	56,667	-	-	14,075	-	-	-	70,742
Bolivia	-	-	-	-	8,201	-	-	-	8,201
Israel	-	-	-	6,216	-	-	-	-	6,216
Mozambique	-	-	-	-	-	-	-	67,056	67,056
Colombia	-	39,776	12,745	-	9,400	-	-	-	61,921
Qatar	-	39,847	-	-	-	-	-	-	39,847
Togo	-	-	-	-	-	-	-	5,644	5,644
UK	-	11,347	-	-	2,086	-	-	-	13,433
Peru	-	74,129	82,880	106	88,577	-	-	-	245,692
India	-	28	-	-	-	-	-	-	28
Chile	-	425,073	302,949	12,046	-	-	-	-	740,068
TOTAL	28,818	1,234,308	563,752	763,088	289,969	-	-	431,333	3,311,268
Consolidation adjustments	(28,818)	(14,538)	(239,075)	(40,558)	(430)	-	-	(38,935)	(362,354)
CONTINUING OPERATIONS	-	1,219,770	324,677	722,530	289,539	-	-	392,398	2,948,914
DISCONTINUED OPERATIONS	-	-	-	-	-	40,670	89,570	-	130,240

2016	Holding	Sacyr Group (Construction)	Concessions Group	Valoriza Group	Sacyr Group (Industrial)	Vallehermoso Group	Testa Group	Somague Group	TOTAL
<i>Thousands of euros</i>									
Spain	33,774	321,965	152,919	815,510	139,698	-	-	7,564	1,471,430
Portugal	-	-	4,030	28,400	382	-	-	99,739	132,551
Ireland	-	-	1,252	-	-	-	-	2,253	3,505
Angola	-	-	-	-	-	-	-	91,597	91,597
Italy	-	131,477	-	-	273	-	-	-	131,750
Algeria	-	-	-	6,853	-	-	-	-	6,853
Cape Verde	-	-	-	-	-	-	-	13,371	13,371
Australia	-	-	-	14,645	147	-	-	-	14,792
US	-	-	-	-	1,127	-	-	-	1,127
Brazil	-	-	-	-	75	-	-	25,357	25,432
Panama	-	6,667	-	-	5,847	-	-	-	12,514
Mexico	-	67,400	-	-	12,435	-	-	-	79,835
Bolivia	-	-	-	-	27,781	-	-	-	27,781
Israel	-	-	-	17,645	-	-	-	-	17,645
Mozambique	-	-	-	-	-	-	-	21,640	21,640
Colombia	-	75,089	40,708	-	82,561	-	-	-	198,358
Qatar	-	33,195	-	-	-	-	-	-	33,195
Togo	-	-	-	-	-	-	-	660	660
UK	-	27,583	-	-	3,201	-	-	10,385	41,169
Peru	-	28,478	30,261	1,366	104,021	-	-	-	164,126
Uruguay	-	342	99	-	-	-	-	-	441
Oman	-	-	-	9,638	-	-	-	-	9,638
Argentina	-	-	-	-	5,024	-	-	-	5,024
Belgium	-	-	-	-	3,290	-	-	-	3,290
Netherlands	-	-	-	-	5,361	-	-	-	5,361
Morocco	-	-	-	-	-	-	-	4,807	4,807
Norway	-	-	-	-	714	-	-	-	714
Ecuador	-	-	-	-	7,797	-	-	-	7,797
Chile	-	280,354	323,169	14,192	845	-	-	-	618,560
TOTAL	33,774	972,550	552,438	908,249	400,579	-	-	277,373	3,144,963
Consolidation adjustments	(33,774)	(18,211)	(187,708)	(44,196)	(316)	-	-	(283)	(284,488)
CONTINUING OPERATIONS	-	954,339	364,730	864,053	400,263	-	-	277,090	2,860,475
DISCONTINUED OPERATIONS	-	-	-	-	-	2,320	89,570	-	2,320

Disclosures of contracts in progress at the reporting date required by IAS 11 Construction Contracts are shown in the table below, including: aggregate costs incurred and profit recognised (less losses recognised), the amount of advances received and the amount of payments withheld:

<i>Thousands of euros</i>	2016	2015
Cumulative revenue on contracts in progress at year end	8,841,719	8,038,532
Contracts in progress at year end		
Cumulative costs incurred	(8,662,788)	(7,828,985)
Cumulative income recognised	178,931	209,547
Advances received	313,471	296,049
Withholdings	51,610	44,494
Completed work pending approval, net	664,652	552,427
Advanced certification	141,914	117,647

28. Supplies

The breakdown of this heading by item and business in 2016 and 2015 is as follows:

<i>Thousands of euros</i>	2016	2015
Sacyr Construcción	672,364	835,255
Valoriza	215,160	192,596
Industrial	173,095	155,717
Somague	41,551	74,677
Concessions,	147	174
Other and adjustments	(8,322)	(11,756)
TOTAL	1,093,995	1,246,663

<i>Thousands of euros</i>	2016	2015
Consumption of commercial inventories	100,055	275,089
Consumption of raw material and other consumables	328,953	447,605
Other external expenses	664,986	523,969
TOTAL	1,093,994	1,246,663

29. Other operating expenses

The detail of this heading in 2016 and 2015, by item and business area, is as follows:

<i>Thousands of euros</i>	2016	2015
External services	597,312	677,590
Taxes other than income tax	30,504	42,576
Other operating costs	42,605	42,161
TOTAL	670,421	762,327

The Group has no significant payments to make under operating leases in the next five years.

30. Gains and losses on acquisition/disposal of assets

In 2015, gains and losses on the sale of assets were mainly due to the following:

- A number of group companies were fully consolidated as a result of takeovers following agreements with external shareholders unrelated to the Sacyr Concessions group.

This change to the consolidation method used, introduced by business combinations (takeovers) appraised the Group's stake in each company using different assessment criteria for each, producing a total revaluation of 24,643 thousand euros.

Reconciliation of values prior to the business combinations and immediately after 1 January 2015 (fair value) was as follows:

01/01/2015			
Thousands of euros	Previous amount carrying amount	Adjustments	Fair value
Concession projects	471,563	72,492	544,055
Receivables, concession projects	185,440	42,214	227,654
Other assets	193,966	-	193,966
Total assets	850,969	114,706	965,675
Interest-bearing loans and borrowings	485,147	-	485,147
Deferred tax liabilities	33,978	28,676	62,654
Other non-current liabilities	182,068	-	182,068
Current liabilities	47,882	-	47,882
Total liabilities	749,075	28,676	777,751
Total net assets	101,894	86,030	187,924
Non-controlling interests	(50,606)	(46,503)	(97,109)
Total fair value of net assets	51,288	39,527 (*)	90,815

(*) Impact on equity: 39,527 thousand euros. Impact on net profit attributable to the Parent: 24,643 thousand euros.

The business combinations were carried through with no assignment of a consideration as stipulated in IFRS 3 addressing *Business Combinations*.

- Sale of Sociedad Hospital Majadahonda Explotaciones, S.A. and Hospital Majadahonda, S.A., with a gain of 11.2 million euros and a loss of 2.9 million euros respectively.
- The outcome of the sale of the Group's stake in Testa is described in Note 4.

In 2016, the gains and losses on the sale of assets were mainly as follows:

- A gain of 19,740 thousand euros from the sale of 97.84% of the stake in Hospitais Concessionados, SGPS. S.A., the holding company to which the Group's ownership interests in various Portuguese concessionaires and operators had previously been transferred. The companies and their respective percentage ownership interests prior to this sale transaction, were as follows:
 - Escala Braga – Sociedade Gestora do Edifício, S.A.: 51%.
 - Escala Parque – Gestão de Estacionamento, S.A.: 51%.
 - Escala Vila Franca – Sociedade Gestora do Edifício, S.A.: 50,99%.
 - PNH – Parque do Novo Hospital, S.A.: 50,99%.
 - Haçor – Concessionária do Edifício do Hospital da Ilha Terceira, S.A.: 39%.
- On 29 November 2016, Valoriza Minería S.L.U. acquired 100% of Río Narcea Recursos, S.A. from Lundin Mining AB. The acquisition cost amounted to 100 euros.

At the time of purchase, the carrying amount of the net assets of Río Narcea Recursos, S.A. was equal to their fair value: 3,499.9 thousand euros. Therefore, no adjustment to the fair value of the assets was required.

31. Finance income and costs

The breakdown of finance income and costs in 2016 and 2015 is as follows:

	2016	2015
Thousands of euros		
Income from other marketable securities	11,891	13,633
Other interest and income	25,666	26,828
Exchange differences	10,986	22,430
TOTAL INCOME	48,543	62,891
Finance costs	(242,545)	(385,897)
From bank loans, credits and obligations	(238,221)	(277,198)
Change in provisions for financial investments	(4,324)	(108,699)
Gain/(loss) on financial instruments	(67,556)	(31,902)
TOTAL COSTS	(310,101)	(417,799)
FINANCIAL PROFIT/(LOSS)	(261,558)	(354,908)

The Sacyr Group uses derivative financial instruments to eliminate or significantly reduce its interest rate, foreign currency and market risk in monetary transactions, asset positions and other transactions. In general, these instruments are treated as hedges when they qualify for hedge accounting. Those that do not are classified as held for trading, with gains or losses recognised directly in the separate consolidated income statement.

"Change in provisions for financial investments" increased in 2015, mainly due to provisions in connection with the "Grupo Unidos Por el Canal" consortium.

The balance under this heading was lower in 2016, as no new provisions were made during the year.

32. Earnings per share

Basic earnings per share are calculated by dividing the Group's attributable profit for the year by the average weighted number of shares outstanding during the year, excluding the average number of treasury shares held.

	2016	2015
Net profit/(loss) attributable to equity holders of the parent (thousands of euros)	120,242	370,006
Weighted average number of shares outstanding (thousands of shares)	517,431	514,725
Less: average number of treasury shares held (thousands of shares)	(6,965)	(2,764)
Average number of shares used to calculate basic earnings per share	510,466	511,961
Basic earnings per share (euros)	0.24	0.72

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders of the Parent (after adjustment of the interest of potentially dilutive shares) by the weighted average number of additional ordinary shares that would have been outstanding if all the potential ordinary shares with dilutive effect had been converted to ordinary shares. Dilution is assumed to occur either at the start of the period or at the issue date of the potential ordinary shares if these were issued during the year.

	2016	2015
Net profit/(loss) attributable to equity holders of the parent (thousands of euros)	120,242	370,006
Plus: Convertible bond interest (thousands of euros)	18,615	34,798
Adjusted net profit/(loss) attributable to equity holders of the parent (thousands of e	138,857	404,804
Weighted average number of shares outstanding (thousands of shares)	517,431	514,725
Less: average number of treasury shares held ('000)	(6,965)	(2,764)
Plus: average number of convertible bond shares held (thousands of shares)	52,912	68,761
Average number of shares used to calculate basic earnings per share	563,378	580,722
Diluted earnings per share (euros)	0.25	0.70

Earnings per share in discontinued operations are as follows:

	2016	2015
Net profit/(loss) on discontinued operations att. to equity holders of the parent (thous	-	1,183,393
Weighted average number of shares outstanding (thousands of shares)	517,431	514,725
Less: average number of treasury shares held (thousands of shares)	(6,965)	(2,764)
Average number of shares used to calculate basic earnings per share	510,466	511,961
Basic and diluted earnings per share for discontinued operations (euros)	-	2

33. Backlog by activity

The breakdown of the backlog by activity and nature of business at 31 December 2016 and changes since 2015 is as follows:

<i>Thousands of euros</i>	2016	2015	Chg. Abs.	Chg. %
Sacyr Construcción - Somague (construction backlog)	4,131,455	5,062,131	(930,676)	(18.39%)
Civil work backlog	3,217,779	4,208,727	(990,948)	(23.55%)
Construction backlog	913,677	853,404	60,273	7.06%
Residential construction	45,109	56,971	(11,862)	(20.82%)
Non-residential construction	868,567	796,433	72,134	9.06%
Sacyr Concesiones (revenue backlog)				(3.10%)
Valoriza (revenue backlog)	6,447,180	6,031,287	415,893	6.90%
Sacyr Industrial (Services backlog)	2,452,036	2,413,417	38,619	1.60%
TOTAL	25,956,315	26,845,418	(889,103)	(3.31%)

The Sacyr Construcción-Somague backlog decreased during the year due to own billings, however, in 2016 it did include a number of major contracts, including: the contract for completion of and special installations at the "Kinaxixi 2" commercial and business complex in Luanda (Angola) for 117.54 million euros; construction of the foundation slab of the overland transport centre in the new international airport in Mexico City (Mexico), for 64 million euros; construction of the new operations base of Schlumberger (oil & gas), also in Luanda, for 17.5 million euros; construction of the new Hospital CUF in the Parque das Nações (Portugal) for 15.5 million euros; construction of an industrial warehouse in Rivas Vaciamadrid (Spain) for Sediasa, amounting to 16.2 million euros, and work on renewing and enlarging installations at the US naval base in Rota (Cadiz), for 10.3 million euros.

The increase in the Valoriza backlog was due to the inclusion of the following major contracts, among others: the design and construction of a seawater desalination plant in Sohar (Oman), for 171.81 million euros; street cleaning and waste collection services in the city of Albacete, for 164 million euros; the home care services contract awarded by Madrid City Council for the Centro, Arganzuela, Moncloa-Aravaca, Latina and Carabanchel districts, for 154 million euros; waste collection services for Madrid City Council in the east of Madrid, for 87 million euros, and the collection and transport of municipal solid waste and street and beach cleaning services on the island of Ibiza, for 68 million euros.

Finally, the Sacyr Industrial backlog also expanded during the year thanks to the following major contracts: construction of the new "Nuevo Mundo" compressor station in Peru, for a total of 197 million euros; the enlargement of the cement plant in Riobamba (Ecuador) for 80 million euros; framework agreement to provide a comprehensive storage tanks repair services at Repsol Group refineries, for 54 million euros and construction and maintenance contracts awarded by Compañía General de Electricidad de Chile for various medium- and low-voltage power lines, for a total of 44 million euros.

<u>Thousands of euros</u>	2016	%	2015	%
International backlog	13,469,809	51.89%	14,390,100	53.60%
Backlog in Spain	12,486,506	48.11%	12,455,318	46.40%
TOTAL	25,956,315	100.00%	26,845,418	100.00%

International business made up 51.89% of the Group's backlog at 31 December 2016, and Spanish business the remaining 48.11%.

34. Directors' and Senior Management remuneration and other benefits

34.1. 2015

In 2015, the following changes were made to the Board of Directors:

- On 11 June 2015, Ms. Isabel Martín Castellá was appointed as an independent director.
- Mr. Diogo Alves Diniz Vaz Guedes left his post as proprietary director on 11 June 2015.

For 2015, the remuneration agreed by the Board was as follows:

- For Board members: 59,940 euros gross per year.
- For members of the Executive Committee: 39,960 euros gross per year.
- For members of the Audit Committee or Appointments and Remuneration Committee: 19,980 euros gross per year.

There follows an itemised breakdown of the remuneration earned at year-end 2015:

Euros	REMUNERATION 2015				
Bylaw-stipulated emoluments	Board of Directors	Committee Audit	Executive Committee	App. and Remun. Comm.	Total allowances 2015
Manuel Manrique Cecilia	59,940	-	39,960	-	99,900
Demetrio Carceller Arce	59,940	-	39,960	19,980	119,880
Matias Cortés Domínguez	59,940	-	-	9,990	69,930
Francisco Javier Adroher Biosca	59,940	-	-	-	59,940
Isabel Martín Castella	29,970	9,990	-	9,990	49,950
Juan M ^a Aguirre Gonzalo	59,940	19,980	-	-	79,920
Augusto Delkader Teig	59,940	9,990	-	9,990	79,920
Raimundo Baroja Rieu	59,940	9,990	-	-	69,930
Diogo Alves Diniz Vaz Guedes	29,970	9,990	-	-	39,960
Prilou, S.L. (J.M. Loureda Mantiñán)	59,940	-	39,960	19,980	119,880
For Prilomi, S.L. J.M Loureda López	59,940	-	-	-	59,940
Grupo Satocán Desarrollos, S.L. (Juan	59,940	19,980	-	-	79,920
Beta Asociados, S.L. (José del Pilar Mc	59,940	-	-	-	59,940
Grupo Corporativo Fuertes, S.L. (Tom	59,940	-	-	19,980	79,920
Cymofag, S.L. (Gonzalo Manrique Sat	59,940	-	-	-	59,940
TOTAL	839,160	79,920	119,880	89,910	1,128,870

The remuneration accruing in 2015 to members of the Board and Senior Management at the Company, by items, was as follows:

Euros	Fixed	Floating rate	Life insurance	Pension savings plan	Total
Manuel Manrique Cecilia	1,404,200	1,390,158	8,210	371,423	3,173,991
Senior management	2,306,693	868,588	50,526	-	3,225,807
TOTAL	3,710,893	2,258,746	58,736	371,423	6,399,798

In 2015 there were changes to the number of members and persons forming part of the Senior Management team, which is considered to include executives reporting directly to the Company's Executive Chairman, incorporating the CEOs of the Parent's direct subsidiaries and the Group's Managing Directors, including the internal auditor.

In 2015, the amount of pension rights accumulated by the Chairman of the Board of Directors amounted to 1,451 thousand of euros.

The Chairman of the Board of Directors was entitled to receive termination benefits in the event of dismissal on grounds other than breach of duty by the director or resignation for reasons beyond the control of the director, consisting of a total gross amount equal to 2.5 times the sum of the fixed remuneration and the variable remuneration received during the year immediately prior to that in which the scenario that gave rise to the termination occurred. Similarly, a non-competition obligation is established for a period of two years following the date on which the employment contract is terminated for reasons other than retirement, death or disability, or dismissal for reasons attributable to the director. As economic compensation for this obligation, the director will receive 1.5 times the fixed remuneration received over the twelve months prior to the date on which the employment contract is terminated, distributed pro rata on a monthly basis over the two years of the term of the agreement.

At 31 December 2015, one member of the Senior Management team had indemnity or golden parachute clauses.

No loans were granted to Senior Management in 2015.

The detail of balances outstanding and amounts repaid by the Company's directors and Senior Management in 2015 were as follows:

LOANS:	Amount outstanding 31/12/2015	Interest rate	Characteristics	Amount repaid
Senior management	23	Euribor 3m+1	5 years	427

34.2. 2016

There were no changes on the Board of Directors in 2016.

For 2016, the remuneration agreed by the Board was as follows:

- For Board members: 72,000 euros gross per year.
- For members of the Executive Committee: 45,000 euros gross per year.
- Members of the Audit Committee: 22,000 euros gross per year.
- For members of the Appointments and Remuneration Committee: 20,000 euros gross per year.

There follows an itemised breakdown of the remuneration earned at year-end 2016:

Bylaw-stipulated emoluments	REMUNERATION 2016				
	Board of Directors	Audit Committee	Executive Committee	App. and Remun. Comm.	Total 2016 allowances
Manuel Manrique Cecilia	93,600	-	58,500	-	152,100
Demetrio Carceller Arce	82,800	-	45,000	20,000	147,800
Matias Cortés Domínguez	72,000	-	-	-	72,000
Francisco Javier Adroher Biosca	72,000	-	-	-	72,000
Juan M ^o Aguirre Gonzalo	72,000	28,600	-	-	100,600
Augusto Delkader Teig	72,000	22,000	-	26,000	120,000
Raimundo Baroja Rieu	72,000	22,000	-	-	94,000
Isabel Martín Castilla	72,000	22,000	-	20,000	114,000
Prilou, S.L. (J.M. Loureda Mantiñán)	72,000	-	45,000	20,000	137,000
For Prilomi, S.L. J M Loureda López	72,000	-	-	-	72,000
Grupo Satocán Desarrollos, S.L. (Juan Miguel Sanjuan Jover) Start date 27/6/13	72,000	22,000	-	-	94,000
Beta Asociados, S.L. (José del Pilar Moreno Carretero)	72,000	-	-	-	72,000
Grupo Corporativo Fuertes, S.L. (Tomás Fuertes Fernández)	72,000	-	-	20,000	92,000
Cymofag, S.L. (Gonzalo Manrique Sabatel)	72,000	-	-	-	72,000
TOTAL	1,040,400	116,600	148,500	106,000	1,411,500

The remuneration, by type, received by the Company's directors and senior management in 2016 is as follows:

Euros	Fixed	Floating rate	Other	Life insurance	Pension savings plan	Total
Manuel Manrique Cecilia	1,500,000	1,485,000	1,000,000	382	378,851	4,364,233
Senior management	2,260,523	864,822	-	53,492	136,733	3,315,570
TOTAL	3,760,523	2,349,822	1,000,000	53,874	515,584	7,679,803

The item "Other" relates to the extraordinary variable remuneration approved by the Board of Directors at its meeting on 31 March 2016, for the outstanding achievement in contributing to the improvement and strengthening of the Group's balance sheet and financial ratios through the sale of the subsidiary Testa Inmuebles en Renta, S.A.

In 2016 there were changes to the number of members and persons forming part of the senior management team, which is considered to include managers and executives directly accountable to the Board or the Company's CEO, considering the CEOs of the Parent's direct subsidiaries and the Group's Managing Directors, including the internal auditor.

In 2016, the amount of pension rights accumulated by the Chairman of the Board of Directors amounted to 1,857 thousand of euros.

The Chairman of the Board of Directors is entitled to receive termination benefits in the event of dismissal on grounds other than breach of duty by the director or resignation for reasons beyond the control of the director, consisting of a total gross amount equal to 2.5 times the sum of the fixed remuneration and the variable remuneration received during the year immediately prior to that in which the scenario that gave rise to the termination occurred. Similarly, a non-competition obligation is established for a period of two years following the date on which the employment contract is terminated for reasons other than retirement, death or disability, or dismissal for reasons attributable to the director. As economic compensation for this obligation, the director will receive 1.5 times the fixed remuneration received over the twelve months prior to the date on which the employment contract is terminated, distributed pro rata on a monthly basis over the two years of the term of the agreement.

At 31 December 2016, one member of the Senior Management team had indemnity or golden parachute clauses.

No loans were granted to Senior Management in 2016. There were no outstanding balances or amounts repaid by the Company's Directors and Senior Management in 2016.

There follows information concerning Article 229 of Spain's Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of 2 July, in the terms of Law 31/2014 of 3 December, amending the Corporate Enterprises Act to enhance corporate governance, for those serving as directors of the Company in 2016 and persons associated with them in the same year, in companies engaging in an identical, similar or complementary activity to that of the Company or its Group.

- Mr. Manuel Manrique Cecilia reports that in 2016 and to date he - and any persons associated with him - has not been affected directly or indirectly by any of the scenarios of a conflict of interests stipulated in Article 229 of the Corporate Enterprises Act.
- Mr. Demetrio Carceller Arce reports that in 2016 and to date he - and any persons associated with him - has not been affected directly or indirectly by any of the scenarios of a conflict of interests stipulated in Article 229 of the Corporate Enterprises Act.
- Mr. Augusto Delkader Teig reports that in 2016 and to date he - and any persons associated with him - has not been affected directly or indirectly by any of the scenarios of a conflict of interests stipulated in Article 229 of the Corporate Enterprises Act.
- Mr. Raimundo Baroja Rieu reports that in 2016 and to date he - and any persons associated with him - has not been affected by any of the scenarios of a conflict of interests stipulated in Article 229 of the Corporate Enterprises Act.
- Mr. Juan María Aguirre Gonzalo reports that in 2016 and to date he - and any persons associated with him - has not been affected by any of the scenarios of a conflict of interests stipulated in Article 229 of the Corporate Enterprises Act.

- Mr. Matías Cortés Domínguez reports that in 2016 and to date he - and any persons associated with him - has not been affected directly or indirectly by any of the scenarios of a conflict of interests stipulated in Article 229 of the Corporate Enterprises Act.
- Prilou, S.L. reports that in 2016 and to date it - and any persons associated with it - has not been affected directly or indirectly by any of the scenarios of a conflict of interests stipulated in Article 229 of the Corporate Enterprises Act.
- Prilomi, S.L. reports that in 2016 and to date it - and any persons associated with it - has not been affected by any of the scenarios of a conflict of interests stipulated in Article 229 of the Corporate Enterprises Act.
- Cymofag, S.L. reports that in 2016 and to date it - and any persons associated with it - has not been affected by any of the scenarios of a conflict of interests stipulated in Article 229 of the Corporate Enterprises Act.
- Ms. Isabel Martín Castellá reports that in 2016 and to date she - and any persons associated with her - has not been affected directly or indirectly by any of the scenarios of a conflict of interests stipulated in Article 229 of the Corporate Enterprises Act.
- Mr. Francisco Javier Adroher Biosca reports that in 2016 and to date he - and any persons associated with him - has not been affected directly or indirectly by any of the scenarios of a conflict of interests stipulated in Article 229 of the Corporate Enterprises Act.
- Beta Asociados, S.L. reports that in 2016 and to date it is and has been, directly or indirectly - including any persons associated with it - in the following situation of "Possible Competition" with the Company, in the construction industry only and only in certain parts of Spain: Beta Asociados, S.L. forms part of the Corporate Group "Altec Empresa de Construcción y Servicios, S.A.", at which the person representing Sacyr, S.A. as a Director, Mr. José del Pilar Moreno Carretero, acts as Joint Director and Controlling Shareholder. This corporate group is in a situation of "Possible Competition", in Spain only, and only in the "Sacyr, S.A." construction business, as it undertakes part of its activities in the construction sector.

"Balpia, S.A." and "C.L.M Infraestructuras y Servicios, S.L." also belong to this group of companies. "Altyum Proyectos y Obras, S.A." does not form part of this group. A minority interest is held in this company, which also operates in the construction sector.

- Grupo Corporativo Fuertes, S.L. reports that in 2016 and to date, that it and its natural person representative: (i) have only carried out transactions with the company of an ordinary nature, which were conducted under market conditions in the terms stipulated in the Corporate Enterprises Act; (ii) they have not used the name of the Company or declared its status as a member of the Board of Directors to exert unwarranted influence on private operations; (iii) they have not made use of corporate assets, including confidential information of the Company, for private purposes; (iv) they have not taken personal advantage of the Company's business opportunities and (v) they have not obtained any benefits or remuneration from third parties other than the Company and its group in association with the exercise of its post.

In this regard, it reports that as far as it is aware, no party associated with Grupo Corporativo Fuertes, S.L., or its natural person representative, could be understood to

be affected by any of the situations referred to in sections a) to e), both inclusive, of Article 229 of the Corporate Enterprises Act, with respect to the Company.

In connection with the scenario described in Article 229.1.f) of the Corporate Enterprises Act, Grupo Corporativo Fuertes, S.L. carries out its own business and projects for third parties the business purpose of which may be understood to constitute effective competition (real or potential) with the Company at the following entities: GeroCentros Mediterráneo, S.L., with a 42.50% stake (Director), Ausur Servicios de la Autopista, S.A., with a 20% stake (Director), Autopista del Sureste CEA, S.A., with a 20% stake (Director) and Autopista de la Costa Cálida CEA, S.A., with a 7.15% stake. In the same regard, it reports there are parties related to Grupo Corporativo Fuertes, S.L. (in the terms of Article 231 of the Corporate Enterprises Act) that could be carrying out their own business and projects for third parties the business purpose of which may be understood to constitute effective competition (real or potential) with the Company at these entities.

- Juan Miguel Sanjuan Jover (representing Grupo Satocan Desarrollos, S.L.) reports that in 2016 and to date it - and any persons associated with it - has not been affected directly or indirectly by any of the scenarios of a conflict of interests stipulated in Article 229 of the Corporate Enterprises Act. It does, however, report a possible hypothetical situation of competition vis-à-vis the Sacyr Group considering its status as director and partner of Grupo Satocan, S.A. with a holding of 49.88%, and its status as Managing Director and partner at Satocan, S.A. -both directly, and indirectly through Grupo Satocán, S.A.- a company operating in the construction sector in the Autonomous Community of the Canary Islands.

35. Related party transactions

Transactions with related parties are carried out and recognised at fair value.

The prices of transactions with related parties are determined on an appropriate basis, and the Company's directors consider that there is no risk they could generate material tax liabilities.

The detail of the most significant transactions with related parties in 2015 is as follows, in addition to the income indicated in Note 27 and the remuneration indicated in Note 34:

December 2015 Thousands of euros	RELATED PARTY TRANSACTIONS				
	Significant shareholders	Directors and executives	Related individuals, companies or Group entities	Other related parties	Total
INCOME AND EXPENSE FROM CONTINUING OPERATIONS					
1) Finance costs	-	-	-	-	-
2) Management or collaboration contracts	-	-	-	-	-
3) Transfers of R&D and license agreements	-	-	-	-	-
4) Leases	-	-	-	-	-
5) Services received	6,383	-	-	-	6,383
LUIS JAVIER CORTES DOMINGUEZ	2,883	-	-	-	2,883
TESCOR PROFESIONALES ASOCIADOS	3,500	-	-	-	3,500
6) Purchase of goods	-	-	-	-	-
7) Valuation adjustments for bad debts and doubtful receivables	-	-	-	-	-
8) Losses on disposal of assets	-	-	-	-	-
9) Other expenses	2	-	-	-	2
EYCOVA, S.L.	2	-	-	-	2
TOTAL COSTS	6,385	-	-	-	6,385
1) Finance income	-	-	-	-	-
2) Management or collaboration contracts	-	-	-	-	-
3) Leases	-	-	-	-	-
4) Services rendered	887	-	-	-	887
EL POZO ALIMENTACION	887	-	-	-	887
5) Sale of goods (finished goods and work in progress)	5,916	-	-	-	5,916
EL POZO ALIMENTACION	4,942	-	-	-	4,942
DAMM	892	-	-	-	892
PROFU	82	-	-	-	82
6) Gains on disposal of assets	-	-	-	-	-
7) Other income	-	-	-	-	-
TOTAL INCOME	6,803	-	-	-	6,803

December 2015
Thousands of euros

OTHER BALANCES FROM CONTINUING OPERATIONS	BALANCES WITH RELATED PARTIES				
	Significant shareholders 0	Directors and executives	Related individuals, companies or Group entities	Other related parties	Total
1.a. Purchase of items of property, plant and equipment, intangible assets and other assets	-	-	-	-	-
1.b. Financing agreements: Loans and capital contributions	-	-	-	-	-
1.c. Finance leases (lessor)	-	-	-	-	-
1.d. Repayment or cancellation of loans and finance lease contracts (lessor)	-	-	-	-	-
2.a. Sale of items of property, plant and equipment, intangible assets and other assets	-	-	-	-	-
2.b. Financing agreements: loans and capital contributions (borrower)	-	-	-	-	-
2.c. Finance leases (lessee)	-	-	-	-	-
2.d. Repayment or cancellation of loans and finance lease contracts (lessee)	-	-	-	-	-
3.a. Guarantees provided	-	-	-	-	-
3.b. Guarantees received	-	-	-	-	-
4) Other transactions	874	-	-	-	874
EL POZO ALIMENTACION	564	-	-	-	564
DAMM	119	0	0	-	119
PROFU	68	0	-	-	68
LUIS JAVIER CORTES DOMINGUEZ	123	0	0	-	123

December 2015
Thousands of euros

INCOME AND EXPENSE FROM DISCONTINUED OPERATIONS	RELATED PARTY TRANSACTIONS				
	Significant shareholders 0	Directors and executives	Related individuals, companies or Group entities	Other related parties	Total
1) Services received	-	-	-	-	-
TOTAL COSTS	-	-	-	-	-
1) Services rendered	-	-	10,234	-	10,234
AP-1 EUROPISTAS CONCESIONARIA DEL ESTADO, S.A.U.	-	-	1,144	-	1,144
AUTOPISTA ASTUR LEONESA (AUCALSA)	-	-	1,869	-	1,869
AUTOPISTAS DE GALICIA (AUTOESRADAS)	-	-	2,399	-	2,399
AUTOPISTAS DEL ATLANTICO (AUDASA)	-	-	4,822	-	4,822
2) Sale of goods (finished goods and work in progress)	-	-	-	-	-
3) Gains on disposal of assets	-	-	-	-	-
4) Other income	-	-	-	-	-
TOTAL INCOME	-	-	10,234	-	10,234

The main transactions with related parties in 2016 are reported in greater detail below:

December 2016
Thousands of euros

INCOME AND EXPENSE FROM CONTINUING OPERATIONS	RELATED PARTY TRANSACTIONS				
	Significant shareholders	Directors and executives	Related individuals, companies or Group entities	Other related parties	Total
1) Finance costs	-	-	-	-	-
2) Management or collaboration contracts	-	-	-	-	-
3) Transfers of R&D and license agreements	-	-	-	-	-
4) Leases	-	-	-	737	737
REPSOL	-	-	-	737	737
5) Services received	2,731	-	-	102	2,833
LUIS JAVIER CORTES DOMINGUEZ	2,493	-	-	-	2,493
TESCOR PROFESIONALES ASOCIADOS, S.L.	238	-	-	-	238
REPSOL BUTANO	-	-	-	102	102
6) Purchase of goods	843	-	-	4,149	4,992
REPSOL	-	-	-	4,149	4,149
DAMM	438	-	-	-	438
DISA	57	-	-	-	57
GRUPO CACAOLAT	348	-	-	-	348
7) Valuation adjustments for bad debts and doubtful receivables	-	-	-	-	-
8) Losses on disposal of assets	-	-	-	-	-
9) Other expenses	5	-	-	-	5
EYCOVA, S.L.	5	-	-	-	5
TOTAL COSTS	3,579	-	-	4,988	8,567
1) Finance income	-	-	-	-	-
2) Management or collaboration contracts	-	-	-	-	-
3) Leases	-	-	-	-	-
4) Services rendered	1,183	-	-	-	1,183
EL POZO ALIMENTACION, S.A.	1,056	-	-	-	1,056
PROFU, S.A.	127	-	-	-	127
5) Sale of goods (finished goods and work in progress)	10,792	-	-	127,928	138,720
EL POZO ALIMENTACION, S.A.	9,934	-	-	-	9,934
DAMM	565	-	-	-	565
PROFU, S.A.	293	-	-	-	293
REFINERIA LA PAMPILLA, S.A. (RELAPASA)	-	-	-	80,416	80,416
REPSOL EXPLORACION PERU SUCURSAL DEL PERU (REPEXSA)	-	-	-	28,279	28,279
REPSOL PETROLEO, S.A.	-	-	-	12,850	12,850
REPSOL QUIMICA, S.A.	-	-	-	4,692	4,692
PETROLEOS DEL NORTE, S.A.	-	-	-	1,691	1,691
6) Gains on disposal of assets	-	-	-	-	-
7) Other income	314	-	-	-	314
DAMM	189	-	-	-	189
GRUPO CACAOLAT	125	-	-	-	125
TOTAL INCOME	12,289	-	-	127,928	140,217

December 2016 Thousands of euros	RELATED PARTY TRANSACTIONS					
	OTHER TRANSACTIONS FROM CONTINUING OPERATIONS	Significant shareholders	Directors and executives	Related individuals, companies or Group entities	Other related parties	Total
1.a. Financing agreements: Loans and capital contributions	-	-	-	-	-	-
1.b. Finance leases (lessor)	-	-	-	-	-	-
1.c. Repayment or cancellation of loans and finance lease contracts (lessor)	-	-	-	-	-	-
2.a. Purchase of items of PPE, intangible assets or other assets	-	-	-	-	-	-
2.b. Financing agreements: loans and capital contributions (borrower)	-	-	-	-	-	-
2.c. Finance leases (lessee)	-	-	-	-	-	-
3. Repayment or cancellation of loans and finance lease contracts (lessee)	-	-	-	-	-	-
3.a. Guarantees provided	-	-	-	-	-	-
4. Guarantees received	-	-	-	-	-	-
5. Other transactions	18,045	-	-	-	-	18,045
DAMM, S.A. (RECEIVABLE)	790	-	-	-	-	790
PROFU, S.A.	660	0	-	-	-	660
EL POZO ALIMENTACION, S.A.	12,024	0	-	-	-	12,024
LUIS JAVIER CORTES DOMINGUEZ	2,643	0	-	-	-	2,643
TESCOR PROFESIONALES ASOCIADOS, S.L.	889	0	0	-	-	889
EYCOVA, S.L.	5	0	0	-	-	5
DAMM, S.A. (PAYABLE)	510	0	0	-	-	510
GRUPO CACAOLAT (PAYABLE)	373	0	0	0	0	373
GRUPO CACAOLAT (RECEIVABLE)	151	0	0	0	0	151

December 2016 Thousands of euros	BALANCES WITH RELATED PARTIES					
	OTHER BALANCES FROM CONTINUING OPERATIONS	Significant shareholders	Directors and executives	Related individuals, companies or Group entities	Other related parties	Total
1.a. Purchase of items of property, plant and equipment, intangible assets and other assets	-	-	-	-	-	-
1.b. Financing agreements: Loans and capital contributions	-	-	-	-	-	-
1.c. Finance leases (lessor)	-	-	-	-	-	-
1.d. Repayment or cancellation of loans and finance lease contracts (lessor)	-	-	-	-	-	-
2.a. Sale of items of property, plant and equipment, intangible assets and other assets	-	-	-	-	-	-
2.b. Financing agreements: loans and capital contributions (borrower)	-	-	-	-	-	-
2.c. Finance leases (lessee)	-	-	-	-	-	-
2.d. Repayment or cancellation of loans and finance lease contracts (lessee)	-	-	-	-	-	-
3.a. Guarantees provided	-	-	-	-	-	-
3.b. Guarantees received	-	-	-	-	-	-
4. Dividends and other benefits distributed	-	-	-	-	-	-
5. Other transactions	2,201	-	-	-	-	2,201
EYCOVA, S.L.	2	-	-	-	-	2
EL POZO ALIMENTACION, S.A.	765	-	-	-	-	765
DAMM, S.A. (BALANCES RECEIVABLE)	828	-	-	-	-	828
PROFU, S.A.	501	-	-	-	-	501
DAMM, S.A. (BALANCE PAYABLE)	39	-	-	-	-	39
GRUPO CACAOLAT (PAYABLE)	28	-	-	-	-	28
GRUPO CACAOLAT (RECEIVABLE)	38	-	-	-	-	38

December 2016 Thousands of euros	RELATED PARTY TRANSACTIONS					
	INCOME AND EXPENSE FROM DISCONTINUED OPERATIONS	Significant shareholders	Directors and executives	Related individuals, companies or Group entities	Other related parties	Total
1) Services received	-	-	-	-	3	3
ITINERE INFRAESTRUCTURAS, S.A.	-	-	-	-	3	3
TOTAL COSTS	-	-	-	-	3	3
1) Finance income	-	-	-	-	-	-
2) Services rendered	-	-	-	10,154	-	10,154
AP-1 Europistas Concesionaria del Estado, S.A.U.	-	-	-	1,085	-	1,085
AUTOPISTA ASTUR LEONESA (AUCALSA)	-	-	-	1,863	-	1,863
AUTOPISTAS DE GALICIA (AUTOESTRADAS)	-	-	-	1,521	-	1,521
AUTOPISTAS DEL ATLANTICO (AUDASA)	-	-	-	5,685	-	5,685
3) Gains on disposal of assets	-	-	-	-	-	-
4) Other income	-	-	-	-	-	-
TOTAL INCOME	-	-	-	10,154	-	10,154

December 2016 Thousands of euros	RELATED PARTY TRANSACTIONS					
	OTHER BALANCES FROM DISCONTINUED OPERATIONS	Significant shareholders	Directors and executives	Related individuals, companies or Group entities	Other related parties	Total
1.a. Purchase of items of property, plant and equipment, intangible assets and other assets	-	-	-	-	-	-
1.b. Financing agreements: Loans and capital contributions	790	-	-	-	-	790
1.c. Finance leases (lessor)	-	-	-	-	-	-

35.1. Contracts with related parties

The main contracts with related parties are as follows:

- Sacyr, S.A. has signed consultancy contracts with two law firms - Luis Javier Cortés and Tescor, Profesionales Asociados, S.L., which are both related parties of Matías Cortés (Director of Sacyr), for variable amounts which in 2016 totalled 2,493 thousand euros and 238 thousand euros respectively.
- During the year, Sacyr Construcción, S.A.U. has rendered services and carried out work on warehouses for El Pozo Alimentación, related to Grupo Corporativo Fuertes, S.L. (Director of Sacyr) - the project was worth 10,990 thousand euros.

35.2. Other information

In 2016, no valuation adjustments were made for doubtful receivables relating to amounts included in the outstanding balances and in expenditure recognised in the year regarding related-party borrowings.

36. Events after the reporting date

The most significant events occurring after 31 December 2016, in chronological order, were as follows:

- On 10 January 2017, Sacyr, via its subsidiary Sacyr Vallehermoso Participaciones Mobiliarias, S.L., received a 0.335 euros per share gross dividend from the REPSOL "Flexible Dividend" programme, generating total net income of 17.88 million euros. Also, under this programme, it has received 495,977 new shares in Repsol, resulting from the swap of part of its pre-emptive subscription rights at a rate of one new share for every 38 in circulation.

In the Group's Construction division headed up by Sacyr Construcción and Somague, the following significant events occurred after the reporting date:

- Sacyr Construcción has been awarded the contract to build the new road between "North Kabad" and "Al Salmi" in Kuwait. The new 28-km motorway, part of the Regional Road South Part, has planned investment of 235 million euros. It has a completion schedule of 42 months.
- Sacyr Chile has been awarded the contract worth 108.6 million euros to construct the new Quillota-Petorca hospital, in the Valparaiso Region, with the work scheduled for completion in 40 months.

The hospital, that will provide services to over 320,000 people from the Quillota and Petorca provinces, will have 282 beds, 9 operating theatres, 3 delivery rooms, 8 emergency rooms and 52 outpatient consulting rooms.

- A consortium, of which Sacyr is part, has won the contract to carry out the works for the collection and treatment of waste water running from plots A and B of the QEZ-1 development zone (Ras Bufontas) to the wastewater treatment plant at Hamad International Airport (HIA), in Qatar. This 14-year contract is worth 19.5 million euros.

In the Concessions division, headed by Sacyr Concesiones, the following significant events took place after the reporting date:

- A consortium of which Sacyr Concesiones forms part, has signed a contract in Paraguay for the construction and operation over a 30-year period, of the Route 2 (Asunción to Coronel Oviedo) and Route 7 (Coronel Oviedo to Caaguazú) motorways. This new 170-km motorway will involve total investment of 520 million euros and a revenue backlog of 1,279 million euros over the term of the concession. Its development is very important, since 70% of the country's economic activity is concentrated in this corridor.
- Sacyr Concesiones has sold its 49% stake in Sociedad Concesionaria Rutas del Algarrobo, which manages the 187 km long, La Serena-Vallenar (Chile) motorway, to the Chilean company, Toesca Infraestructura Fondo de Inversión, for a total of 161 million euros, including the debt associated with the project.

In the Services division, headed by Valoriza Gestión, major events after the reporting date were as follows:

- Extension of the comprehensive cleaning service for the Ministry of Finance and Civil Service's buildings, plots 7 and 9, in the Nuevos Ministerios, Ventas and Sur areas of Madrid. This 18-month contract is worth 14 million euros.
- Cleaning services of the healthcare buildings, plots 1 and 3, at Hospital Royo Villanova and Primary Care Centre of the city of Zaragoza (Aragón Health Service).
- Maintenance service for buildings and works of art for the Bilbao Local Council, amounting to 4.2 million euros over a four-year concession period.

In the Industrial division, headed by Sacyr Industrial, major events after the reporting date were as follows:

- Contracts to extend and change the configuration of the Cóncores – Parinacota (Chile) electricity lines for Transemel and Transelec. The contract is worth 25.02 million euros.
- Contracts to extend, standardise and change the configuration of the Melipulli (Chile) electricity line for STS and Transelec. The contracts are worth 16.24 million euros.
- Standardisation and new compensation works for the Candelaria (Chile) power lines, for a total of 21.19 million euros.
- A consortium, of which Sacyr Industrial is part, has been awarded the contract to build a cement plant in the town of Potosí in the Chiutara Region of Bolivia. This contract is worth 223 million euros and has a 36-month completion schedule.

37. Environmental issues

In line with its environmental policy, the Group has a number of ongoing activities and projects to ensure compliance with environmental legislation. Regarding contingencies in the environmental area, the Group considers that these are adequately covered by the civil liability insurance policies outstanding, and it has therefore set aside no provision for this item in the consolidated statement of financial position at 31 December 2015 and 2016.

38. Audit fees

Audit fees paid to all the auditors of the parent company and its subsidiaries in the consolidation scope in 2016 amounted to 2,191 thousand euros and 1,982 thousand euros in 2015. Of these amounts, Ernst & Young received 2,011 thousand and 1,905 thousand euros in the two years.

The Group's auditors also invoiced the Group 1,649 thousand euros in 2016 and 894 thousand euros in 2015 for other work unrelated to audit or audit advisory services.

The Group verifies the independence of the auditor. In this regard, the amounts paid to Ernst & Young made up less than 1% of its revenue.

39. Personnel

The average number of employees by gender and professional category in 2016 and 2015 was as follows:

Average number of employees	2016		2015	
	Women	Men	Women	Men
Activate address	13	145	28	217
University graduates	453	1,172	330	1,152
Other qualified employees	492	577	325	613
Skilled technicians	416	1,332	352	1,575
Administrative staff	2,775	1,082	1,169	736
Other	8,381	9,547	6,449	9,477
TOTAL	12,530	13,855	8,653	13,770

At 31 December 2016, 21,308 employees of the total headcount were assigned to Spain (16,904 in 2015). Of these, 704 had a degree of disability equal to or greater than 33% (559 in 2015).

The number of employees by gender and professional category at 31 December 2016 and 2015 was as follows:

Employees at year-end	2016		2015	
	Women	Men	Women	Men
Activate address	12	148	38	230
University graduates	855	792	433	1,006
Other qualified employees	537	593	339	600
Skilled technicians	807	861	274	1,558
Administrative staff	2,623	2,742	1,138	705
Other	8,924	9,207	6,566	9,581
TOTAL	13,758	14,343	8,788	13,680

The detail of staff costs incurred by the Group in 2016 and 2015 is as follows:

<i>Thousands of euros</i>	2016	2015
Wages, salaries and similar exp	675,400	582,020
Employee welfare costs	190,421	159,418
TOTAL	865,821	741,438

In 2016, for production and organisational reasons, the Group found it necessary to carry out a series of measures to adjust its organisational and human resources structure, through the use of a redundancy plan ("ERE") in the Construction division.

On 16 March 2016, the Group informed the Department of Employment of its decision to begin a collective redundancy procedure in Spain, with the termination of 347 employment contracts, affecting all of its workforce and work centres.

After several meetings between Group and employee representatives, the final agreement was signed on 15 April 2016, which was subsequently ratified by the General Shareholders' Meeting. This included the redundancy terms of those employees affected, reduced the number made redundant to 327 and set the planned final date for contract terminations at 31 July 2016.

This procedure has had an impact amounting to 20.5 million euros on the financial statements, of which 17.8 million euros correspond directly to the affect of the termination benefits, in accordance with the terms agreed, and 2.7 million euros relate to projected future payments, which arise from the aforementioned redundancy plan.

In addition, Somague SGPS, for production and organisational reasons, found it necessary to carry out a series of measures to adjust its top-level organisational and human resources structure in the majority of its international subsidiaries, through contract termination agreements with employees.

In this regard, throughout 2016 mutually agreed negotiations took place with its employees (390 in all countries) to terminate their employment contracts. The impact of this on the current financial statements amounts to 4.9 million euros, which corresponds to the total payment of termination benefits to these workers.

At year-end, provisions had been made for all outstanding expenses arising from the Group's redundancy plan for the construction business in 2016, based on reliable estimates. Given that there are no plans to dismiss permanent staff in the near future, no provision has been recorded for termination benefits in 2015 and 2016.

40. Segment information

The Group is managed through a structure based around the following operating segments:

- Holding: the Group's corporate structure represented by its holding company, Sacyr, S.A.
- Construction (Sacyr Group and Somague Group): civil engineering and building construction business in Spain, Portugal, Italy, Angola, Panama, Chile, Cabo Verde, Costa Rica, Peru, Colombia, Mexico, Ireland, India, United Kingdom, Brazil and Qatar.

- Concessions (Sacyr Concesiones Group): motorway, transport hub, airport and hospital concessions business.
- Valoriza: multi-services business.
- Industrial: Industrial construction and engineering business.
- Residential development (Vallehermoso Group): real estate development business.
- Repsol: 8.20% of Repsol, S.A. (8.58% in 2015) and the special purpose vehicles holding its shares.

Segment reporting also includes a column for “Consolidation adjustments”.

The Group identified these segments based on the following factors:

- The businesses engage in similar economic activities.
- To provide consolidated financial statements to users, with the relevant financial information on the activities of the Group's businesses and the economic environments in which it operates.

The Group's management regularly reviews the operating results of the segments individually in order to make decisions on allocating resources and assess results and performance. Operating segments are assessed based on their operating income.

The tables below show the separate consolidated income statement and the consolidated statement of financial position for each of the Group's operating segments for the years ended 31 December 2016 and 2015, in thousands of euros.

2015										
A S S E T S	HOLDING	CONSTRUCTION	CONCESSIONS	VALORIZA	INDUSTRIAL	PROPERTY DEVELOPMENT	REPSOL	EQUITY	CONSOLIDATION ADJUSTMENTS	TOTAL
A) NON-CURRENT ASSETS	2,824,170	372,996	3,181,175	640,973	203,574	63,862	2,174,960	-	(2,683,625)	6,778,085
I. Property, plant and equipment	3,406	137,004	3,618	125,395	106,725	1,713	-	-	(1,713)	376,148
II. Concession projects	-	48,220	1,353,153	242,480	-	-	-	-	-	1,643,853
III. Investment property	-	-	-	-	-	-	-	-	-	-
IV. Other intangible assets	1,547	130	50	7,805	5,284	-	-	-	-	14,816
V. Goodwill	-	19,335	-	99,414	67,829	-	-	-	-	186,578
VI. Investments accounted for using the equity method	-	32,912	18,225	58,177	2,150	3,871	1,913,206	-	(7,099)	2,021,442
VII. Receivables from concessions	-	18,739	1,318,347	51,903	-	-	-	-	-	1,388,989
VIII. Non-current financial assets	2,496,418	24,501	267,035	18,065	2,635	219	-	-	(2,494,123)	314,750
IX. Derivative financial instruments	-	-	37,072	-	-	-	-	-	-	37,072
X. Deferred tax assets	200,157	92,155	183,675	34,896	18,951	50,007	261,754	-	(49,996)	791,599
XI. Other non-current assets	122,642	-	-	2,838	-	8,052	-	-	(130,694)	2,838
B) CURRENT ASSETS	345,155	2,517,204	558,395	443,177	162,699	145,054	125,395	316,840	(934,530)	3,679,389
I. Non-current assets held for sale	-	-	-	-	-	560	-	316,840	210,135	527,535
II. Inventories	695	165,121	2,570	14,477	13,799	133,287	-	-	(133,288)	196,661
III. Trade and other receivables	318,559	2,012,866	132,905	339,958	81,934	4,848	67,967	-	(962,422)	1,996,615
IV. Receivables from concessions	-	125	210,174	3,686	-	-	-	-	-	213,985
V. Current financial investments	17,990	117,712	27,390	14,691	452	203	56,949	-	(95,079)	140,308
VI. Derivative financial instruments	-	-	620	-	-	-	-	-	-	620
VII. Cash and cash equivalents	7,857	211,668	184,248	70,365	65,200	5,696	479	-	57,309	602,822
VIII. Other current assets	54	9,712	488	-	1,314	460	-	-	(11,185)	843
TOTAL ASSETS	3,169,325	2,890,200	3,739,570	1,084,150	366,273	208,916	2,300,355	316,840	(3,618,155)	10,457,474
EQUITY AND LIABILITIES	HOLDING	CONSTRUCTION	CONCESSIONS	VALORIZA	INDUSTRIAL	PROPERTY DEVELOPMENT	REPSOL	EQUITY	CONSOLIDATION ADJUSTMENTS	TOTAL
A) EQUITY	1,388,335	563,463	738,171	252,537	132,712	87,470	(89,885)	316,840	(1,478,054)	1,911,590
EQUITY OF THE PARENT	1,388,335	567,994	529,915	247,257	83,231	85,144	(89,885)	316,840	(1,472,702)	1,656,130
EQUITY OF NON-CONTROLLING INTERESTS	-	(4,531)	208,256	5,280	49,481	2,326	-	-	(5,352)	255,460
B) NON-CURRENT LIABILITIES	395,297	567,342	2,420,859	423,191	62,641	46,916	2,342,450	-	(1,206,377)	5,052,319
I. Deferred income	-	22,624	23,339	6,834	4,885	-	-	-	-	57,682
II. Non-current provisions	1,429	335,927	82,947	58,501	5,642	30,418	-	-	(153,060)	361,804
III. Bank borrowings	371,297	118,875	1,730,853	182,038	46,666	2,935	1,622,575	-	(2,936)	4,072,303
IV. Non-current payables	22,571	53,210	378,010	148,653	2,986	13,563	719,875	-	(1,050,381)	288,487
V. Derivative financial instruments	-	-	140,545	19,285	2,009	-	-	-	-	161,839
VI. Deferred tax liabilities	-	36,706	65,165	7,880	453	-	-	-	-	110,204
VII. Non-current payables to associates	-	-	-	-	-	-	-	-	-	-
C) CURRENT LIABILITIES	1,385,693	1,759,395	580,540	408,422	170,920	74,530	47,790	-	(933,724)	3,493,565
I. Liabilities associated with non-current assets held for sale	102,000	-	-	-	-	-	-	-	122,186	224,186
II. Bank borrowings	229,928	261,846	200,956	79,589	30,635	34,178	47,658	-	(34,178)	850,612
III. Trade and other payables	112,342	1,173,926	281,032	235,980	116,925	10,603	70	-	15,819	1,946,696
IV. Current payables to associates	825,121	225,461	70,276	55,514	18,685	20,847	62	-	(1,017,923)	198,043
V. Derivative financial instruments	-	-	24,562	1,373	1,845	-	-	-	-	27,780
VI. Current provisions	116,302	98,162	3,714	25,240	2,830	8,902	-	-	(8,902)	246,248
VII. Other current liabilities	-	-	-	10,726	-	-	-	-	(10,726)	-
TOTAL LIABILITIES	3,169,325	2,890,200	3,739,570	1,084,150	366,273	208,916	2,300,355	316,840	(3,618,155)	10,457,474

2015

SEPARATE INCOME STATEMENT	HOLDING	CONSTRUCTION	CONCESSIONS	VALORIZA	INDUSTRIAL	PROPERTY DEVELOPMENT	REPSOL	EQUITY	CONSOLIDATION ADJUSTMENTS	TOTAL
Revenue	28,818	1,665,641	563,752	763,088	289,969	40,695	-	92,143	(495,192)	2,948,914
Revenue from third parties	-	1,205,740	320,742	704,129	283,985	40,670	-	89,570	304,078	2,948,914
Revenue from group companies	28,818	459,901	243,010	58,959	5,984	25	-	2,573	(799,270)	-
Own work capitalised	-	1,227	-	2,248	796	-	-	366	(366)	4,271
Other operating income	32,752	81,907	12,092	12,655	4,127	1,798	-	376	(38,649)	107,058
Government grants released to the income statement	-	637	1,587	353	575	-	-	-	(1)	3,151
Gain on disposal of assets	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING INCOME	61,570	1,749,412	577,431	778,344	295,467	42,493	-	92,885	(534,208)	3,063,394
Change in inventories	-	(1,014)	(1)	1,476	1,076	(67,869)	-	-	67,869	1,537
Supplies	-	(909,373)	(174)	(192,595)	(155,717)	1,292	-	-	9,904	(1,246,663)
Staff costs	(17,818)	(254,580)	(22,905)	(417,744)	(28,391)	(2,123)	-	(3,199)	5,322	(741,438)
Losses on disposal of assets	-	-	-	-	-	(3)	-	-	3	-
Depreciation and amortisation expense	(1,617)	(24,519)	(45,295)	(30,837)	(7,744)	(112)	-	(15,113)	15,225	(110,012)
Impairment of goodwill	-	-	-	(310)	-	-	-	-	-	(310)
Change in trade provisions	(30,000)	(5,286)	(21,449)	2,674	(1,180)	79,062	-	3	(79,064)	(55,240)
Change in provisions for intangible assets, PP&E and securities portfolio	6	(1,126)	-	-	-	-	-	-	-	(1,120)
Other operating expenses	(73,351)	(506,670)	(372,472)	(99,941)	(91,406)	(74,207)	(987)	(21,480)	478,187	(762,327)
TOTAL OPERATING EXPENSES	(122,780)	(1,702,568)	(462,296)	(737,277)	(283,362)	(63,960)	(987)	(39,789)	497,446	(2,915,573)
NET OPERATING PROFIT	(61,210)	46,844	115,135	41,067	12,105	(21,467)	(987)	53,096	(36,762)	147,821
SHARE OF PROFIT/(LOSS) OF ASSOCIATES	-	97	5,510	5,336	(4)	(1,054)	(478,407)	304	375	(467,843)
GAIN/(LOSS) ON DISPOSAL OF ASSETS	-	1,044	32,983	(1,372)	(233)	27	-	-	(2)	32,447
Revenue from equity investments	577,878	-	-	-	-	-	-	-	(577,878)	-
Revenue from other marketable securities and asset-backed loans	42,858	10	3,391	149	79	-	11	-	(32,865)	13,633
Other interest and similar income	-	11,673	3,663	4,576	842	6,327	-	12,492	(12,745)	26,828
Exchange differences	1,132	21,834	-	367	1,036	-	-	-	(1,939)	22,430
TOTAL FINANCE INCOME	621,868	33,517	7,054	5,092	1,957	6,327	11	12,492	(625,427)	62,891
Finance costs and similar expenses	(74,075)	(29,881)	(93,870)	(11,810)	(2,828)	(3,592)	(99,178)	(16,075)	54,111	(277,198)
Change in provisions for financial investments	(685,092)	(2,185)	(4,189)	(2,354)	(576)	(5,036)	-	(431)	591,164	(108,699)
Gain/(loss) on financial instruments	-	-	(25,936)	(5,966)	(3,840)	-	-	(2,046)	5,886	(31,902)
Exchange differences	-	-	(1,938)	-	-	-	-	-	1,938	-
TOTAL FINANCE COSTS	(759,167)	(32,066)	(125,933)	(20,130)	(7,244)	(8,628)	(99,178)	(18,552)	653,099	(417,799)
FINANCIAL PROFIT/(LOSS)	(137,299)	1,451	(118,879)	(15,038)	(5,287)	(2,301)	(99,167)	(6,060)	27,672	(354,908)
CONSOLIDATED PROFIT BEFORE TAX	(198,509)	49,436	34,749	29,993	6,581	(24,795)	(578,561)	47,340	(8,717)	(642,483)
Corporate income tax	(35,661)	(29,357)	(3,757)	(11,534)	(425)	(14,138)	(76,170)	(13,198)	26,988	(157,252)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	(234,170)	20,079	30,992	18,459	6,156	(38,933)	(654,731)	34,142	18,271	(799,735)
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	1,043,674	-	-	-	-	-	-	-	139,719	1,183,393
CONSOLIDATED PROFIT FOR THE YEAR	809,504	20,079	30,992	18,459	6,156	(38,933)	(654,731)	34,142	157,990	383,658
NON-CONTROLLING INTERESTS	-	(11)	(12,874)	203	(1,169)	65	-	-	134	(13,652)
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	809,504	20,068	18,118	18,662	4,987	(38,868)	(654,731)	34,142	158,124	370,006

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2016									
A S S E T S	HOLDING	CONSTRUCTION	CONCESSIONS	VALORIZA	INDUSTRIAL	PROPERTY DEVELOPMENT	REPSOL	CONSOLIDATION ADJUSTMENTS	TOTAL
A) NON-CURRENT ASSETS	3,145,720	363,686	3,200,815	716,131	191,383	60,408	2,421,058	(3,075,436)	7,023,765
I. Property, plant and equipment	4,145	118,270	3,105	135,638	102,192	1,618	-	(1,618)	363,350
II. Concession projects	-	50,406	1,091,406	260,455	-	-	-	-	1,402,267
III. Other intangible assets	1,320	633	47	9,083	1,961	-	-	-	13,044
IV. Goodwill	-	18,483	-	99,188	67,829	-	-	-	185,500
V. Investments accounted for using the equity method	-	34,182	45,974	51,793	2,111	1,295	2,061,434	(5,280)	2,191,509
VI. Receivables from concessions	-	18,738	1,591,154	102,735	-	-	-	-	1,712,627
VII. Non-current financial assets	2,782,439	18,348	34,097	23,128	1,788	214	76,741	(2,849,876)	86,879
VIII. Derivative financial instruments	-	11	-	-	-	-	-	9,958	9,969
IX. Deferred tax assets	186,698	104,615	200,969	31,354	15,502	50,065	282,883	(50,286)	821,800
X. Other non-current assets	171,118	-	234,063	2,757	-	7,216	-	(178,334)	236,820
B) CURRENT ASSETS	357,406	2,345,294	857,382	602,594	258,790	132,754	71,496	(960,535)	3,665,182
I. Non-current assets held for sale	-	-	279,928	-	-	-	-	195,478	475,406
II. Inventories	915	154,128	17,278	40,359	23,441	127,654	-	(127,654)	236,121
III. Trade and other receivables	321,531	1,524,712	104,883	337,790	170,299	269	52,346	(450,522)	2,061,309
IV. Receivables from concessions	-	-	170,040	3,837	-	-	-	-	173,877
V. Current financial investments	29,112	506,616	6,439	74,628	8,366	2	17,876	(555,488)	87,551
VI. Derivative financial instruments	-	-	(117)	-	-	-	-	5,353	5,236
VII. Cash and cash equivalents	5,848	148,295	278,931	134,437	52,322	467	1,274	(266)	621,308
VIII. Other current assets	-	11,543	-	11,543	4,362	4,362	-	(27,436)	4,374
TOTAL ASSETS	3,503,126	2,708,980	4,058,197	1,318,725	450,173	193,162	2,492,554	(4,035,971)	10,688,947
EQUITY AND LIABILITIES	HOLDING	CONSTRUCTION	CONCESSIONS	VALORIZA	INDUSTRIAL	PROPERTY DEVELOPMENT	REPSOL	CONSOLIDATION ADJUSTMENTS	TOTAL
A) EQUITY	1,719,485	510,108	863,066	270,670	133,573	80,789	653,595	(2,150,889)	2,080,398
EQUITY OF THE PARENT	1,719,485	514,341	633,437	260,886	84,536	80,789	653,595	(2,155,547)	1,791,523
EQUITY OF NON-CONTROLLING INTERESTS	-	(4,233)	229,629	9,784	49,037	-	-	4,658	288,875
B) NON-CURRENT LIABILITIES	536,903	659,944	2,510,324	573,884	58,947	34,619	1,823,055	(926,068)	5,271,628
I. Deferred income	-	21,971	22,109	7,424	4,516	-	-	-	56,020
II. Non-current provisions	1,429	343,042	92,128	115,759	2,808	21,871	-	(206,609)	370,428
III. Bank borrowings	442,677	203,075	1,876,519	273,310	40,689	-	769,408	-	3,605,678
IV. Other hedged financial debt	-	-	-	-	-	-	618,295	-	618,295
V. Non-current payables	92,797	45,884	290,255	152,748	9,412	12,748	400,512	(719,459)	284,897
VI. Derivative financial instruments	-	(24)	132,374	17,506	1,133	-	34,840	-	185,829
VII. Deferred tax liabilities	-	46,016	96,939	7,137	389	-	-	-	150,481
C) CURRENT LIABILITIES	1,246,738	1,538,908	684,806	474,171	257,653	77,754	15,904	(959,013)	3,336,921
I. Liabilities associated with non-current assets held for sale	102,000	-	-	-	-	-	-	101,042	203,042
II. Bank borrowings	97,522	218,572	341,528	95,486	61,375	29,824	14,577	(29,822)	829,062
III. Trade and other payables	117,618	989,577	266,395	317,149	180,301	10,782	(11,477)	(15,384)	1,854,961
IV. Current payables to associates	835,965	234,339	52,309	38,611	11,376	29,053	1,273	(995,223)	207,703
V. Derivative financial instruments	-	-	19,034	1,326	1,015	-	-	-	21,375
VI. Current provisions	93,633	96,420	5,540	21,599	3,586	8,095	-	(8,095)	220,778
VII. Other current liabilities	-	-	-	-	-	-	11,531	(11,531)	-
TOTAL LIABILITIES	3,503,126	2,708,980	4,058,196	1,318,725	450,173	193,162	2,492,554	(4,035,970)	10,688,947

2016

SEPARATE INCOME STATEMENT	HOLDING	CONSTRUCTION	CONCESSIONS	VALORIZA	INDUSTRIAL	PROPERTY DEVELOPMENT	REPSOL	CONSOLIDATION ADJUSTMENTS	TOTAL
Revenue	33,774	1,249,922	552,438	908,249	400,579	2,320	-	(286,807)	2,860,475
Revenue from third parties	-	1,029,406	360,559	841,304	400,168	2,320	-	226,718	2,860,475
Revenue from group companies	33,774	220,516	191,879	66,945	411	-	-	(513,525)	-
Own work capitalised	-	480	-	351	457	-	-	-	1,288
Other operating income	22,533	70,412	12,155	25,715	2,017	560	-	(35,518)	97,874
Government grants released to the income statement	356	652	1,231	178	1,598	-	-	-	4,015
Gain on disposal of assets	-	-	-	-	-	239	-	(239)	-
TOTAL OPERATING INCOME	56,663	1,321,466	565,824	934,493	404,651	3,119	-	(322,564)	2,963,652
Change in inventories	-	(413)	(5)	618	446	1,150	-	(1,150)	646
Supplies	-	(712,490)	(147)	(215,160)	(173,095)	(6,310)	-	13,207	(1,093,995)
Staff costs	(20,868)	(224,972)	(25,642)	(525,336)	(69,003)	(1,309)	-	1,309	(865,821)
Losses on disposal of assets	-	-	-	-	-	(239)	-	239	-
Depreciation and amortisation expense	(1,813)	(21,034)	(46,193)	(34,640)	(9,393)	(98)	-	98	(113,073)
Impairment of goodwill	-	-	-	(226)	-	-	-	-	(226)
Change in operating provisions	495	(7,973)	(7,084)	614	1,248	3,421	-	(3,421)	(12,700)
Change in provisions for non-current assets	-	20	-	(1)	-	-	-	-	19
Other operating expenses	(43,536)	(350,976)	(333,199)	(118,610)	(132,903)	(8,038)	(1,662)	318,503	(670,421)
TOTAL OPERATING EXPENSES	(65,722)	(1,317,838)	(412,270)	(892,741)	(382,700)	(11,423)	(1,662)	328,785	(2,755,571)
NET OPERATING PROFIT	(9,059)	3,628	153,554	41,752	21,951	(8,304)	(1,662)	6,221	208,081
SHARE OF PROFIT/(LOSS) OF ASSOCIATES	-	2,110	2,644	5,517	29	(2,152)	197,382	1,555	207,085
GAIN/(LOSS) ON DISPOSAL OF ASSETS	-	1,955	21,320	3,530	439	(73)	-	73	27,244
Revenue from equity investments	51,783	-	-	-	-	-	-	(51,783)	-
Revenue from other marketable securities and asset-backed loans	28,521	596	2,991	1,598	1	-	168	(21,984)	11,891
Other interest and similar income	-	12,223	11,570	4,045	416	2,873	-	(5,461)	25,666
Exchange differences	248	17,934	-	-	-	-	-	(7,196)	10,986
TOTAL FINANCE INCOME	80,552	30,753	14,561	5,643	417	2,873	168	(86,424)	48,543
Finance costs and similar expenses	(36,340)	(30,677)	(102,450)	(14,702)	(2,245)	(2,149)	(69,207)	19,549	(238,221)
Change in provisions for financial investments	13,929	1,608	(4,884)	(1,048)	-	5,037	-	(18,966)	(4,324)
Gain/(loss) on financial instruments	-	-	(21,354)	(5,724)	(3,770)	-	(43,155)	6,447	(67,556)
Exchange differences	-	-	(1,993)	(950)	(4,364)	-	-	7,307	-
TOTAL FINANCE COSTS	(22,411)	(29,069)	(130,681)	(22,424)	(10,379)	2,888	(112,362)	14,337	(310,101)
FINANCIAL PROFIT/(LOSS)	58,141	1,684	(116,120)	(16,781)	(9,962)	5,761	(112,194)	(72,087)	(261,558)
CONSOLIDATED PROFIT BEFORE TAX	49,082	9,377	61,398	34,018	12,457	(4,768)	83,526	(64,238)	180,852
Corporate income tax	4,321	(17,021)	(23,032)	(11,108)	(4,386)	825	5,430	(629)	(45,600)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	53,403	(7,644)	38,366	22,910	8,071	(3,943)	88,956	(64,867)	135,252
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	278,490	-	-	-	-	-	-	(278,490)	-
CONSOLIDATED PROFIT FOR THE YEAR	331,893	(7,644)	38,366	22,910	8,071	(3,943)	88,956	(343,357)	135,252
NON-CONTROLLING INTERESTS	-	(165)	(15,616)	213	(31)	12	-	577	(15,010)
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	331,893	(7,809)	22,750	23,123	8,040	(3,931)	88,956	(342,780)	120,242

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41. Disclosures by geographic location

The table below shows the external income, gross assets and acquisition of property, plant and equipment by activity and geographic area in 2016 and 2015:

	2016			2015		
	Revenue	Gross assets	Acquisitions of fixed assets	Revenue	Gross assets	Acquisitions of fixed assets
Holding company - Continuing operations	33,774	44,111	2,395	28,818	41,786	2,018
Spain	33,774	44,111	2,395	28,818	41,786	2,018
Construction - Continuing operations	1,249,923	215,744	28,279	1,665,641	463,512	21,999
Spain	329,529	151,746	18,967	421,996	200,917	6,417
Chile	280,354	21,257	2,086	425,073	20,694	558
Italy	131,477	-	-	143,076	-	-
Portugal	99,739	-	-	121,754	147,876	2,129
Angola	91,597	-	-	139,964	26,067	1,579
Colombia	75,089	5,168	4,693	39,776	208	208
Mexico	67,400	19,809	639	56,667	22,456	393
UK	37,968	-	-	11,347	81	90
Qatar	33,195	-	-	39,847	-	-
Peru	28,478	2,097	1,894	74,129	210	85
Brazil	25,357	-	-	62,265	1,471	101
Mozambique	21,640	-	-	67,056	17,767	10,284
Cape Verde	13,371	-	-	12,214	10,611	126
Panama	6,667	91	-	37,061	207	21
Ireland	2,253	-	-	7,556	37	-
Togo	660	-	-	5,644	417	8
Uruguay	342	31	-	-	-	-
Other	4,807	15,545	-	216	14,493	-
Concessions - Continuing operations	552,438	1,410,464	16,487	563,752	1,627,151	17,489
Chile	323,169	36,498	16,184	302,949	17,949	9,425
Spain	152,919	1,369,770	186	143,132	1,604,963	7,983
Colombia	40,708	-	-	12,745	-	-
Peru	30,261	231	107	82,880	95	57
Portugal	4,030	5	-	20,783	194	3
Ireland	1,252	3,933	-	1,263	3,933	12
Uruguay	99	3	-	-	-	-
Mexico	-	24	10	-	17	9
Valoriza - Continuing operations	908,249	877,753	35,268	763,088	535,744	40,118
Spain	815,510	671,921	27,330	681,546	321,704	32,398
Portugal	28,400	200,565	3,183	29,965	195,797	5,933
Israel	17,645	-	-	6,216	-	-
Australia	14,645	-	-	19,433	152	20
Chile	14,192	1,495	4,695	12,046	16,715	1,715
Oman	9,638	62	59	-	-	-
Algeria	6,853	3,710	1	13,776	1,323	-
Peru	1,366	-	-	106	-	-
Mexico	-	-	-	-	4	3
US	-	-	-	-	49	49
Industrial - Continuing operations	400,579	208,855	8,365	289,969	275,260	74,420
Spain	139,698	206,296	6,602	167,199	274,306	73,940
Peru	104,021	705	310	88,577	419	112
Colombia	82,561	210	152	9,400	42	45
Bolivia	27,781	386	54	8,201	326	155
Mexico	12,435	19	8	14,075	10	11
Ecuador	7,797	-	-	-	-	-
Panama	5,847	505	501	431	157	157
Netherlands	5,361	-	-	-	-	-
Argentina	5,024	-	-	-	-	-
Belgium	3,290	-	-	-	-	-
UK	3,201	-	-	2,086	-	-
US	1,127	-	-	-	-	-
Chile	845	403	381	-	-	-
Norway	714	-	-	-	-	-
Portugal	382	-	-	-	-	-
Italy	273	-	-	-	-	-
Australia	147	2	-	-	-	-
Brazil	75	-	-	-	-	-
Ecuador	-	329	357	-	-	-
Total continuing operations	3,144,963	2,987,580	93,264	3,311,268	2,943,453	156,044
Adjustments	(284,488)	1,566	(983)	(362,354)	(208)	(50)
Total adjustments, net	2,860,475	2,986,018	92,281	2,948,914	2,943,245	155,994
Total discontinued operations	2,320	4,017	-	130,240	4,104	-

42. Additional note for English translation

These consolidated financial statements were originally prepared in Spanish. In the event of a discrepancy, the Spanish language prevails. These consolidated financial statements are presented on the basis of International Reporting Standards adopted by the European Union. Consequently, certain accounting practices applied by the Group do not conform with generally accepted accounting in other countries.

APPENDIX I: SCOPE OF CONSOLIDATION 2015

NOTE: Indirect shareholdings are calculated based on the owner of the holding.

Sacyr Infrastructure USA LLC Centerville Road suite 400 - 02711 Wilmington DE 19809 USA	100.00%	Sacyr Concesiones, S.L.	2.83	Full consolidation	Construction and operation of concessions in USA	2,835	41	(985)	-	
Soc. Conc. Vial Montes de María, S.A.S. CL 97 NO 23-60 ED To Proksof P8 - Bogotá.	100.00%	Sacyr Concesiones Chile, S.A.S.	3.30	Full consolidation	Construction and operation of concessions in Colombia	290	2,947	535	-	
Soc. Conc. Vial Unión del Sur, S.A.S. CL 97 NO 23-60 ED To Proksof P8 - Bogotá.	60.00%	Sacyr Concesiones Chile, S.A.S.	13.69	Full consolidation	Construction and operation of concessions in Colombia	52	22,704	483	-	
Desamollo Vial al Mar, S.A.S. CL 97 NO 23-60 ED To Proksof P8 - Bogotá.	37.50%	Sacyr Concesiones Chile, S.A.S.	0.00	Equity method	Construction and operation of concessions in Colombia	-	(22)	186	-	
SERVICES										
Subsidiaries and holding companies										
Valoriza Gestión S.A.U. Paseo de la Castellana, 83-85 Madrid	100.00%	Sacyr, S.A.	165.54	Full consolidation	Property management holding company	122,133	74,952	14,317	-	
Somague Ambiente, S.A. Rua do Tapado da Quinta de Cima, Lintó Sítiro - Portugal	100.00%	Valoriza Gestión S.A.U.	15.30	Full consolidation	Environmental consultancy and management	10,000	31,857	(754)	-	
Sacyr Industrial, S.L.U. Paseo de la Castellana, 83-85, Madrid	100.00%	Valoriza Gestión S.A.U.	51.89	Full consolidation	Power generation projects	40,920	19,022	(1,057)	-	
Valoriza Agua, S.L. Paseo de la Castellana, 83-85, Madrid	100.00%	Valoriza Gestión S.A.U.	95.40	Full consolidation	Environmental consultancy and management	83,841	5,765	1,077	-	
Valoriza Facilities, S.A.U. Paseo de la Castellana, 83-85, Madrid	100.00%	Valoriza Gestión S.A.U.	1.48	Full consolidation	Integrated property management	1,181	12,573	5,332	-	
Valoriza Servicios Medioambientales, S.A. Calle Juan Espinosa, 11-13, Madrid.	93.47% 6.53%	Valoriza Gestión S.A.U. Hidroankluz, S.A.	135.31 0.21	Full consolidation	Environmental management	17,129	42,449	7,238	-	
Suardiaz Servicios Marítimos de Barcelona, S.L. Calle Ayala, 6, Madrid.	50.03%	Valoriza Gestión S.A.U.	3.10	Full consolidation	Maritime services	3	8,171	620	-	
Enevalor Naval, S.L. Lugar Santa Tecla, 69 Vigo - Pontevedra	40.00%	Valoriza Gestión S.A.U.	0.18	Equity method	Construction and maintenance of wind farms	450	(380)	(17)	-	
Valoriza Minería, S.L. Paseo de la Castellana, 83-85, Madrid	100.00%	Valoriza Gestión S.A.U.	0.82	Full consolidation	Extraction of iron and minerals	500	(103)	(38)	-	
	9.00%	Valoriza Gestión S.A.U.	0.0135							
	8.00%	Sacyr Industrial, S.L.U.	0.0312							
Consortio Stabite Via Società s.p.a. Via Inverio n 24/A Turin -Italy	9.00%	Valoriza Cons.e Infraestructuras, S.A.	0.0012	Equity method	Construction and management of all types of infrastructure	150	-	-	-	
	8.00%	Valoriza Ser. Medioambientales, S.A.	0.0012							
	8.00%	Valoriza Agua, S.L.	0.0012							
	8.00%	Valoriza Facilities, S.A.U.	0.0012							
Services										
Environment										
Valoriza Conservación de Infraestructuras, S.A. Paseo de la Castellana, 83-85, Madrid	100.00%	Valoriza Gestión S.A.U.	0.74	Full consolidation	Conservation, maintenance and operation of motorways and roads.	750	6,522	5,607	-	
Simulador Virtualidad Invernal, S.L. Paseo de la Castellana, 83-85, Madrid	100.00%	Valoriza Conservación de Infraestructuras, S.A.	0.054	Full consolidation	Preparation of programmes and training in new technologies	12	2	-	-	
European Turquesten Company, S.L. Paseo de la Castellana, 83-85 Madrid	51.00%	Valoriza Minería, S.L.	0.033	Full consolidation	Exploration, research and sale of minerals	66	(2)	-	-	
Tungsten San Finx, S.L. Santa Estalía de Valcoba, Lousame Mina San Finx-A Coruña.	100.00%	Valoriza Minería, S.L.	0.003	Full consolidation	Exploration, research and sale of minerals	3	-	(29)	-	
Valoriza Conservación de Infraestructuras Chile S.p.A. Avenida Isidora Goyenechea, 2800, oficina 2401, pl 24, Columnas de las Condes - Santiago de Ch	100.00%	Valoriza Conservación de Infraestructuras, S.A.	4.390	Full consolidation	Conservation, maintenance and operation of motorways and roads.	4,535	(413)	7	-	
Energy										
Repsol, S.A. Calle Méndez Alvaro, 44, Madrid	8.58%	Sacyr Partic.Mobil.S.L.	3,264.40	Equity method	International integrated oil and gas company	1,442,000	26,802,000	(1,227,000)	(228,000)	
Secaderos de Biomasa, S.A. (SEDEBISA) Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Seville	78.28%	Sacyr Industrial, S.L.U.	2.43	Full consolidation	Energy recovery from porcine oil	2,900	976	975	-	
Biomassas de Puente Genil, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Seville	78.08%	Sacyr Industrial, S.L.U.	2.18	Full consolidation	Power generation projects	2,600	6,042	1,718	-	
Compañía Energética de Pata de Mulo, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Seville	78.08%	Sacyr Industrial, S.L.U.	2.18	Full consolidation	Power generation projects	2,600	1,074	1,485	-	
Compañía Energética de La Roda, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Seville	90.00%	Sacyr Industrial, S.L.U.	1.17	Full consolidation	Power generation projects	1,300	1,443	1,484	-	
Compañía Energética Las Villas, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Seville	90.00%	Sacyr Industrial, S.L.U.	0.05	Full consolidation	R&D research and research projects	700	3,273	1,492	-	
Compañía Energética Puente del Obispo, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Seville	90.00%	Sacyr Industrial, S.L.U.	0.45	Full consolidation	R&D research and research projects	500	1,430	1,684	-	
Fotovoltaicas Dos Rios, S.L. Paseo de la Castellana, 83-85 Madrid	100.00%	Sacyr Industrial, S.L.U.	0.06	Full consolidation	R&D research and research projects	60	(54)	-	-	
Bioeléctrica de Valladolid, S.L. Paseo de la Castellana, 83-85 Madrid	100.00%	Sacyr Industrial, S.L.U.	0.06	Full consolidation	R&D research and research projects	60	(28)	(17)	-	
Gasif. Climatización, S.L. Calle Correa Weglison 4, 2 A., Jeán.	64.73%	Sacyr Industrial, S.L.U.	1.62	Full consolidation	R&D research and research projects	2,295	(3,275)	(149)	-	
Desarrollos Edificos Extremeños, S.L. Calle Borrego, 2 Cáceres.	50.00%	Sacyr Industrial, S.L.U.	0.95	Equity method	R&D research and research projects	1,910	(394)	(45)	-	
Compañía Energética Linares, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Seville	60.30%	Valoriza Renovables, S.L.	1.00	Full consolidation	R&D research and research projects	6,161	2,220	904	-	
Compañía Ojuesa de Linares, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Seville	51.00%	Valoriza Renovables, S.L.	1.18	Full consolidation	Oil extraction	2,332	184	(82)	-	
Bioeléctrica de Linares, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Seville	81.43%	Valoriza Renovables, S.L.	6.86	Full consolidation	Biomass-fueled electricity generation plant	9,500	(578)	660	-	
Ibervaler Energía Aragonesa, S.A. Paseo de la Constitución, 4 Zaragoza	50.00%	Sacyr Industrial, S.L.U.	0.20	Equity method	Wind power	400	(414)	(14)	-	
Solucia Renovables, S.L. Planta Temsolar Lebrija 1, Parcela 12053 sector B13, Las Marismas de Lebrija, Seville	50.00%	Sacyr Industrial, S.L.U.	68.41	Equity method	R&D research and research projects	60	(35,434)	120	-	
Soleval Renovables, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Seville	50.00%	Sacyr Industrial, S.L.U.	0.0017	Equity method	R&D research and research projects	3	2,527	39	-	
Valcarlos Renovables, S.L. Calle La Verde, Herrera, s/n Camargo - Cantabria.	65.00%	Sacyr Industrial, S.L.U.	0.325	Full consolidation	R&D research and research projects	500	(449)	-	-	
Soc. Andaluza Valoración de la Biomasa, S.A. Centro de empresas de pabellón de Italia Calle Isaac Newton, s/n Seville	6.00%	Sacyr Industrial, S.L.U.	0.180	Equity method	R&D research and research projects	3,000	(2,024)	(12)	-	
Biomassas de Talavera, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Seville	100.00%	Sacyr Industrial, S.L.U.	0.003	Full consolidation	R&D research and research projects	3	(9)	-	-	
Biopus II, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Seville	100.00%	Sacyr Industrial, S.L.U.	0.006	Full consolidation	R&D research and research projects	3	(1)	(4)	-	
Biomassas Puente Obispo, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Seville	100.00%	Sacyr Industrial, S.L.U.	0.003	Full consolidation	R&D research and research projects	3	(1)	(1)	-	
Biobal Energía, S.L. Paseo de la Castellana, 83-85 Madrid	51.00%	Sacyr Industrial, S.L.U.	0.0015	Full consolidation	R&D research and research projects	3	-	-	-	
Iberesa Bolivia, S.R.L. Carretera Doble Via La Guardia Km 71/2- Santa Cruz de la Sierra -Bolivia.	100.00%	Sacyr Industrial, S.L.U.	0.0160	Full consolidation	R&D research and research projects	4	(358)	(13)	-	
Quatro T&D Limited 281 Spinfield Park Way - Lanarkshire - Scotland.	47.91%	Sacyr Industrial, S.L.U.	0.43	Full consolidation	Construction of an electricity substation	437	(93)	(100)	-	
Sacyr Industrial Peru, S.A.C. Av. La Floresta, 497, int 401-San Bojya-Lima-Peru	100.00%	Sacyr Industrial, S.L.U.	0.259	Full consolidation	R&D research and studies projects	260	(347)	519	-	
Grupo Sainca, S.A.C. Av. La Floresta, 497, int 401-San Bojya-Lima-Peru	71.00%	Sacyr Industrial, S.L.U.	0.21	Full consolidation	R&D research and studies projects	2	388	1,127	-	
Sacyr Industrial Colombia, S.A.S. TV 23, IP 9423 Of 801, Bogotá - Colombia.	100.00%	Sacyr Industrial, S.L.U.	0.474	Full consolidation	R&D research and studies projects	474	(348)	105	-	
Sacyr Industrial UK, Ltd 375 West George Street, Glasgow Edinburgh	100.00%	Sacyr Industrial, S.L.U.	0.000	Full consolidation	Electric and telecommunications projects	-	28	(44)	-	
Sacyr Industrial México, S.A. de C.V. C/ Taine - chapultepec Morales, 11570, México	50.00%	Sacyr Industrial, S.L.U.	0.30	Full consolidation	Civil works and industrial projects	300	229	(701)	-	
	50.00%	Valoriza Agua, S.L.	0.30							

Consorcio 1420 5F Sacyr mondisa, S.A. de C.V. C/ Taine - chapultepec Morales, 11570, México	60.00%	Sacyr Industrial, S.L.U.	0.0017	Full consolidation	Civil works and industrial projects	2	207	(1,333)	-
Sacyr Industrial, Pty Ltd PO Box 700, West Perth, W.A. 6872- Australia	100.00%	Sacyr Industrial, S.L.U.	0.000	Full consolidation	Civil works and industrial projects	-	(349)	(303)	-
Valoriza Renobles, S.L. Paseo de la Castellana, 83-85 Madrid	100.00%	Sacyr Industrial, S.L.U.	7.980	Full consolidation	Civil works and industrial projects	7,981	(4)	(1)	-
Sacyr Industrial USA LLC Centerville Road suite 400 - 02711 Wilmington DE 19808 USA	100.00%	Sacyr Industrial, S.L.U.	0.046	Full consolidation	Civil works and industrial projects	46	(1)	(23)	-
Sacyr Industrial LLC Al Nadha Tower 2, Floor 6, Office 10, PO Box 1955 - 133 Ghala Muscat OMAN	70.00%	Sacyr Industrial, S.L.U.	0.410	Full consolidation	Civil works and industrial projects	414	(310)	(119)	-
Elamta, S.A. Paseo de la Reforma Av 381 piso - 06509 Cuauhtemoc - México DF	54.00%	Sacyr Industrial, S.L.U.	0.4100	Full consolidation	Execution of project 308-substations periodic transmission lines	3	80	(1,359)	-
Valoriza Servicios Medioambientales Bolivia, S.R.L. Santa Cruz de la Sierra, Departamento de Santa Cruz - Bolivia	30.00%	Sacyr Industrial, S.L.U.	0.0070	Full consolidation	Construction and management of bridges, viaducts and gas pipelines	8	19	14	-
Sacyr Fluor, S.A. Av Paralelón 4-6 28042 Madrid	50.00%	Sacyr Industrial, S.L.U.	40.740	Full consolidation	Engineering services for the petrochemicals industry	60	9,088	971	-
Sacyr Industrial Mondisa Mantenimientos Eléctricos Panamá, S.A. Bella Vista Cl. 50 y 5to Domingo Toré Global Bank Cl. 1307 Panamá	60.00%	Sacyr Industrial, S.L.U.	0.005	Full consolidation	Electricity lines maintenance service - high and medium-voltage	9	-	1	-
Sacyr Nación, S.L.R. C/ Bañer de Bilbao, 28, 3º C, 48009 Bilbao (Vizcaya)	50.00%	Sacyr Industrial, S.L.U.	0.060	Equity method	Construction, repair and maintenance of electromechanical machinery and facilities	120	-	-	-
New technologies									
Valoriza Energía Operación y Mantenimiento, S.L. Paseo de la Castellana, 83-85 Madrid	100.00%	Sacyr Industrial, S.L.U.	2.00	Full consolidation	Telecommunications Services	301	2,089	(60)	-
Informatic, Sistemas de Información, S.L. Carretera de la Courta Km3,200 edificio Ecu Las Rozas - Madrid	70.00%	Valoriza Facilities, S.A.U.	0.54	Full consolidation	IT system development	259	(1,323)	-	-
Water									
Empresa Mixta de Aguas de Santa Cruz de Tenerife, S.A. (EMMASA) Calle Comodoro Rólin, 4 Santa Cruz de Tenerife	100.00%	Sacyr, S.A.	25.38	Full consolidation	Water supply	1,346	18,344	583	-
Geida Sikkid, S.L. Calle Cardenal Marcelo Spínola, 10 - Madrid	33.00%	Sociedad Anónima Depuración y Tratamientos (SADYT)	3.72	Equity method	Operation of desalination plants	11,310	(75)	4,131	-
Geida Temcon, S.L. Calle Cardenal Marcelo Spínola, 10 - Madrid	50.00%	Sociedad Anónima Depuración y Tratamientos (SADYT)	15.01	Equity method	Operation of desalination plants	23,160	2,479	7,447	-
Empresa Mixta de Aguas de Las Palmas, S.A. (EMALSA) Calle Plaza de la Constitución 2 Canary Islands	33.00%	Valoriza Agua, S.L.	27.53	Equity method	Water supply in Las Palmas	28,247	4,011	(952)	-
Sociedad Anónima Depuración y Tratamientos (SADYT) Paseo de la Castellana, 83-85, Madrid	100.00%	Valoriza Agua, S.L.	5.27	Full consolidation	Water treatment and purification	2,500	3,313	3,022	-
Santificadora de Aguas, S.L. Avenida La Salle 49 Las Palmas de Gran Canaria	100.00%	Valoriza Agua, S.L.	0.003	Full consolidation	Water treatment and purification	3	271	204	-
Valoriza Water Australia, PTY Ltd 256 Adelaide Terrace Perth - Australia	100.00%	Valoriza Agua, S.L.	0.000003	Full consolidation	Water treatment and purification	-	6,681	997	-
Sercanías, S.A. Avenida de Juan XXIII, 1 Las Palmas de Gran Canaria	50.00%	Valoriza Agua, S.L.	0.38	Equity method	Water treatment and purification	770	(1,335)	(906)	-
Valoriza Chile, S.P.A. Avenida Vitacura Nº 2939, oficina 1102 Santiago de Chile	100.00%	Valoriza Agua, S.L.	9.60	Full consolidation	Water treatment and purification	9,811	(236)	(58)	-
Valorinima, S.L. Calle Ountaravides, 17, Las Tablas Madrid	20.00%	Valoriza Agua, S.L.	0.0006	Equity method	Water treatment and purification	3	-	158	-
Sociedad Economía Mixta de Aguas de Soria, S.L. Plaza Mayor, 7, Soria	14.80%	Valorinima, S.L.	3.70	Full consolidation	Water treatment and purification	5,000	-	177	-
Valoriza Agua Perú, S.A.C. Av 497 La Floresta 429923 Lima - Peru	99.00%	Valoriza Agua, S.L.	0.3000	Full consolidation	Water treatment and purification	290	14	(217)	-
	1.00%	SADYT	0.0030						
Valoriza Servicios Medioambientales Group									
Gestión Participes del Bioreciclaje S.A. Carretera Puerto Real a Paterna Km 13,5 Medina Sidonia - Cadiz	33.34%	Valoriza Servicios Medioambientales, S.A.	0.02	Equity method	Activities related to the management and treatment of urban solid waste	60	(85)	-	-
Compost del Piñero S.L. Calle Juan Esplandú, 11-13 Madrid	50.00%	Valoriza Servicios Medioambientales, S.A.	0.58	Equity method	Development of sludge composting plants (waste-water purification plants)	1,161	(937)	(43)	-
Metroflings S.L. Finca Rambla Pin, s/n Barcelona	21.60%	Valoriza Servicios Medioambientales, S.A.	2.71	Equity method	Management & construction over 15 years of the San Adria de Besos purification plant	12,554	533	1,535	-
Boremer S.A. Calle Ribera del Loira 42, edificio 3 Madrid	50.00%	Valoriza Servicios Medioambientales, S.A.	1.09	Equity method	Contracting and management of project cleaning services	2,176	(3,917)	(1,602)	-
Biomassas del Piñero S.A. Calle San Bartolomé, 11 Alcalá de Guera - Huesca	44.00%	Valoriza Servicios Medioambientales, S.A.	0.13	Equity method	Development of biomass energy systems	300	(165)	-	-
Valdemingomez 2000, S.A. Calle Albaracín, 44 Madrid	40.00%	Valoriza Servicios Medioambientales, S.A.	2.44	Equity method	Degasification project at the Valdemingomez landfill site	775	(420)	(2,607)	-
Calivos Energéticos de Castilla S.A. Avenida del Cid Campeador, 4 Burgos	44.00%	Valoriza Servicios Medioambientales, S.A.	0.13	Equity method	Development of biomass energy systems	75	(70)	(2)	-
Infobar Estacionamiento Regulado, A.I.E. Calle Conventuales, 1 Madrid	18.34%	Valoriza Servicios Medioambientales, S.A.	0.07	Equity method	Auxiliary services to the control of regulated street parking in Madrid	360	-	(177)	-
Parque Eólico la Sotomera, S.L. Plaza Aniceto Betrán Martínez, 14 Zaragoza	30.16%	Valoriza Servicios Medioambientales, S.A.	0.60	Equity method	Production of renewable energy	2,000	5,705	292	-
Hidroanduluz, S.A. Paseo de la Castellana, 83-85 Sevilla	100.00%	Valoriza Servicios Medioambientales, S.A.	0.47	Full consolidation	Sale and purchase of IT equipment	283	3,577	598	-
Gestión de Infraestructuras Canarias, S.A. Plaza de José Anzures Paredez, 1 Santa Cruz de Tenerife	62.00%	Valoriza Servicios Medioambientales, S.A.	0.05	Full consolidation	Studies, works and projects	61	271	-	-
Participes del Bioreciclaje, S.A. Calle Federico Salmón, 8 Madrid	33.34%	Valoriza Servicios Medioambientales, S.A.	0.02	Equity method	Waste management	60	(120)	-	-
Bioreciclaje de Cádiz, S.A. Calle San Juan, 12 Medina Sidonia - Cadiz	32.67%	Participes del Bioreciclaje, S.A.	4.87	Equity method	Management, storage, transport, and treatment of elimination of waste	1,803	13,882	541	-
Iniciativas Medioambientales del Sur, S.L. Complejo Medioambiental de Boleiros Jerez de la Frontera - Cádiz	50.00%	Valoriza Servicios Medioambientales, S.A.	0.02	Equity method	Street cleaning, collection, transport and waste and water treatment	40	244	-	-
Inte RCD, S.L. Calle Américo Vespucio, 69 Sevilla	33.33%	Valoriza Servicios Medioambientales, S.A.	0.03	Equity method	Property development, construction and demolition waste services	3	(218)	(1)	-
Inte RCD Bahía de Cádiz, S.L. Calle de los Trabajadores, 20 Chiclana de la Frontera - Cadiz	20.00%	Inte RCD, S.L.	0.28	Equity method	Property development, construction and demolition waste services	260	(732)	-	-
Inte RCD Huelva, S.L. Calle Lope, 12 Cartaya - Huelva	20.00%	Inte RCD, S.L.	0.45	Equity method	Property development, construction and demolition waste services	753	(860)	-	-
Eurocomercial, S.A.U. Calle de Juan Esplandú, 11-13 Madrid	100.00%	Valoriza Servicios Medioambientales, S.A.	0.45	Full consolidation	Engineering, consultancy and import/export of products for deposit and sale	136	2,649	(22)	-
Degasificación de Vertederos, S.A. Calle Federico Salmón, 8 Madrid	50.00%	Eurocomercial S.A.U.	0.03	Equity method	Recovery of biogas from degasification of landfill sites	60	(240)	-	-
Alcorec, S.L. Avenida Kansas City, 3 10 Sevilla	10.00%	Valoriza Servicios Medioambientales, S.A.	0.068	Equity method	Construction and demolition waste management	174	204	(87)	-
Surge Ambiental, S.L. Calle de Juan Esplandú, 11-13 Madrid	100.00%	Valoriza Servicios Medioambientales, S.A.	0.06	Full consolidation	Construction and demolition waste management	3	(60)	39	-
Reciclados y Tratamientos Andaluces, S.L. Calle Yakarta, 8 Sevilla	5.00%	Alcorec, S.L.	0.250	Equity method	Construction and demolition waste management	3	-	-	-
Saconec, S.L. Avenida Kansas City, 3 16 Sevilla	5.00%	Alcorec, S.L.	0.003	Equity method	Construction and demolition waste management	6	(64)	-	-
Residuos Construcción de Cuernica, S.A. Carretera Nacional 32 Km 133 Cuernica	50.00%	Valoriza Servicios Medioambientales, S.A.	0.030	Equity method	Construction and demolition waste management	60	8	(114)	-
Tratamiento Residuos de La Rioja, S.L. Calle La Red de Varea, s/n Villamediana de Iregua - La Rioja	100.00%	Valoriza Servicios Medioambientales, S.A.	0.003	Full consolidation	Construction and demolition waste management	3	(3,854)	(838)	-
Secado Térmico de Castellón, S.A. Calle Fanzara, 5 Burriana - Castellón	60.00%	Valoriza Servicios Medioambientales, S.A.	1.80	Full consolidation	Construction and demolition waste management	3,000	62	-	-

Waste Resources, S.L. Ctra de Vicalvaro a O'Donnell, 7, 28032 Madrid	100.00%	Hidroandaluza, S.A.	0.003	Full consolidation	Construction and demolition waste management	3	(1)	107	-
Planta de Tratamiento de Azaiz, S.L. C/ Elcano 1, Bilbao	70.00%	Valoriza Servicios Medioambientales, S.A.	0.002	Full consolidation	Management of processing plants and equipment	3	-	-	-
Valoriza Environment Services Pty Australia Level 9, 256 Adelaide Terrace, Perth, Western Australia	100.00%	Valoriza Servicios Medioambientales, S.A.	0.000	Full consolidation	Development and operation of environmental projects in Australia	-	-	-	-
Plataforma por la Movilidad, A.I.E. C/ Covarrubias, 1, B) dcha- Madrid	14.68%	Valoriza Servicios Medioambientales, S.A.	0.000	Equity method	Development and management of the full platform	3	-	1	-
Sacyr Environment USA LLC 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	100.00%	Valoriza Servicios Medioambientales, S.A.	2.960	Full consolidation	Development and operation of environmental projects in the United States	2,940	12	(912)	-
Multiservices									
Valoriza Servicios Socio Sanitarios, S.L. Paseo de la Castellana, 83-85 Madrid	100.00%	Valoriza Facilites, S.A.U.	7.98	Full consolidation	Provision of social services	12,500	459	75	-
Valoriza Servicios a la Dependencia, S.L. Paseo de la Castellana, 83-85 Madrid	100.00%	Val. Servicios Socio Sanitarios, S.L.	9.00	Full consolidation	Provision of social services	3,588	1,120	306	-
Calstore, S.A. Paseo de la Castellana, 83-85 Madrid	100.00%	Valoriza Gestión S.A.U.	8.00	Full consolidation	Catering services and retail outlets	2,050	121	138	-
Burguestore, S.L. Paseo de la Castellana, 83-85 Madrid	100.00%	Calstore, S.A.	0.003	Full consolidation	Operation of service stations	3	25	20	-
PROPERTY DEVELOPMENT									
Subsidiaries and holding companies									
Vallehermoso División de Promoción, S.A.U. Paseo de la Castellana, 83-85 Madrid	100.00%	Sacyr, S.A.	0.00	Full consolidation	Property management holding company	117,343	9,158	(32,332)	-
Somague Inmobiliaria S.A. Rua da Tapada da Quinta de Cima, Lintó Sirira - Portugal	100.00%	Val. Div. Promoción, S.A.U.	18.21	Full consolidation	Property management holding company in Portugal	15,000	(27,685)	(890)	-
Property developers									
Erantox, S.A.U. Paseo de la Castellana, 83-85 Madrid	100.00%	Val. Div. Promoción, S.A.U.	1.10	Full consolidation	Property development	150	2	74	-
Prossacyr Ocio, S.L. Paseo de la Castellana, 83-85 Madrid	100.00%	Val. Div. Promoción, S.A.U.	20.99	Full consolidation	Property development	4	1,974	(30)	-
Capace, S.L.U. Paseo de la Castellana, 83-85 Madrid	100.00%	Val. Div. Promoción, S.A.U.	0.20	Full consolidation	Property development	153	1,960	45	-
Tricéfalo, S.A. Paseo de la Castellana, 83-85 Madrid	60.00%	Val. Div. Promoción, S.A.U.	6.30	Full consolidation	Property development	3,915	2,062	(161)	-
Caminate Golf, S.A. Paseo de la Castellana, 81 Madrid	26.00%	Val. Div. Promoción, S.A.U.	2.90	Equity method	Property development	11,160	(4,129)	(201)	-
Claudia Zahara 22, S.L. Avenida Eduardo Dato, 69 Sevilla	49.59%	Val. Div. Promoción, S.A.U.	10.73	Equity method	Property development	7,654	(5,634)	(12,176)	-
M.Capital, S.A. Puerta del Mar, 20 Málaga	4.97%	Val. Div. Promoción, S.A.U.	0.41	Equity method	Property development	5,377	(5,414)	-	-
Puerta de Oto Toledo, S.L. Calle Príncipe de Vergara, 15 Madrid	35.00%	Val. Div. Promoción, S.A.U.	2.10	Equity method	Property development	6,000	(12)	-	-
RENTAL PROPERTY									
Subsidiaries and holding companies									
Testa Inmuebles en Renta, S.A. Paseo de la Castellana, 83-85 Madrid	22.61%	Sacyr, S.A.	126.57	Equity method	Property management holding company	30,794	548,485	(13,074)	-

APPENDIX I: SCOPE OF CONSOLIDATION 2016

NOTE: Indirect shareholdings are calculated based on the owner of the holding.

Company	% holding	Owner of the holding	Investment (million euros)	Consolidation method	Activity carried out	Share capital	Reserves	Profit	Interim dividend
GRUPO SACYR									
Subsidiaries and holding companies									
Sacyr, S.A. Paseo de la Castellana, 83-85 Madrid.	100.00%				Holding company of Sacyr Vallehermoso Group	517,431	882,529	331,893	-
Sacyr Vallehermoso Participaciones Mobiliarias, S.L. Paseo de la Castellana, 83-85 Madrid.	100.00%	Sacyr, S.A.	1,999.57	Full consolidation	Ownership of investments in Repsol, S.A.	400,000	(289,734)	71,025	-
Sacyr Gestión de Activos, S.L. Paseo de la Castellana, 83-85 Madrid.	100.00%	Sacyr, S.A.	22,186	Full consolidation	Acquisition, management of securities and advisory services	4	733,876	5	-
FNISA, S.R.L. Via Invorio 24A, Turin.	49.00%	Sacyr, S.A.	0.044	Equity method	Acquisition, management of securities and advisory services	90	(33)	(111)	-
Sacyr Securities, S.A. Paseo de la Castellana, 83-85 Madrid.	100.00%	Sacyr, S.A.	100,230	Full consolidation	Acquisition, management of securities and advisory services	60	100,170	(25,853)	-
Sacyr Investments, S.A. Paseo de la Castellana, 83-85 Madrid.	100.00%	Sacyr, S.A.	150,316	Full consolidation	Acquisition, management of securities and advisory services	60	150,256	(17,719)	-
Sacyr Finance, S.A. Paseo de la Castellana, 83-85 Madrid.	100.00%	Sacyr, S.A.	0.060	Full consolidation	Acquisition, management of securities and advisory services	60	4	7	-
CONSTRUCTION									
Subsidiaries and holding companies									
Sacyr Construcción, S.A.U. Paseo de la Castellana, 83-85 Madrid.	100.00%	Sacyr, S.A.	297.83	Full consolidation	Property management holding company	52,320	221,522	12,198	-
Inchiasacyr, S.A. Paseo de la Castellana, 83-85 Madrid.	90.25% 9.75%	Sacyr, S.A. Sacyr Construcción, S.A.U.	4.54 0.27	Full consolidation	Ownership of investments in Sacyr Chile	2,400	(414)	13	-
Sacyr Chile, S.A. Avenida Vitacura Nº 2939, oficina 1102 Santiago de Chile.	6.12% 0.55% 93.33%	Sacyr Construcción, S.A.U. Inchiasacyr Sacyr Const. Partic. Accionariales, S.L.	13.13 2.56 134.47	Full consolidation	Ownership of investments in Chilean construction firms	148,754	70,986	7,659	-
Somague, S.G.P.S. Rua da Tapada de Quintas de Cima, Lintão Sintra - Portugal.	100.00%	Sacyr, S.A.	229.40	Full consolidation	Holding company of Somague Engenharia	130,500	1,569	(30,510)	-
Sacyr Construcción México, S.A. de C.V. Paseo de la Reforma nº 350, Piso 11 - Colonia Juárez Delegación Cuauhtémoc, México D.F. - A	99.999% 0.002%	Sacyr Construcción, S.A.U. Prinur, S.A.U.	18,722 0.000	Full consolidation	Construction, in Mexico	17,745	(4,277)	(4,106)	-
Construction									
Cavosa, Obras y Proyectos, S.A. Paseo de la Castellana, 83-85 Madrid.	91.00% 9.00%	Prinur, S.A.U. Sacyr Construcción, S.A.U.	4.12 0.85	Full consolidation	Explosives, blasting and drilling/boring	5,151	30,354	774	-
Scrinser, S.A. Avenida Cors Catalanes, 2, local 3 - Sant Cugat del Valles, Barcelona.	100.00%	Sacyr Construcción, S.A.U.	2.51	Full consolidation	Civil engineering	601	56,489	1,271	-
Prinur, S.A.U. Calle Luis Montoro 107-113 - Edificio Cristal, planta 4ª, modulo J, Seville.	100.00%	Sacyr Construcción, S.A.U.	3.18	Full consolidation	Civil engineering	3,185	12,221	2,736	-
Ideyco, S.A.U. Calle Jarama, s/n, parcela 8 nave 3 Toledo.	100.00%	Prinur, S.A.U.	0.30	Full consolidation	Technical trials and quality control	301	(3,510)	(79)	-
Cavosa Chile, S.A. Avenida Vitacura Nº 2939, oficina 1102, comuna de Las Condes Chile.	100.00%	Cavosa, S.A.	0.98	Full consolidation	Explosives, blasting and drilling/boring	2,583	625	131	-
Fabide, S.A.U. Calle Gran Via 35 5ª Vizcaya.	100.00%	Sacyr Construcción, S.A.U.	0.75	Full consolidation	Civil engineering	601	947	886	-
Pazo de Congressos de Vigo, S.A. Avenida García Barbón, 1 Pontevedra.	11.00%	Sacyr Construcción, S.A.U.	2.65	Equity method	Renta property	11,100	(21,422)	(1,445)	-
Sacyr Agua Santa, S.A. Avenida Vitacura Nº 2939, oficina 1102, comuna de Las Condes Chile.	50.00%	Sacyr Chile, S.A.	0.04	Equity method	Construction, in Chile	79	113	10	-
Construtora ACS-Sacyr, S.A. Avenida Vitacura Nº 2939, oficina 1102, comuna de Las Condes Chile.	50.00%	Sacyr Chile, S.A.	0.07	Equity method	Construction, in Chile	185	(80)	1	-
Construtora Neco-Sacyr, S.A. Magdalena 140, oficina 501, comuna de Las Condes, Chile.	50.00%	Sacyr Chile, S.A.	0.006	Equity method	Construction, in Chile	23	(238)	2	-
Obras y Servicios de Galicia y Asturias S.A.U. Plaza de Vigo 2, Santiago de Compostela.	100.00%	Sacyr Construcción, S.A.U.	1.45	Full consolidation	Civil engineering	1,000	(512)	(42)	-
Tecnológica Lena, S.L. Calle La Vega 5, 4ª - Campomanes Asturias.	35.00% 15.00%	Sacyr Construcción, S.A.U. Cavosa, S.A.	0.32 0.14	Equity method	Civil engineering	906	(1,384)	-	-
Construtora San José - San Ramón, S.A. Distrito séptimo La Uruca, cantón primero Costa Rica.	33.00%	Sacyr Costa Rica, S.A.	0.05	Equity method	Construction of the San José - San Ramón road link	155	336	5,487	-
Construtora San José - Caldera CSJC, S.A. Atiqueta - Costa Rica.	33.00%	Sacyr Costa Rica, S.A.	0.0005	Equity method	Construction of the San José - Caldera	1	6,950	(6,004)	-
SIS, S.C.P.A. Via Invorio, 24/A, Turin - Italy.	49.00%	Sacyr Construcción, S.A.U.	7.35	Equity method	Construction, in Italy	15,000	-	-	-
Nodo Di Palermo, S.p.A. Via Invorio, 24/A, Turin - Italy.	48.90%	SIS, S.C.P.A.	39.92	Equity method	Construction, in Italy	10,000	-	-	-
Superstrada Pedemontana Veneta, SRL Via Invorio, 24/A, Turin - Italy.	99.999% 0.001%	SIS, S.C.P.A. Innere Infrastrutture, S.A.	199.99 0.01	Consolidation ownership	Construction, in Italy	85,008	4,549	1,130	-
Somague Engenharia, S.A. Rua da Tapada da Quinta de Cima, Lintão Sintra - Portugal.	100.00%	Somague, SGPS	58.45	Full consolidation	Civil engineering and building	58,450	80,666	(28,483)	-
Sacyr Costa Rica, S.A. San José, Escazu de la Tierra edificio Tenaforce, 4ª, Camión-Costa Rica.	100.00%	Sacyr Construcción, S.A.U.	1.49	Integration of consolidation	Construction, in Costa Rica	1,519	2,120	(9)	-
Eurolink, S.p.A. Corso Dhalia, 83 - Rome - Italy.	18.70%	Sacyr Construcción, S.A.U.	28.05	Equity method	Construction, in Italy	37,500	-	-	-
Sacyr Ireland Limited Unit 11, Harmony Court, Harmony Row, Ireland, Dublin 2 - Ireland.	100.00%	Sacyr Construcción, S.A.U.	42.72	Full consolidation	Construction, in Ireland	42,722	(41,458)	1,792	-
NE Construction Limited 70, Sir John Rogerson's Quay Dublin 2 - Ireland.	42.50%	Sacyr Ireland Limited	0.00002	Equity method	Construction, in Ireland	-	(90,382)	-	-
M50 (D&C) Limited 70, Sir John Rogerson's Quay Dublin 2 - Ireland.	42.50%	Sacyr Ireland Limited	0.000085	Equity method	Construction, in Ireland	-	(7,408)	(93)	-
Sacyr Servicios México, S.A. de C.V. Periferico Sur 4302 - 105 - Col. Jardines del Pedregal, México D.F. - Mexico.	99.998% 0.002%	Sacyr México, S.A. de C.V. Sacyr Construcción, S.A.U.	0.025 0.00	Full consolidation	Construction, in Mexico	25	(17)	98	-
SV-LIDCO Construcciones Generales Al Seyahya, Madreen Street (Behind Bader Mosque) Tripoli - Libya.	60.00%	Sacyr Construcción, S.A.U.	3.31	Full consolidation	Construction, in Libya	5,360	(16,537)	-	-
Sacyr Panamá, S.A. Panama City, Republic of Panama	100.00%	Sacyr Construcción, S.A.U.	8.52	Full consolidation	Construction, in Panama	8,525	1,610	(54)	-
Grupo Unidos por el Canal, S.A. Panama City, Republic of Panama	41.60%	Sacyr, S.A.	0.28	Equity method	Construction, in Panama	600	(510,444)	-	-
Sacyr India Infra Projects Private Limited SF-08, Second Floor, Vasant Square Mall Vasant Kunj- New Delhi-110070, Delhi, India.	99.99% 0.01%	Sacyr Construcción, S.A.U. Cavosa, S.A.	1.66 0.00	Full consolidation	Construction, in India	766	(969)	(78)	-
Sacyr Perú, S.A.C. C/ Monteflor 655 - Dpto 202, Lima, Peru.	99.99% 0.01%	Sacyr Construcción, S.A.U. Cavosa, S.A.	2,139 0.00	Full consolidation	Construction, in Peru	2,139	(554)	(1,201)	-
Sacyr Colombia, S.A. Tirany: 194- N96-12 Oficina 801A, Bogotá, Colombia	99.00% 1.00%	Sacyr Construcción, S.A.U. Cavosa, S.A.	4,528 0.01	Full consolidation	Construction, in Colombia	3,943	(4,067)	104	-
Sacyr Valortza Chile, S.A. Avenida Vitacura Nº 2939, oficina 1102 Santiago de Chile.	50.00% 50.00%	Valortza Chile, S.P.A. Sacyr Chile, S.A.	0.039 0.039	Full consolidation	Water treatment in Martoverde	79	(13,662)	(38)	-
Sacyr Chile, S.A. Avenida Vitacura Nº 2939, oficina 1102, comuna de Las Condes, Santiago - Chile	100.00%	Sacyr Chile, S.A.	0.07	Full consolidation	Construction and operation of concessions in Chile	81	(15,673)	162	-
B.F. Constructions Limited 2/38 Horze Barrack Lane, 2, 36, Gibraltar	100.00%	Sacyr Construcción, S.A.U.	0.0012	Full consolidation	Construction and operation of concessions in UK	1	497	427	-
Sacyr Construcción Participaciones Accionariales, S.L. Paseo de la Castellana, 83-85 Madrid.	100.00%	Sacyr Construcción, S.A.U.	60.46	Full consolidation	Acquisition, administration and management of securities	6,049	54,398	(1)	-

S.C. Salud Siglo XXI, S.A. Avenida Vitacura N° 2939, oficina 1102, comuna de Las Condes, Santiago - Chile	70.00%	Sacyr Concesiones Chile, S.A.	15.41	Full consolidation	Maintenance and operation of the Antofagasta Hospital public works	21,960	(11,345)	7,576	-
S.C. Ruta del Limarí, S.A. Avenida Vitacura N° 2939, oficina 1102, comuna de Las Condes, Santiago - Chile	51.00%	S.C. Viales Andinas, S.A.	14.93	Full consolidation	Maintenance and operation of the Ruta 43 public works	29,280	365	(621)	-
S.C. Vespucio Oriente, S.A. C/ Padre Mariano, 82- Of. 1403 - Santiago de Chile	50.00%	Sacyr Concesiones Chile, S.A.	58.790	Equity method	Construction and operation of concessions in Chile	119,585	9,297	1,381	-
GSJ Maintenance Limited 5th Floor, Harmony Court, Harmony Row Dublin 2 - Ireland.	45.00%	Sacyr Concesiones Limited	0.22	Equity method	Engineering development Construction and assembly of works	50	3,085	1,045	-
Sacyr Conc. Participaciones I, S.L. Paseo de la Castellana, 83-85 Madrid	100.00%	Sacyr Concesiones, S.L.	0.06	Full consolidation	Construction and operation of infrastructure	58	(17)	(2)	-
S.C. Vial Sierra Norte, S.A. Distrito San Isidro, AV 3531- Lima- Perú	35.00%	Sacyr Concesiones, S.L.	14.247	Full consolidation	Construction and operation of concessions in Peru	-	-	-	-
Sacyr Operación y Servicios Perú, S.A.C. C/ Victor Andrés Belandier, Av. 181- Lima - Perú	40.00%	Sacyr Concesiones Perú, S.L.	13.09						
Operadora AVO, S.A. C/ Padre Mariano 82 - Of. 1403 - Santiago de Chile	60.00%	Sacyr Concesiones Perú, S.L.	0.001	Full consolidation	Construction and operation of concessions in Peru	4	7	66	-
Sacyr Infrastructure USA LLC Centerville Road suite 400 - 02711 Wilmington DE 19808 USA	50.00%	Val. Concession and Infra. S.A.	0.004	Equity method	Construction and operation of the concession "Americo Vespucio Oriente"	26	(29)	30	-
Soc. Conc. Vial Montes de María, S.A.S. Cl. 97 NO 23-60 ED To Proksof P8 - Bogotá.	100.00%	Sacyr Concesiones, S.L.	4.44	Full consolidation	Construction and operation of concessions in USA	4,445	(891)	(1,222)	-
Soc. Conc. Vial Unión del Sur, S.A.S. Cl. 97 NO 23-60 ED To Proksof P8 - Bogotá.	99.827% 0.173%	Sacyr Concesiones Chile, S.A.S. Sacyr Conc. Participaciones I, S.L.	8.85 0.0151	Full consolidation	Construction and operation of concessions in Colombia	847	8,972	1,791	-
Desarrollo Vial al Mar, S.A.S. Cl. 97 NO 23-60 ED To Proksof P8 - Bogotá.	59.986% 0.004%	Sacyr Concesiones Chile, S.A.S. Sacyr Conc. Participaciones I, S.L.	42.39 0.0019	Full consolidation	Construction and operation of concessions in Colombia	530	72,846	3,073	-
Consortio PPP Rutas del Litoral, S.A. C/ Trienta y tres, 1468, CP 11000 - Uruguay.	37.50% 0.00%	Sacyr Concesiones Chile, S.A.S. Sacyr Conc. Participaciones I, S.L.	13.11 0.0000	Equity method	Construction and operation of concessions in Colombia	3,468	31,809	2,028	-
Sacyr Concesioni, S.R.L. Via Inorio 24/A, 10146 - Turin- Italy.	43.00% 8.00%	Sacyr Concesiones, S.L. Sacyr Construcción, S.A.U.	1.002 0.190	Full consolidation	Construction and operation of concessions in Uruguay	2,331	306	39	-
Sacyr Concesiones Uruguay, S.A. C/ Piedras, nº 497, cod 11000 - Uruguay	100.00%	Sacyr Concesiones, S.L.	0.01	Full consolidation	Construction and operation of concessions in Italy	10	-	-	-
	100.00%	Sacyr Concesiones, S.L.	0.0036	Full consolidation	Construction and operation of concessions in Uruguay	1	(28)	(347)	-

SERVICES

Subsidiaries and holding companies									
Valotza Gestión S.A.U. Paseo de la Castellana, 83-85 Madrid	100.00%	Sacyr, S.A.	165.54	Full consolidation	Property management holding company	122,133	85,527	12,976	-
Somague Ambiente, S.A. Rua da Tapada da Quinta de Cima, Linhó Sintra - Portugal.	100.00%	Valotza Gestión S.A.U.	15.30	Full consolidation	Environmental consultancy and management	10,000	31,711	(73)	-
Sacyr Industrial, S.L.U. Paseo de la Castellana, 83-85 Madrid	100.00%	Valotza Gestión S.A.U.	51.89	Full consolidation	Power generation projects	40,920	10,225	9,043	-
Valotza Agua, S.L. Paseo de la Castellana, 83-85 Madrid	100.00%	Valotza Gestión S.A.U.	95.40	Full consolidation	Environmental consultancy and management	83,841	6,497	(7,053)	-
Valotza Facilites, S.A.U. Paseo de la Castellana, 83-85 Madrid	100.00%	Valotza Gestión S.A.U.	1.48	Full consolidation	Integrated property management	1,181	14,185	6,065	-
Valotza Servicios Medioambientales, S.A. Calle Juan Espinosa, 7-13, Madrid	93.47% 6.53%	Valotza Gestión S.A.U. Hidroandruza, S.A.	135.31 0.21	Full consolidation	Environmental management	17,129	43,163	11,125	-
Suardas Servicios Maritimos de Barcelona, S.L. Calle Ayala, 6, Madrid	50.03%	Valotza Gestión S.A.U.	3.10	Full consolidation	Maritime services	3	7,991	118	-
Elevador Naval, S.L. Lugar Santa Tecla, 69 Vigo - Pontevedra	40.00%	Valotza Gestión S.A.U.	0.18	Equity method	Construction and maintenance of wind farms	450	(397)	-	-
Valotza Minería, S.L. Paseo de la Castellana, 83-85 Madrid	100.00%	Valotza Gestión S.A.U.	1.52	Full consolidation	Extraction of iron and minerals	1,200	(141)	(439)	-
Consortio Stabile Vis Società c.p.a. Via Inorio n 24/A Turin- Italy	46.50% 0.50% 0.50% 0.50% 0.50%	Valotza Gestión S.A.U. Sacyr Industrial, S.L.U. Valotza Cons.e Infraestructuras, S.A. Valotza Ser. Medioambientales, S.A. Valotza Agua, S.L. Valotza Facilites, S.A.U.	0.0698 0.00075 0.00075 0.00075 0.00075 0.00075	Equity method	Construction and management of all types of infrastructure	150	-	-	-

Services									
Environment									
Valotza Conservación de Infraestructuras, S.A. Paseo de la Castellana, 83-85 Madrid	100.00%	Valotza Gestión S.A.U.	0.74	Full consolidation	Conservation, maintenance and operation of motorways and roads.	750	8,488	4,125	-
Simulador Vialidad Invernal, S.L. Paseo de la Castellana, 83-85 Madrid	100.00%	Valotza Conservación de Infraestructuras, S.A.	0.054	Full consolidation	Preparation of programmes and training in new technologies	12	3	1	-
Européan Tungsten Company, S.L. Paseo de la Castellana, 83-85 Madrid	51.00%	Valotza Minería, S.L.	0.033	Full consolidation	Exploration, research and sale of minerals	66	(2)	-	-
Tungsten San Fixx, S.L. Santa Eulalia de Vilacoba, Lousame Mina San Fixx- A Coruña.	100.00%	Valotza Minería, S.L.	0.003	Full consolidation	Exploration, research and sale of minerals	103	-	(58)	-
Valotza Conservación de Infraestructuras Chile S.p.A. Avenida Isidora Goyenechea, 2800, oficina 2401, pt 24, Columnas de las Condes - Santiago de Ch	100.00%	Valotza Conservación de Infraestructuras, S.A.	4.390	Full consolidation	Conservation, maintenance and operation of motorways and roads.	4,319	173	21	-
Européan Tungsten Company, S.L. Paseo de la Castellana, 83-85 Madrid	51.00%	Valotza Minería, S.L.	0.033	Full consolidation	Exploration, research and sale of minerals	66	(2)	-	-
Tecnologías Extremeñas del Lito Paseo de la Castellana, 83-85 Madrid	100.00%	Valotza Minería, S.L.	0.003	Full consolidation	Exploration, research and sale of minerals	3	-	(1)	-
Río Narcea Recursos, S.A.U. Paseo de la Castellana, 83-85 Madrid	100.00%	Valotza Minería, S.L.	0.000	Full consolidation	Exploration, research and sale of minerals	40,030	(392)	(36,139)	-
Río Narcea Nickel, S.A.U. Paseo de la Castellana, 83-85 Madrid	100.00%	Valotza Minería, S.L.	15.039	Full consolidation	Exploration, research and sale of minerals	3,110	(598)	(366)	-
Energy									
Repsol, S.A. Calle Méndez Alvaro, 44, Madrid	4.86% 1.34% 2.005%	Sacyr Valleh.Partic.Mob.S.L. Sacyr Securities, S.A. Sacyr Investments, S.A.	2,481.41 313.20 469.80	Equity method	International integrated oil and gas company	1,496,000	25,714,000	1,736,000	(99,000)
Socadero de Biomasa, S.A. (SEDEBISA) Calle Luis Montoto, 107-113, Pt 4, Mod J, Edificio Cristal, Sevilla	78.28%	Sacyr Industrial, S.L.U.	2.43	Full consolidation	Energy recovery from pomace oil	2,900	1,951	426	-
Biomassas de Puente Genil, S.L. Calle Luis Montoto, 107-113, Pt 4, Mod J, Edificio Cristal, Sevilla	78.08%	Sacyr Industrial, S.L.U.	2.18	Full consolidation	Power generation projects	2,600	6,760	1,499	-
Compañía Energética de Pata de Mulo, S.L. Calle Luis Montoto, 107-113, Pt 4, Mod J, Edificio Cristal, Sevilla	78.08%	Sacyr Industrial, S.L.U.	2.18	Full consolidation	Power generation projects	2,600	859	319	-
Compañía Energética de La Roda, S.L. Calle Luis Montoto, 107-113, Pt 4, Mod J, Edificio Cristal, Sevilla	90.00%	Sacyr Industrial, S.L.U.	1.17	Full consolidation	Power generation projects	1,300	1,327	233	-
Compañía Energética Las Villas, S.L. Calle Luis Montoto, 107-113, Pt 4, Mod J, Edificio Cristal, Sevilla	90.00%	Sacyr Industrial, S.L.U.	0.05	Full consolidation	R&D research and research projects	700	4,977	423	-
Compañía Energética Puente del Obispo, S.L. Calle Luis Montoto, 107-113, Pt 4, Mod J, Edificio Cristal, Sevilla	90.00%	Sacyr Industrial, S.L.U.	0.45	Full consolidation	R&D research and research projects	500	3,293	1,208	-
Fotovoltaicas Dos Ríos, S.L. Paseo de la Castellana, 83-85 Madrid	100.00%	Sacyr Industrial, S.L.U.	0.06	Full consolidation	R&D research and research projects	60	(54)	-	-
Bioeléctrica de Valladolid, S.L. Paseo de la Castellana, 83-85 Madrid	100.00%	Sacyr Industrial, S.L.U.	0.06	Full consolidation	R&D research and research projects	60	(44)	(12)	-
Gelit Climatización, S.L. Calle Corra Weglison 4, 2 A., Jaén.	64.73%	Sacyr Industrial, S.L.U.	1.62	Full consolidation	R&D research and research projects	2,295	(3,421)	155	-
Desarrollos Edicos Extremeños, S.L. Calle Borrego 2 Cáceres	50.00%	Sacyr Industrial, S.L.U.	0.95	Equity method	R&D research and research projects	1,910	(439)	(38)	-
Compañía Energética Linares, S.L. Calle Luis Montoto, 107-113, Pt 4, Mod J, Edificio Cristal, Sevilla	60.30%	Valotza Renovables, S.L.	1.00	Full consolidation	R&D research and research projects	6,161	3,468	226	-
Compañía Orujera de Linares, S.L. Calle Luis Montoto, 107-113, Pt 4, Mod J, Edificio Cristal, Sevilla	51.00%	Valotza Renovables, S.L.	1.18	Full consolidation	Oil extraction	2,332	(465)	876	-
Bioeléctrica de Linares, S.L. Calle Luis Montoto, 107-113, Pt 4, Mod J, Edificio Cristal, Sevilla	81.43%	Valotza Renovables, S.L.	6.86	Full consolidation	Biomass-fueled electricity generation plant	9,500	479	(530)	-

Ibenator Energía Aragonesa, S.A. Paseo de la Constitución, 4 Zaragoza	50.00%	Sacyr Industrial, S.L.U.	0.20	Equity method	Wind power	400	(372)	(4)	-
Solucia Renovables, S.L. Planta Termosolar Lebrija 1, Parcela 12063 sector B13. Las Marizmas de Lebrija, Sevilla	50.00%	Sacyr Industrial, S.L.U.	68.41	Equity method	R&D research and research projects	60	(26,800)	11,947	-
Soleval Renovables, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Sevilla	50.00%	Sacyr Industrial, S.L.U.	0.0017	Equity method	R&D research and research projects	3	2,460	101	-
Vaicaran Renovables, S.L. Calle La Verde, Herrera, s/n Carrago - Cartabria.	65.00%	Sacyr Industrial, S.L.U.	0.325	Full consolidation	R&D research and research projects	500	(449)	-	-
Biomassas de Talavera, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Sevilla	100.00%	Sacyr Industrial, S.L.U.	0.003	Full consolidation	R&D research and research projects	3	(9)	-	-
Biguge II, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Sevilla	100.00%	Sacyr Industrial, S.L.U.	0.006	Full consolidation	R&D research and research projects	3	(7)	(9)	-
Biomassas Puente Obispo, S.L. Calle Luis Montoto, 107-113, Pl 4, Mod J, Edificio Cristal, Sevilla	100.00%	Sacyr Industrial, S.L.U.	0.003	Full consolidation	R&D research and research projects	3	(2)	298	-
Biobol Energía, S.L. Paseo de la Castellana, 83-85 Madrid	51.00%	Sacyr Industrial, S.L.U.	0.0015	Full consolidation	R&D research and research projects	3	-	-	-
Bonasa Bolivia, S.R.L. Carretera Doble Via La Guardia Km 71/2 - Santa Cruz de la Sierra -Bolivia	100.00%	Sacyr Industrial, S.L.U.	0.0163	Full consolidation	R&D research and research projects	4	(400)	(524)	-
Quatro T&D Limited 281 Spinnhill Parkway - Lanarkshire - Scotland.	47.91%	Sacyr Industrial, S.L.U.	0.437	Full consolidation	Construction of an electricity substation	437	(225)	361	-
Sacyr Industrial Peru, S.A.C. Av. La Floresta, 497, int 401-San Borja-Lima-Peru	100.00%	Sacyr Industrial, S.L.U.	0.259	Full consolidation	R&D research and studies projects	260	185	(30)	-
Grupo Saicra, S.A.C. Av. La Floresta, 497, int 401-San Borja-Lima-Peru	71.00%	Sacyr Industrial, S.L.U.	0.0021	Full consolidation	R&D research and studies projects	2	1,300	(2,624)	-
Sacyr Industrial Colombia, S.A.S. TV 23, nº 9433 Of 801, Bogotá - Colombia.	100.00%	Sacyr Industrial, S.L.U.	0.474	Full consolidation	R&D research and studies projects	474	(345)	674	-
Sacyr Industrial UK, Ltd 375 West George Street, Glasgow Edinburgh	100.00%	Sacyr Industrial, S.L.U.	0.0001	Full consolidation	Electric and telecommunications projects	-	(18)	(138)	-
Sacyr Industrial México, S.A. de C.V. C/ Taine - chapultepec Mxales, 11570, México	100.00%	Sacyr Industrial, S.L.U.	0.8810	Full consolidation	Civil works and industrial projects	881	(382)	(891)	-
Consorcio 1420 5F Sacyr mondias, S.A. de C.V. C/ Taine - chapultepec Mxales, 11570, México	60.00%	Sacyr Industrial, S.L.U.	0.0018	Full consolidation	Civil works and industrial projects	2	(928)	(745)	-
Sacyr Industrial, Pty Ltd PO Box 700, West Perth, W.A. 6872- Australia	100.00%	Sacyr Industrial, S.L.U.	0.5135	Full consolidation	Civil works and industrial projects	513	(691)	(259)	-
Valoriza Renovables, S.L. Paseo de la Castellana, 83-85 Madrid.	100.00%	Sacyr Industrial, S.L.U.	7.980	Full consolidation	Civil works and industrial projects	7,981	(5)	263	-
Sacyr Industrial USA LLC Centerville Road suite 400 - 02711 Wilmington DE 19808 USA	100.00%	Sacyr Industrial, S.L.U.	0.046	Full consolidation	Civil works and industrial projects	46	(29)	(114)	-
Sacyr Industrial LLC Al Nadra Tower 2, Floor 6, Office 10, PO Box 1955 - 133 Ghale Muscat OMAN	70.00%	Sacyr Industrial, S.L.U.	0.414	Full consolidation	Civil works and industrial projects	414	(225)	(212)	-
Elama, S.A. Pasaje de la Fílonima Av 381 piso - 06500 Cuauhtemoc - México DF	54.00%	Sacyr Industrial, S.L.U.	0.0016	Full consolidation	Execution of project 386-substations petrolea transmission lines	3	(1,015)	(1,578)	-
Valoriza Servicios Medioambientales Bolivia, S.R.L. Santa Cruz de la Sierra, Departamento de Santa Cruz - Bolivia.	30.00%	Sacyr Industrial, S.L.U.	0.0078	Full consolidation	Construction and management of bridges, viaducts and gas pipelines	8	29	(189)	-
Sacyr Fluor, S.A. Av Partendon 46 28042 Madrid.	100.00%	Sacyr Industrial, S.L.U.	40.749	Full consolidation	Engineering services for the petrochemicals industry.	60	9,893	3,310	-
Sacyr Industrial Mondias Mantenimientos Eléctricos Panamá, S.A. Bella Vista CL 50 y Sto Domingo Torre Global Bank CL 1307 Panama.	60.00%	Sacyr Industrial, S.L.U.	0.005	Full consolidation	Electricity lines maintenance service - high and medium-voltage	9	3	25	-
Sacyr Nevión, S.L.R. C/ Ibañez de Bilbao, 28, 3º C, 48009 Bilbao (Vizcaya).	50.00%	Sacyr Industrial, S.L.U.	0.060	Full consolidation	Construction, repair and maintenance of electromechanical machinery and facilities	120	-	(1,917)	-
Sacyr Industrial Ecuador, S.A. Av 12 de Octubre Lizardo García, Edif alto Aragón, Quito - Ecuador.	100.00%	Sacyr Industrial, S.L.U.	0.0114	Full consolidation	Civil works and industrial projects	11	4	60	-
Sacyr Industrial Chile, SpA Nueva de Lyon 72, piso 18 of. 1802 - Chile.	100.00%	Sacyr Industrial, S.L.U.	0.0069	Full consolidation	Energy generation projects and management of industrial infrastructures	7	(9)	(146)	-
Sacyr Fluor Participaciones, S.L.U. Av Partendon 46 28042 Madrid.	100.00%	Sacyr Fluor, S.A.	0.003	Full consolidation	Engineering services in the petrochemicals industry.	3	-	-	-
Sacyr Industrial Mantenimientos Chile, SpA Nueva de Lyon 72, piso 18 of. 1802 - Chile.	100.00%	Sacyr Industrial, S.L.U.	0.0069	Full consolidation	Energy generation projects and management of industrial infrastructures	7	9	158	-
Nuevo Mundo Developments, S.A.C. Dean Valdivia, 146-158 Torre 1 int 1301, San Isidro, Lima - Peru.	99.00%	Sacyr Industrial Peru, S.A.C.	0.0028	Full consolidation	Construction, operation and maintenance of civil works and industrial projects	3	1	21	-
Industrial Services SF Peru, S.A.C. Dean Valdivia, 146-158 Torre 1 int 1301, San Isidro, Lima - Peru.	99.90%	Sacyr Fluor, S.A.	0.0028	Full consolidation	Construction, operation and maintenance of civil works and industrial projects	3	22	392	-
Sacyr Industrial Do Brasil, Ltda Rua Filadelfo Ramos, nº 14 andar conjuntos 142 e 144, Sao Paulo - Brazil.	99.99%	Sacyr Industrial, S.L.U.	0.0003	Full consolidation	Energy generation projects and management of industrial infrastructures	-	-	-	-
Sacyr Industrial Panama, S.A. C/ Via Santa Clara (Ed. Calera) Finca 64544 - Panama	100.00%	Sacyr Industrial, S.L.U.	0.00958	Full consolidation	Energy generation projects and management of industrial infrastructures	10	-	-	-
Consorcio Isotron Sacyr, S.A. C/ Francisco Nagura nº 200 piso 12, Comuna Providencia, Santiago - Chile.	50.00%	Sacyr Industrial, S.L.U.	0.0351	Full consolidation	Engineering, design and construction of electricity infrastructures	70	2	25	-
Sacyr Fluor Bolivia, S.R.L. Carretera Doble Via La Guardia Km 71/2 - Santa Cruz de la Sierra -Bolivia	99.80%	Sacyr Industrial, S.L.U.	0.0058	Full consolidation	Engineering services in the petrochemicals industry.	7	-	-	-
	0.20%	Sacyr Fluor Participaciones, S.L.U.	0.0136	Full consolidation					
New technologies									
Valoriza Energía Operación y Mantenimiento, S.L. Paseo de la Castellana, 83-85 Madrid.	100.00%	Sacyr Industrial, S.L.U.	2.00	Full consolidation	Telecommunications Services	301	2,029	92	-
Burosot, Sistemas de Información, S.L. Carretera de la Coruña Km23,200 edificio Ecu Las Rozas - Madrid.	70.00%	Valoriza Facilities, S.A.U.	0.54	Full consolidation	IT system development	259	(1,323)	-	-
Water									
Empresa Mixta de Aguas de Santa Cruz de Tenerife, S.A. (EMMASA) Calle Comodoro Rolán, 4 Santa Cruz de Tenerife	100.00%	Sacyr, S.A.	25.38	Full consolidation	Water supply	1,346	18,927	2,734	-
Geida Skidda, S.L. Calle Cardenal Marcelo Spinola, 10 - Madrid.	33.00%	Sociedad Anónima Depuración y Tratamientos (SADYT)	3.72	Equity method	Operation of desalination plants	10,092	1,501	3,904	-
Geida Tlemcen, S.L. Calle Cardenal Marcelo Spinola, 10 - Madrid.	50.00%	Sociedad Anónima Depuración y Tratamientos (SADYT)	15.01	Equity method	Operation of desalination plants	18,635	3,972	8,165	-
Empresa Mixta de Aguas de Las Palmas, S.A. (EMALSA) Calle Plaza de la Constitución 2 - Canary Islands.	33.00%	Valoriza Agua, S.L.	27.53	Equity method	Water supply in Las Palmas	28,247	3,243	49	-
Sociedad Anónima Depuración y Tratamientos (SADYT) Paseo de la Castellana, 83-85 Madrid	100.00%	Valoriza Agua, S.L.	5.27	Full consolidation	Water treatment and purification	2,500	7,661	(8,645)	-
Santacrucera de Aguas, S.L. Avenida La Salle, 40 Las Palmas de Gran Canaria.	100.00%	Valoriza Agua, S.L.	0.003	Full consolidation	Water treatment and purification	3	271	220	-
Valoriza Water Australia, PTY Ltd 256 Adelaide Terrace Perth - Australia	100.00%	Valoriza Agua, S.L.	0.000003	Full consolidation	Water treatment and purification	-	7,847	377	-
Sancanías, S.A. Avenida de Juan XXIII, 1 Las Palmas de Gran Canaria	50.00%	Valoriza Agua, S.L.	0.38	Equity method	Water treatment and purification	770	(2,241)	351	-
Valoriza Chile, S.P.A. Avenida Vitacura Nº 2936, oficina 1102 Santiago de Chile.	100.00%	Valoriza Agua, S.L.	9.60	Full consolidation	Water treatment and purification	9,933	525	(380)	-
Valorizima, S.L. Calle Otañavekés, 17, Las Tablas. Madrid	20.00%	Valoriza Agua, S.L.	0.0006	Equity method	Water treatment and purification	3	367	179	-
Sociedad Economía Mixta de Aguas de Soría, S.L. Plaza Mayor, 7, Soría.	14.80%	Valorizima, S.L.	3.70	Full consolidation	Water treatment and purification	5,000	352	176	-
Valoriza Agua Perú, S.A.C. Av 497 La Floresta 429923 Lima - Peru.	99.00%	Valoriza Agua, S.L.	0.3000	Full consolidation	Water treatment and purification	892	(485)	(575)	-
Sahar SWRO Construction Company LLC Box 703, postal code 112, Muscat - OMAN	60.00%	Valoriza Agua, S.L.	0.3484	Full consolidation	Water treatment and purification	353	265	14	-
Myah Gulf Oman Desalination Company SADC Box 703, postal code 112, Muscat - OMAN	51.00%	Valoriza Agua, S.L.	0.6203	Full consolidation	Water treatment and purification	620	589	(950)	-

Valoriza Servicios Medioambientales Group

Gestión Participes del Bioreciclaje S.A. Carretera Puerto Real a Paterna Km 13,5 Medina Sidonia - Cadiz.	33.34%	Valoriza Servicios Medioambientales, S.A.	0.02	Equity method	Activities related to the management and treatment of urban solid waste	60	(85)	(184)	-
Compost del Pirineo S.L. Calle Juan Esplandiú, 11-13 Madrid.	50.00%	Valoriza Servicios Medioambientales, S.A.	0.58	Equity method	Development of sludge composting plants (waste-water purification plants)	1,161	(1,001)	(48)	-
Metrofings S.L. Finca Rambla Prim, s/n Barcelona.	21.60%	Valoriza Servicios Medioambientales, S.A.	2.71	Equity method	Management & construction over 15 years of the San Adria de Besos purification plant	12,554	2,068	493	-
Boremer S.A. Calle Ribera del Loira 42, edificio 3 Madrid	50.00%	Valoriza Servicios Medioambientales, S.A.	1.09	Equity method	Contracting and management of project clearing services	2,176	(2,460)	(1,874)	-
Biomassas del Pirineo S.A. Calle San Bartolomé, 11 Alcalá de Guada - Huesca.	44.00%	Valoriza Servicios Medioambientales, S.A.	0.13	Equity method	Development of biomass energy systems	300	(165)	-	-
Valdemingómez 2000, S.A. Calle Albarracín, 44 Madrid	40.00%	Valoriza Servicios Medioambientales, S.A.	2.44	Equity method	Digestification project at the Valdemingómez landfill site	775	(3,056)	(511)	-
Cultivos Energéticos de Castilla S.A. Avenida del Gál Compadro, 4 Burgos	44.00%	Valoriza Servicios Medioambientales, S.A.	0.13	Equity method	Development of biomass energy systems	75	(72)	(2)	-
Infoser Estacionamiento Regulado, A.I.E. Calle Covarrubias, 1 Madrid	18.34%	Valoriza Servicios Medioambientales, S.A.	0.07	Equity method	Auxiliary services to the control of regulated street parking in Madrid	360	-	-	-
Parque Eólico la Sotonera, S.L. Plaza Antonio Beldán Martínez, 14 Zaragoza.	30.16%	Valoriza Servicios Medioambientales, S.A.	0.60	Equity method	Production of renewable energy	2,000	5,997	341	-
Hidroandaluza, S.A. Paseo de la Castellana, 83-85 Sevilla.	100.00%	Valoriza Servicios Medioambientales, S.A.	0.47	Full consolidation	Sale and purchase of IT equipment	283	4,175	639	-
Gestión de Infraestructuras Canarias, S.A. Plaza de José Anzures Parichis, 1 Santa Cruz de Tenerife	62.00%	Valoriza Servicios Medioambientales, S.A.	0.05	Full consolidation	Studies, works and projects	61	270	(1)	-
Participes del Bioreciclaje, S.A. Calle Federico Salmón, 8 Madrid	66.67%	Valoriza Servicios Medioambientales, S.A.	0.02	Full consolidation	Waste management	60	(120)	(2)	-
Bioreciclaje de Cádiz, S.A. Calle San Juan, 12 Medina Sidonia - Cadiz	65.34%	Participes del Bioreciclaje, S.A.	4.87	Full consolidation	Management, storage, transport, and treatment of elimination of waste	1,803	14,423	1,325	-
Iniciativa Medioambientales del Sur, S.L. Complejo Medioambiental de Bóixos Jerez de la Frontera - Cadiz	50.00%	Valoriza Servicios Medioambientales, S.A.	0.02	Equity method	Street cleaning, collection, transport and waste and water treatment	40	243	(4)	-
Inte RCD, S.L. Calle Américo Vespucio, 69 Sevilla.	33.33%	Valoriza Servicios Medioambientales, S.A.	0.03	Equity method	Property development, construction and demolition waste services	3	(219)	-	-
Inte RCD Bahía de Cádiz, S.L. Calle de los Trabajadores, 20 Chiclana de la Frontera - Cadiz.	20.00%	Inte RCD, S.L.	0.28	Equity method	Property development, construction and demolition waste services	260	(732)	-	-
Inte RCD Huelva, S.L. Calle Lepo, 12 Cartaya - Huelva	20.00%	Inte RCD, S.L.	0.45	Equity method	Property development, construction and demolition waste services	753	(840)	-	-
Eurocomercial, S.A.U. Calle de Juan Esplandiú, 11-13 Madrid.	100.00%	Valoriza Servicios Medioambientales, S.A.	0.45	Full consolidation	Engineering, consultancy and import/export of products for deposit and sale	136	2,427	(47)	-
Deposición de Vertederos, S.A. Calle Federico Salmón, 8 Madrid	50.00%	Eurocomercial S.A.U.	0.03	Equity method	Recovery of biogas from depopulation of landfill sites	60	(240)	-	-
Alcorec, S.L. Avenida Kansas City, 3 10 Sevilla.	10.00%	Valoriza Servicios Medioambientales, S.A.	0.066	Equity method	Construction and demolition waste management	174	101	(70)	-
Surge Ambiental, S.L. Calle de Juan Esplandiú, 11-13 Madrid.	100.00%	Valoriza Servicios Medioambientales, S.A.	0.06	Full consolidation	Construction and demolition waste management	3	(21)	35	-
Reciclados y Tratamientos Andaluces, S.L. Calle Yakarta, 8 Sevilla	5.00%	Alcorec, S.L.	0.250	Equity method	Construction and demolition waste management	3	(126)	-	-
Saorec, S.L. Avenida Kansas City, 3 16 Sevilla.	5.00%	Alcorec, S.L.	0.003	Equity method	Construction and demolition waste management	6	(64)	-	-
Residuos Construcción de Cuenca, S.A. Carretera Nacional 32, Km 133 Cuenca	50.00%	Valoriza Servicios Medioambientales, S.A.	0.030	Equity method	Construction and demolition waste management	60	(106)	(2)	-
Tratamiento Residuos de La Rioja, S.L. Calle La Red de Vares, s/n Villamediana de Iregua - La Rioja	100.00%	Valoriza Servicios Medioambientales, S.A.	0.003	Full consolidation	Construction and demolition waste management	3	(4,692)	(868)	-
Secado Térmico de Castellón, S.A. Calle Francisco, 5 Burriana - Castellón	60.00%	Valoriza Servicios Medioambientales, S.A.	1.80	Full consolidation	Construction and demolition waste management	3,000	62	-	-
Waste Resources, S.L. Ctra de Vezalvaro a O'Donnell, 7, 28032 Madrid.	100.00%	Hidroandaluza, S.A.	0.003	Full consolidation	Construction and demolition waste management	3	1	4	-
Planta de Tratamiento de Arizá, S.L. C/ Elcano 1, Bilbao	70.00%	Valoriza Servicios Medioambientales, S.A.	0.002	Full consolidation	Management of processing plants and equipment	3	-	-	-
Valoriza Environment Services Pty Australia Level 8, 256 Adelaide Terrace, Perth, Western Australia.	100.00%	Valoriza Servicios Medioambientales, S.A.	0.000	Full consolidation	Development and operation of environmental projects in Australia	-	-	-	-
Plataforma por la Movilidad, A.I.E. C/ Coenrabias, 1, B/dcha- Madrid.	14.68%	Valoriza Servicios Medioambientales, S.A.	0.000	Equity method	Development and management of the full platform	3	1	(2)	-
Sacyr Environment USA LLC 2711 Convent Road, Suite 400, Wilmington, Delaware 19808.	100.00%	Valoriza Servicios Medioambientales, S.A.	2.960	Full consolidation	Development and operation of environmental projects in the United States	4,630	(839)	(1,387)	-
Aplicaciones Gespod, S.L. C/ Santiago de Compostela, 12, 4º A, Bilbao.	100.00%	Valoriza Servicios Medioambientales, S.A.	0.250	Full consolidation	Maintenance of IT systems for the management of traffic offences	30	-	(218)	-

Multiservices

Valoriza Servicios Socio Sanitarios, S.L. Paseo de la Castellana, 83-85 Madrid.	100.00%	Valoriza Facilities, S.A.U.	7.98	Full consolidation	Provision of social services	12,500	534	104	-
Valoriza Servicios a la Dependencia, S.L. Paseo de la Castellana, 83-85 Madrid.	100.00%	Val. Servicios Socio Sanitarios, S.L.	9.00	Full consolidation	Provision of social services	3,588	1,426	672	-
Valoriza Facilities Chile, SpA C/ Isidora Goyenechea piso 24, Ofic. 240, Santiago - Chile.	100.00%	Valoriza Facilities, S.A.U.	0.0065	Full consolidation	Provision of cleaning services	421	(68)	(244)	-
Cafestore, S.A. Paseo de la Castellana, 83-85 Madrid.	100.00%	Valoriza Gestión S.A.U.	8.00	Full consolidation	Catering services and retail outlets	2,050	259	466	-
Burguestore, S.L. Paseo de la Castellana, 83-85 Madrid.	100.00%	Cafestore, S.A.	0.003	Full consolidation	Operation of service stations	3	45	42	-

PROPERTY DEVELOPMENT

Subsidiaries and holding companies									
Vallehermoso División de Promoción, S.A.U. Paseo de la Castellana, 83-85 Madrid.	100.00%	Sacyr, S.A.	0.00	Full consolidation	Property management holding company	117,343	(23,301)	(7,327)	-
Somague Inmobiliaria S.A. Rua da Tapada de Quinta de Cima, Liryo Sintra - Portugal.	100.00%	Vali. Div. Promoción, S.A.U.	18.21	Full consolidation	Property management holding company in Portugal	15,000	(28,575)	(523)	-
Property developers									
Eratos, S.A.U.I. Paseo de la Castellana, 83-85 Madrid.	100.00%	Vali. Div. Promoción, S.A.U.	1.10	Full consolidation	Property development	150	76	25	-
Proscayr Ocio, S.L. Paseo de la Castellana, 83-85 Madrid.	100.00%	Vali. Div. Promoción, S.A.U.	20.99	Full consolidation	Property development	4	1,945	(205)	-
Capace, S.L.U. Paseo de la Castellana, 83-85 Madrid.	100.00%	Vali. Div. Promoción, S.A.U.	0.20	Full consolidation	Property development	153	2,004	49	-
Tricéfalo, S.A. Paseo de la Castellana, 83-85 Madrid.	60.00%	Vali. Div. Promoción, S.A.U.	6.30	Full consolidation	Property development	-	-	-	-
Camante Golf, S.A. Paseo de la Castellana, 81 Madrid	26.00%	Vali. Div. Promoción, S.A.U.	2.90	Equity method	Property development	6,615	(1,419)	(216)	-
Claudia Zahara 22, S.L. Avenida Eduardo Dato, 69 Sevilla.	49.59%	Vali. Div. Promoción, S.A.U.	10.73	Equity method	Property development	-	-	-	-
M.Capital, S.A. Puerta del Mar, 20 Málaga	4.97%	Vali. Div. Promoción, S.A.U.	0.41	Equity method	Property development	-	-	-	-
Puerta de Oro Toledo, S.L. Calle Príncipe de Vergara, 15 Madrid.	35.00%	Vali. Div. Promoción, S.A.U.	2.10	Equity method	Property development	6,000	(12)	-	-

APPENDIX II: CONSOLIDATED TAX GROUP OF SACYR, S.A. FOR 2015

Company

SACYR , S.A.
AUTOVIA DE BARBANZA CONCESIONARIA DE LA XUNTA DE GALICIA, S.A.
AUTOVIA DEL ERESMA, S.A.
BIOELECTRICA DE LINARES, S.L.
BIOELECTRICAS VALLADOLID, S.L.
GESTION DE ENERGÍA Y MERCADOS, S.L.
BIOMASA DE TALAVERA, S.L.
BIOMASA DE PUENTE GENIL, S.L.
BIPUGE II, S.L.
BURGUERSTORE, S.L.
C.E. LAS VILLAS, S.L.
CAFESTORE, S.A.
CAPACE S.L.
CAVOSA, S.A.
CE PUENTE DEL OBISPO, S.L.
CIA ENERG LA RODA, S.L
CIA ENERG. PATA MULO, S.L.
EMMASA, S.A.
ERANTOS, S.A.
EUROCOMERCIAL, S.A.
FOTOVOLTÁICA DOS RIOS, S.L.
HIDROANDALUZA, S.A.
IDEYCO, S.A.
INCHISACYR. S.A.
OBRAS Y SERVICIOS DE GALICIA Y ASTURIAS, S.A.
PRINUR, S.A.
PROSACYR OCIO, S.L.
SACYR CONCESIONES, S.L.
SACYR CONCESIONES PARTICIPADAS I
SACYR CONCESIONES PARTICIPADAS II
SACYR CONCESIONES PARTICIPADAS III
SACYR CONCESIONES PARTICIPADAS IV
SACYR CONCESIONES PARTICIPADAS V
SACYR CONCESIONES PARTICIPADAS VI
SACYR CONSTRUCCIÓN, S.A.
SACYR CONSTRUCCION PARTICIPACIONES ACCIONARIALES, S.L.
SACYR FINANCE, S.A.
SACYR SECURITIES, S.A.
SACYR GESTION DE ACTIVOS, S.L.
SACYR INDUSTRIAL, S.L.U.
SACYR VALLEHERMOSO PARTICIPACIONES MOBILIARIAS, S.L.
SADYT, S.A.
SANTACRUCERA DE AGUA, S.L.
SCRINSER. S.A.
SECADEROS DE BIOMASA, S.L.
SURGE AMBIENTAL, S.L.
TRATAMIENTO DE RESIDUOS DE LA RIOJA, S.L.
TUNGSTEN SAN FINX, S.L.
VALORIZA AGUA, S.A.
VALORIZA CONSERVACIÓN DE INFRAESTRUCTURA, S.A.
VALORIZA ENERGÍA OPERACIÓN Y MANTENIMIENTO, S.L.
VALORIZA FACILITIES, S.A
VALORIZA GESTIÓN, S.A.
VALORIZA MINERIA, S.L.
VALORIZA RENOVABLES, S.L.
VALORIZA SERVICIOS SOCIO SANITARIOS, S.L.
VALORIZA SERVICIOS A LA DEPENDENCIA, S.L.
VALORIZA SERVICIOS MEDIOAMBIENTALES, S.A.
VALLEHERMOSO DIVISION PROMOCIÓN, S.A.
WASTE RESOURCES, S.L.

APPENDIX II: CONSOLIDATED TAX GROUP OF SACYR, S.A. FOR 2016

Company

SACYR , S.A.
 AUTOVIA DE BARBANZA CONCESIONARIA DE LA XUNTA DE GALICIA, S.A.
 AUTOVIA DEL ERESMA, S.A.
 BIOELECTRICA DE LINARES, S.L.
 BIOELECTRICAS VALLADOLID, S.L.
 GESTION DE ENERGÍA Y MERCADOS, S.L.
 BIOMASA DE TALAVERA, S.L.
 BIOMASA DE PUENTE GENIL, S.L.
 BIPUGE II, S.L.
 BURGUERSTORE, S.L.
 C.E. LAS VILLAS, S.L.
 CAFESTORE, S.A.
 CAPACE S.L.
 CAVOSA, S.A.
 CE PUENTE DEL OBISPO, S.L.
 CIA ENERG LA RODA, S.L.
 CIA ENERG. PATA MULO, S.L.
 EMMASA, S.A.
 ERANTOS, S.A.
 EUROCOMERCIAL, S.A.
 FOTOVOLTÁICA DOS RIOS, S.L.
 HIDROANDALUZA, S.A.
 IDEYCO, S.A.
 INCHISACYR, S.A.
 OBRAS Y SERVICIOS DE GALICIA Y ASTURIAS, S.A.
 PRINUR, S.A.
 PROSACYR OCIO, S.L.
 SACYR CONCESIONES, S.L.
 SACYR CONCESIONES PARTICIPADAS I
 SACYR CONCESIONES PARTICIPADAS II
 SACYR CONCESIONES PARTICIPADAS III
 SACYR CONCESIONES PARTICIPADAS IV
 SACYR CONCESIONES PARTICIPADAS V
 SACYR CONCESIONES PARTICIPADAS VI
 SACYR CONSTRUCCIÓN, S.A.
 SACYR CONSTRUCCIÓN APARCAMIENTOS DAOIZ Y VELARDE, S.L.
 SACYR CONSTRUCCIÓN APARCAMIENTOS JUAN DE ESPLANDIU, S.L.
 SACYR CONSTRUCCIÓN PLAZA DE LA ENCARNACIÓN, S.L.
 SACYR CONSTRUCCIÓN APARCAMIENTOS PLAZA DEL MILENIO, S.L.
 SACYR CONSTRUCCIÓN APARCAMIENTOS VIRGEN DEL ROMERO, S.L.
 SACYR CONSTRUCCIÓN MERCADO DEL VAL, S.L.
 SACYR CONSTRUCCION PARTICIPACIONES ACCIONARIAS, S.L.
 SACYR FINANCE, S.A.
 SACYR SECURITIES, S.A.
 SACYR SECURITIES II, S.A.
 SACYR GESTION DE ACTIVOS, S.L.
 SACYR INDUSTRIAL, S.L.U.
 SACYR INVESTMENTS, S.A.
 SACYR INVESTMENTS II, S.A.
 SACYR VALLEHERMOSO PARTICIPACIONES MOBILIARIAS, S.L.
 S.A. DEPURACIÓN Y TRATAMIENTO
 SANTACRUCERA DE AGUA, S.L.
 SCRINSER, S.A.
 SECADEROS DE BIOMASA, S.L.
 SIMULADOR VIALIDAD INVERNAL, S.L.
 SURGE AMBIENTAL S.L.
 TECNOLOGÍA EXTREMEÑA DEL LITIO, S.L.
 TRATAMIENTO DE RESIDUOS DE LA RIOJA, S.L.
 TUNGSTEN SAN FINX, S.L.
 VALORIZA AGUA, S.A.
 VALORIZA CENTRO ESPECIAL DE EMPLEO, S.L.
 VALORIZA CONSERVACIÓN DE INFRAESTRUCTURA, S.A.
 SACYR INDUSTRIAL OPERACIÓN Y MANTENIMIENTO, S.L.
 VALORIZA FACILITIES, S.A.
 VALORIZA GESTIÓN, S.A.
 VALORIZA MINERÍA, S.L.
 VALORIZA RENOVABLES, S.L.
 VALORIZA SERVICIOS SOCIO SANITARIOS, S.L.
 VALORIZA SERVICIOS A LA DEPENDENCIA, S.L.
 VALORIZA SERVICIOS MEDIOAMBIENTALES, S.A.
 VALLEHERMOSO DIVISION PROMOCIÓN, S.A.
 WASTE RESOURCES, S.L.

APPENDIX III: ALTERNATIVE PERFORMANCE MEASURES

The Sacyr Group presents its earnings in accordance with International Financial Reporting Standards (IFRS). The Group also provide certain additional financial measurements, known as Alternative Performance Measures (APMs) used by management in decision-making and evaluation of the Group's financial performance, cash flows and financial position.

In order to comply with the Guidelines on Alternative Performance Measures (2015/1415en) published by the European Securities and Markets Authority (ESMA), the disclosures required for each APM are set out below, including its definition, reconciliation, explanation of its use, comparatives and consistency.

Sacyr Group considers that this additional information will improve the comparability, reliability and comprehensibility of its financial information.

EBITDA

Definition: this indicator shows operating profit or loss prior to depreciation and amortisation and any change in provisions.

Reconciliation: EBITDA is calculated as follows:

EBITDA		
Thousands of euros	2016	2015
Operating profit/(loss)	208,081	147,821
-) Depreciation and amortisation expense	(113,073)	(110,012)
-) Impairment of goodwill	(226)	(310)
-) Change in operating provisions	(12,700)	(55,240)
-) Change in provisions for non-current assets	19	(1,120)
-) Change in provision for other operating expenses	-	(3,577)
TOTAL EBITDA	334,061	318,080
-) Non-recurring expenses (*)	0	-
Like-for-like EBITDA, TOTAL	334,061	318,080
(+/-) Unallocated profit/(loss)	0	
(*) Non-recurring expenses in 2016 relate to the effect of the redundancy plan (ERE) in the Construction division		

Explanation of use: EBITDA provides an analysis of operating results excluding those variables that do not represent cash, such as depreciation and amortization and any change in major provisions. It is an indicator widely used by investors when assessing companies' operating performance and its level of indebtedness by comparing it with net debt.

Comparative: Comparative figures between periods are presented.

Consistency: As shown in the reconciliation and in order to establish a comparison between the current and previous period, a like-for-like EBITDA has been calculated, excluding extraordinary/non-recurring profits and losses.

EBIT

Definition: Calculated as the difference between Operating income (Revenue, Own work capitalized, Other operating income, Government grants released to the income statement) and Operating expenses (Staff costs, Depreciation and amortisation expense, Changes in provisions and Other).

Reconciliation: EBIT does not require reconciliation and is shown in the consolidated income statement of these consolidated financial statements.

Explanation of use: Like EBITDA, EBIT is a relevant indicator used in the comparison between companies and shows the size of profit before the deduction of finance income and costs, and tax payable. It represents a measure of the Company's capacity to make profits.

Comparative: Comparative figures between periods are presented.

Consistency: The criterion used to calculate EBIT is the same as that for the previous year.

Gross debt

Definition: Comprises Non-current financial debt and Current financial debt as shown on the liabilities side of the consolidated statement of financial position, which include bank borrowings and issues in capital markets (bonds).

Reconciliation: The reconciliation outlined for Gross debt is included in Note 21 to these consolidated financial statements.

Explanation of use: Gross debt is a financial indicator mainly used to determine the Company's solvency.

Comparative: Comparative figures between periods are presented.

Consistency: The criterion used to calculate Gross debt is the same as that for the previous year.

Net debt

Definition: Calculated as Gross debt less Other current financial assets and Cash and cash equivalents, from the asset side of the consolidated statement of financial position.

Reconciliation: The reconciliation of Net debt is shown in Note 26 to these consolidated financial statements.

Explanation of use: Net debt is a financial indicator used by management to measure the Company's level of indebtedness. The gearing ratio, calculated based on Net debt and Equity, serves to determine the financial structure and level of indebtedness in relation to shareholders' capital and bank borrowings.

Comparative: Comparative figures between periods are presented.

Consistency: The criterion used to calculate Net debt is the same as that for the previous year.

Project finance debt (gross or net)

Definition: The financial debt (gross or net) from project companies. In this type of debt, the guarantee received by the lender is limited to the project cash flow and its asset value, with limited recourse to shareholders.

Reconciliation: Like Gross debt, details of the reconciliation of Project finance debt is included in Note 21 of these consolidated financial statements, and a high proportion of it is provided for financing the area of concession projects for the Concessions division (see Concessionaires in Appendix I: Scope of consolidation 2016).

Comparative: Comparative figures between periods are presented.

Consistency: The criterion used to calculate Project finance debt is the same as that for the previous year.

Corporate debt (gross or net):

Definition: Debt held by the Group's Parent, comprising bank borrowings and issues in capital markets.

Reconciliation: Details of the reconciliation of Corporate debt is included in Note 21 to these consolidated financial statements.

Comparative: Comparative figures between periods are presented.

Consistency: The criterion used to calculate Corporate debt is the same as that for the previous year.

Financial profit/(loss)

Definition: The difference between Total finance income and Total finance costs.

Reconciliation: Financial profit/(loss) does not require reconciliation and is shown in the separate consolidated income statement of these consolidated financial statements, and in greater detail in Note 31.

Explanation of use: It is a measure used to assess the result obtained from the use of financial assets and liabilities.

Comparative: Comparative figures between periods are presented.

Consistency: The criterion used to calculate Financial profit/(loss) is the same as that for the previous year.

Value to loan (VTL)

Definition: VTL is the ratio showing the relationship between the value of an asset and the debt associated with it.

Reconciliation: The calculation of VTL is as follows:

$$\text{VTL} = \frac{\text{Value of the asset}}{\text{Net debt}}$$

Details of the reconciliation of VTL for 2016 and 2015 is included in Note 21 to these consolidated financial statements.

Explanation of use: VTL is an indicator which measures the risk associated with a debt. Specifically, for Sacyr Group, it represents a relevant indicator in relation to the debt associated with its investment in Repsol, as expressed in the terms of the guarantee contract.

Comparative: Comparative figures between periods are presented.

Consistency: The criterion used to calculate VTL is the same as that for the previous year.

Backlog

Definition: Value of awarded and closed work contracts pending completion. These contracts are included in the backlog once they are formalised. The backlog is shown as the percentage attributable to the Group, as per the corresponding consolidation method. Once a contract has been included in the backlog, the value of production pending completion on the contract remains in the backlog, until it is completed or cancelled. Nevertheless, valuation adjustments are made to reflect any changes in prices and time periods agreed with the client. Due to a number of factors, all or part of the backlog linked to a contract may not actually become income. The Group's backlog is subject to adjustments and cancellation of projects, and cannot be taken as an exact indicator of future earnings.

The concessions backlog represents estimated future revenues on concessions, over the concession period, based on the financial plan for each concession, and includes projected fluctuations in the exchange rate between the euro and other currencies, as well as changes in inflation, prices, tolls and traffic volumes.

Reconciliation: Given that no comparable financial measure is foreseen under IFRS, a reconciliation with the financial statements is not possible. The reconciliation of Group Backlog by activity is shown in Note 34 to these consolidated financial statements.

Explanation of use: Management considers that the backlog is a useful indicator of the Group's future revenues and a customary indicator used by companies in the sector in which Sacyr operates.

Comparative: Comparative figures between periods are presented.

Consistency: The criterion used to calculate Group Backlog is the same as that for the previous year.

Market cap

Definition: Number of shares at the end of the accounting period, multiplied by the share price at the end of the accounting period.

Reconciliation: The Company's Market cap. is presented in point 10 of the consolidated management report that accompanies these consolidated financial statements.

Explanation of use: Market cap. reflects the Company's stock market value.

Comparative: Comparative figures between periods are presented.

Consistency: The criterion used to calculate Market cap. is the same as that for the previous year.

Like-for-like basis

Definition: On occasions, certain figures are corrected to permit a comparison between accounting periods, for example, by eliminating non-recurring impairment, significant changes in the consolidation scope that could distort the year-on-year comparison of indicators such as sales, the effect of exchange rates, etc. In each case, details are provided in the notes to the corresponding item.

Reconciliation: For this year a like-for-like EBITDA has been calculated, which was explained earlier.

Explanation of use: The like-for-like EBITDA is used to provide a measure that is more standardised and comparable between accounting periods, by excluding non-recurring elements and impacts.

Average Daily Traffic (ADT)

Definition: Defined as the total number of users of a concession during a day. ADT is normally calculated as the total number of vehicles travelling on the motorway each day.

Explanation of use: This is not in itself a financial measure, but it is a key indicator for the Group of the amount of traffic using the motorways.

Sacyr Group

Sacyr, S.A. and subsidiaries

**CONSOLIDATED MANAGEMENT REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

This consolidated management report was prepared in line with the recommendations of the Guide for the preparation of management reports of listed companies published by the Spanish National Securities Market Commission (CNMV), in order to harmonise the contents thereof in Spain and abroad, and to provide data placing in context all the financial disclosures contained in the financial statements, to provide additional and complementary information to these financial statements and to provide greater security to the members of the Board of Directors, the persons ultimately in charge of preparing and publishing such report.

1. SITUATION OF THE ENTITY:

The Sacyr Group, active for over 30 years, is structured into four different areas of activity and operates in a total of 23 countries:

- **Construction:** performed through the head units Sacyr Construction in Spain and Chile, Somague in Portugal, and SIS in Italy, focusing mainly on the construction of all manner of civil engineering and residential and non-residential building infrastructure.
- **Concessions:** activity performed by Sacyr Concesiones, with a presence in Spain, Italy, Ireland, Portugal, Chile, Colombia, Peru and Uruguay; this division is a leader in the management of infrastructure such as motorways, hospitals, transport hubs, etc.
- **Services:** provided by Valoriza, with a presence in Spain, Australia, Algeria, Portugal, Chile and Oman, and specialising in the management of the following services:
 - Environmental: provided through the parent Valoriza Servicios Medioambientales, leading company in the operation of:
 - Municipal services: leader in management of concessions in the main Spanish towns: street cleaning, collection of municipal solid waste (including underground recycling containers), gardening and maintenance of green areas, management of parking meters and towing services.
 - Waste treatment: builds and operates plants to treat municipal solid waste, packaging, and batteries, treatment facilities for construction and demolition debris and landfill gas removal, and plants for biomethanation, incineration, and waste-to-energy production, as well as facilities to treat, compost, and thermally dry the sludge from wastewater treatment plants.
 - Regeneration: this area encompasses water quality control, atmospheric control and recovery of landscapes and woodlands.
 - Water: provided by Valoriza Agua and Sadyt, in two areas: engineering, development, construction, maintenance and operation of all types of water-related plants (drinking water and water purification plants, desalination plants, tertiary treatments and recycling, industrial waste water treatment, agricultural treatment, etc.) and the end-to-end management of the water cycle under public sector concessions or in the private sector.
 - Multi-services: provided through the following companies:
 - Valoriza Facilities: Group company specialised in the integral cleaning of buildings, *facility management services*, ancillary services (porter services, gardening, etc.), energy and social-health services.
 - Valoriza Conservación de Infraestructuras: Group company that specialises in the maintenance and upkeep of roads and other specific infrastructure: dams, irrigation channels, etc.
 - Cafestore: Group company specialised in the operation of motorway service areas (third leading Spanish operator in this market), and in the management of restaurants and cafeterias at large facilities: hospitals, transport hubs and public and private buildings.

- **Industrial:** Industrials: performed through Sacyr Industrial, which is present in Spain, Peru, Ecuador, Colombia, Chile, Bolivia, Panama and Mexico, and is the Group division, fruit of the integration of various companies and areas of the company, in charge of engineering and industrial construction activities. Covering the promotion, performance, start-up and operation of projects in the following business areas:
 - Engineering and energy: Sacyr Industrial is one of the leaders in the Spanish energy sector, and it is also a pioneer internationally in conventional and renewable power plants, in cogeneration plants, and in the development of biomass, solar energy and geothermal plants. It also operates and maintains power plants and industrial facilities.
 - Environment and mining: Sacyr Industrial is one of the leading international companies in the design, construction and operation of waste treatment and waste-to-power plants. It also has experience in mining and processing plant projects.
 - Oil&Gas: implementation of refinery, chemical and petrochemical, gas handling and treatment and liquefied natural gas (LNG) projects, and the transportation and storage of this type of fuel.
 - Electrical facilities: engineering development and the construction of high-voltage electricity lines, electricity substations and low-, medium- and high-voltage facilities.

The Group's organisational structure is arranged around the figure of the Executive Chairman and CEO, to which are accountable, firstly, the non-executive Chairmen and the Managing Directors of each business area, and secondly, various departments which provide support to the rest of the Group: the General Strategic and Corporate Development Department; the General Finance Department, the General Corporate Department, the General Talent Management and Human Resources Department and, lastly, the General Legal Advisory Department/Secretary to the Board of Directors.

2. ECONOMIC ENVIRONMENT

2.1. THE INTERNATIONAL ECONOMIC ENVIRONMENT

2016, both at a global level and in general terms, has been characterised by an improvement in the outlook for economic growth, thanks to the good performance of the world's major economies: United States, Japan, Canada and the majority of the euro area and EU countries. Both the US Federal Reserve and the European Central Bank, continued to provide monetary stimulus policies during the year, though the US has raised interest rates for the second year running. On the other hand, emerging countries' economies continue to suffer, with commodity prices failing to recover, aside from oil, which spiked sharply compared to 2015. Oil's recovery has led to prices beginning to rise once again, after the falls experienced in the last few years.

In 2016, the United States recorded growth of 1.6% in GDP, compared with 2.6% the year before. This slowdown is due in part to lower household consumption (2.7% in 2016 vs 3.2% in 2015); a fall in non-residential fixed investment, and a reduction in national and local government spending. As expected, at the end of the year the Fed once again raised its benchmark rate by a quarter of one point, to the range of 0.50%-0.75%, on the back of the recovery in prices and employment levels during the year. At least three interest rate rises are forecast for 2017. With regard to employment, 2016 was another good year, with 2.16 million new jobs created, reducing unemployment to 4.7%, its lowest rate for nine years. In terms of

inflation, government figures show that 2016 closed with an increase of 2.1%, compared to 0.7% the previous year, largely due to the major increase of 5.4% in energy prices in the year.

Turning to China, according to the government's own data, GDP rose by 6.7% in 2016, down 0.2% on 2015, and the lowest rate in the last 25 years. The steady downturn in the second-largest global economy has been confirmed for the third year running, as the export-based growth model runs out of steam. By sector, the growth of 7.8% in Services, 6.1% in Industry and 3.3% in Primary, all stood out. It should be noted that the Service sector now accounts for over 50% of the Chinese economy, which reflects the shift away from the production of low-cost goods towards domestic consumption.

The economic performance of euro area countries was also very uneven in 2016. Although Eurostat has not published its definitive GDP figures, and in many cases the data we have is provisional, we can confirm that the euro zone as a whole grew 1.7%, compared with 1.6% the previous year, nearing pre-crisis levels but still much lower than the world's other economic powers. By country, the highest growth rates were as follows: Slovenia (+3.6%); Spain and Lithuania (+3.0%); Slovakia (+2.9%); Estonia and Cyprus (+2.8%); Netherlands (+2.5%); Lithuania (+2.2%); Portugal (+2.0%) Germany and Austria (+1.8%); Finland (+1.3%); France and Belgium (+1.2%) and Italy (+1.0%). Meanwhile, only one country suffered a fall in GDP: Greece (-1.1%). In the European Union as a whole, however, there was growth of 1.9% in the year, compared to 1.8% in 2015, with the following increases of particular note: Romania (+4.8%); Croatia (+3.5%); Bulgaria (+3.4%); Poland (+3.1%); Sweden (+2.3%); United Kingdom (+2.0%); Denmark and Czech Republic (+1.9%) and Hungary (+1.5%). The European Central Bank has continued to pursue its active liquidity policies, by systematically purchasing the public debt of peripheral countries, as well as through various liquidity auctions with the aim of stabilising lending in the economy. With regard to the economic forecasts for future years, the European Commission expects growth of 1.6% in the euro area in 2017 and of 1.8% in 2018, while growth of 1.8% is expected for the European Union as a whole in both years. The recovery continued to gain ground in Europe thanks to the increase in domestic demand and exports, as a result of the depreciation in the euro and improved competitiveness. However, Europe's weaknesses over the next few years will be: the uncertainty deriving from the possible result of upcoming elections in a number of European countries, such as France, Germany and Italy, and the development of the Brexit negotiations, for the possible disruption to trade that might result.

Year-on-year inflation in the euro area, according to data provided by Eurostat, was 1.1% in 2016, compared to 0.2% the previous year. This major rise was due to higher energy prices, especially in the last quarter of 2016. Brent crude prices rose sharply, from 37 US dollars at the start of the year to almost 57 US dollars by the end of December, an increase of 52.4%. Underlying inflation (i.e. excluding the price of energy and fresh food) stood at 0.9% in the euro area, the same as in the previous year. The outlook for 2017, once OPEC cuts output, as agreed (for the first time since 2008) in its meeting in November, it is likely that oil will continue its rise and reach 60 US dollars a barrel. As a result of this, the spectre of deflation appears to have disappeared, for which reason the ECB may decide to remove part of the monetary stimulus it has maintained over the last few years.

2.2.- THE ECONOMIC ENVIRONMENT IN SPAIN.

According to data from the Bank of Spain, the Spanish economy, measured in terms of GDP, grew by 3.2% in 2016, the same figure as recorded the previous year. This is the third year of positive growth, following six years of contraction. By sector, Services and Agriculture, livestock and fisheries stand out, with both experiencing a year-on-year increase of 3.4%. Construction saw growth of 2.5% and Industry 2.4%. For the third year in a row, domestic demand grew (2.8%), thanks once again to the boost from household consumption, the favourable performance of the labour market and the fall in the cost of borrowing for families. In terms of the trade balance, 2016 set a new record for the export of goods, which reduced the trade deficit by 22.4%, down to 18,754 million euros. Thanks to the

competitiveness of our economy, and the depreciation of the euro against the US dollar, exports rose by 1.7% to 254,530 million euros, whilst imports fell by 0.4% to 273,284 million euros. The sectors which performed particularly well were Capital goods (23% of total exports), Vehicles (17.7%) and Food, beverages and tobacco industry (16.9%). 66.3% of Spanish goods were exported within the EU. Additionally, according to data provided by the Ministry of Industry, Energy, Tourism and Digital Agenda, in 2016, and for the fifth year running, Spain saw a record number of overseas visitors, with 75.3 million tourists visiting the country, 9.9% more than in 2015. Forecasts suggest that the total amount spent by these visitors was 77,000 million euros, up 8% on the previous year, with the average spend per tourist standing at 1,023 euros, a year-on-year increase of 3.5%.

The European Commission's forecasts for Spain in 2017 and 2018 are fairly encouraging in all key components: GDP growth, job creation and unemployment figures. In 2017, it expects an increase of 2.3% in GDP, and of 2.1% in 2018, mainly due to increased domestic demand as a result of employment growth. Exports should also continue to grow thanks to the improved competitiveness of the Spanish economy. As for unemployment, rates of around 17.7% and 16% are expected in 2017 and 2018, respectively.

As regards the labour market, according to data published by the Spanish National Institute of Statistics (INE), the Labour Force Survey (LFS) reflects an increase of 413,900 jobs last year, 2.29% more than in 2015, with growth in all sectors, especially Services (+240,000) and Industrial (+115,700). Unemployment ended the year at 18.63% of the active population, compared to 20.9% the previous year. With regard to the social security system, 2016 saw an average number of 17.85 million employees registered, an improvement of more than 540,655 compared to the previous year, according to figures provided by the Department of Social Security, the largest rise since 2006. Under the General Social Security Regime, which experienced a year-on-year increase of 3.64%, all sectors of activity performed well, though there was a small decline in the number of employees registered in the category of Special Scheme for Domestic Workers. The Special Regime for Self-Employed Persons also performed well during the year, and closed with an average of 3.19 million workers registered, 0.83% more than in 2015.

Turning to prices, according to INE inflation in Spain for 2016 was 1.6% compared to 0.0% in 2015. The sectors with the biggest price rises in the general index were as follows: Transport (+4.7%), due to the sharp increase in the price of fuels and lubricants in December; Housing (+0.8%) due to the rise in electricity prices; Food and non-alcoholic beverages (+0.8%) and Leisure and Culture (+0.5%). All sectors experienced year-on-year increases, except for Medicine, which experienced a slight fall (-0.1%). Underlying inflation, excluding fresh food and energy products, stood at 1.0%, down against the 0.9% observed the previous year.

Spain's main stock index, the IBEX-35, ended with losses for the second year running. The last trading session of the year closed at 9,352.10 points, a loss in the year of 2.01%. The index was down 7.06% in 2015.

According to data published by the Spanish Association of Construction Companies (SEOPAN) public tenders totalled 9,323.63 million euros of real investment, a slight year-on-year increase of 1.6%. Of this total, local government accounted for 3,298.2 million euros; central government for 3,130.83 million euros, with the 914.66 million euros invested by the Directorate General for Roads, the 616.2 million euros by Port Authorities, the 538.78 million euros invested by AENA and the 244.1 million euros by ADIF (including High Speed) being of particular note. Regional governments invested a total of 2,894.62 million euros.

At the date of preparing this Management Report, the government budget for 2017 have still to be approved, for which reason that of 2016 has been automatically extended. In this budget, state investment amounted to 10,129 million euros, of which over half (5,460 million euros) was in railways. Spain's high-speed "AVE" rail system will account for 3,679 million euro of this investment. The northeast corridor that will link Madrid with Galicia receives investment

of 1,160 million euros, the Mediterranean corridor receives 1,343 million euros and the high speed link to the north 1,018 million euros. 2,383 million euros is assigned to public roads, of which 1,174 million euros corresponds to the construction of new roads and 1,058 million euros to maintenance. 1,000 million euros is earmarked for ports and maritime security, with 875 million euros of this going to national ports. The Ministry of Public Works has allocated a 609 million euro package to the airline sector.

Despite the measures taken by Spanish public authorities to adjust and contain spending, the Ministry of Economic Development is still implementing the new Infrastructure, Transport and Housing Plan ("PITVI") introduced at the end of 2012, which replaced the Strategic Infrastructure and Transport Plan ("PEIT") and the Strategic Infrastructure Plan ("PEI"). The new plan is expected to remain in place until 2024.

Depending on the macroeconomic scenario in Spain, the total sum of investment earmarked in the "PITVI" Plan ranges between 0.89% and 0.94% of GDP up to 2024.

Of the total amount planned, approximately 90% is to be allocated to transport policies and 10% to housing. Of the former, 52,403 million euros will be allocated to roads, including 18,668 million euros for the construction of 3,500 km of new high-capacity routes, with a further 1,265 million euros earmarked for the expansion of existing roads. A 25,000 million euro package is to be allocated to Spain's high-speed "AVE" rail system. The bulk of this amount will be used for the connection to Galicia (8,517 million euros) and for the Basque "Y" (4,323 million euros), which will join the three capitals of the region. The other flagship projects will be the AVE to Badajoz, with 2,651 million euros, and the connection to Asturias, with another 1,719 million euros. Other noteworthy interventions include national ports, with 2,000 million euros, and modernisation of conventional railway transport, with 1,310 million euros.

Despite constantly calling for austerity, European authorities are aware of the importance of developing Europe-wide infrastructure in the new world economic order. The European Commission work group created for this purpose therefore continues to implement a backlog of projects to be carried out in the short and medium term focusing on key sectors to drive competition and potential growth in the European Union, especially with regard to research and development, the digital economy, energy and transport infrastructure, social infrastructure and the environment.

Among other actions, the new actions outlined in the European rail transport plan are taken into consideration. Spain, with five corridors crossing the entire country, is to be one of the main beneficiaries. The network, which will criss-cross the country's territory, should be completed before 2030, and is expected to receive a total investment of 49,800 million euros, of which at least 10% will be covered with EU funds. The Central Corridor will link Algeciras to France through the centre of the peninsula; the Atlantic-Mediterranean Corridor will run from Lisbon to Valencia; a branch of the corridor will run from Portugal to France, crossing the Castille plateau and the Basque Country; the Mediterranean Corridor will link Algeciras to Murcia, Valencia, Catalonia and the French border; and another corridor will run from the Cantabrian Sea to the Mediterranean, linking Bilbao to Valencia and passing through Pamplona and Zaragoza.

3. OUR ACTIVITY IN 2016

3.1.- Activities of the Sacyr Group

The Group's revenue was 2,860 million euros, down 3% on 2015, as a result of the decrease in billing in the construction division, which was due to the lower level of activity in Spain and the markets where Somague operates. The Group maintains its strong commitment to international growth and now has a solid foothold in countries including: Colombia, Chile, Portugal, Peru,

Italy, Angola, Australia, Oman, Algeria, Uruguay, Qatar, Ecuador, Brazil, Bolivia, Mexico, Ireland, Cape Verde and Mozambique.

EBITDA, excluding non-recurring expense (resulting from the redundancy programme in Construction), was 360 million euros, 13% higher than 2015, thanks to the positive performance of the Concessions, Services and Industrial businesses, giving a EBITDA margin of 12% versus the 11% obtained in 2015.

Net attributable profit was 120 million euros. This figure is not comparable with 2015, which included the capital gain from the sale of Testa Inmuebles en Renta and the corresponding asset impairment for deferred tax, the adjustment in the carrying amount of the investment in Repsol to fair value, and the recognition of various working capital and financial provisions.

In terms of key balance sheet indicators, in 2016 total assets stood at 10,689 million euros, while equity was 2,080 million euros. In the past eight years, the Group has considerably reduced its net debt, from 19,526 million euros at 31 December 2008 to 3,726 million euros at 31 December 2016, a fall of 81%.

Continued business momentum at the Group is underpinned by the backlog, which at 31 December 2016 stands at 25,956 million euros, and more than 51% of this now corresponds to international projects.

In 2015, Sacyr continued to implement the Group's new strategy, based on boosting those businesses in which we are leaders and experts, and on continuing to promote the two new growth drivers, i.e., the management of construction and concession projects, and the consolidation of the Group's newest industrial division: Sacyr Industrial.

All the foregoing, tied to management measures based on reducing costs and debt will lead to a stronger, more innovative and more competitive Group, that is more committed to the traditional values of our Company: prudence, austerity, quality and compliance with the commitments assumed.

3.2.- Most significant events in 2016

Some of the most significant events in 2016 are set out over the next few pages, followed by an overview of each business unit.

a) Panama Canal

On 31 May 2016, the GUPC consortium, led by Sacyr, completed the works to design and construct the third set of locks on the Panama Canal, a basic component of the Panama Canal expansion programme; the most ambitious engineering feat of the twenty-first century and one of the biggest challenges ever in terms of infrastructure, placing Sacyr at the very forefront of the civil engineering world.

The new Panama Canal was officially inaugurated and opened for business on 26 June 2016, with the passing through of the first "post-panamax" ship, i.e. larger vessels than those able to use the old Canal. The event was attended by 2,400 guests from 62 international delegations, including Emeritus King of Spain, Juan Carlos I and numerous presidents, vice-presidents and prime ministers from a multitude of countries and international organisations.

There is no doubt that this work has been a great triumph of technology and innovation, and has involved the creation of a new interoceanic thoroughfare; one where the world record shipping toll has been charged. All of this has been possible, thanks to the efforts, high quality and diligent work of Sacyr and the other shareholders in GUPC, which has made them one of the construction companies with the greatest international projection.

The GUPC consortium is currently involved in maintenance of the new Canal, in compliance with its contract.

The claims submitted by the consortium in relation to the cost overruns on the project are awaiting the ruling of the DAB (Dispute Adjudication Board), an independent technical body established within the framework of the agreement between Grupo Unidos por el Canal (GUPC) and the ACP (Panama Canal Authorities), and, ultimately, the final ruling on all the claims by the ICC's Arbitration Court in Miami. This is a long and complex process, which is not expected to be concluded in the near future.

b) Stake in Repsol

In 2016, Sacyr made an early repayment of 885 million euros of the debt associated with its stake in the oil company, reducing, at that date, reducing the outstanding loan principal to 769 million euros.

This early repayment was possible thanks to the 317 million euros received in June from the final part of the sale of Testa to Merlin Properties; the 533 million euros obtained from the two derivative instruments on 50 million Repsol shares (40% of the stake), arranged on 4 October and 14 December; and the dividends received during the year from the Repsol stake.

In 2016, Sacyr, through its investee, Sacyr Vallehermoso Participaciones Mobiliarias, S. L. received dividends from Repsol for 92.63 million euros (a dividend on account of 2015 profits, for 56.95 million euros, at the beginning of January and another, final, dividend of 35.68 million euros, at the beginning of July).

c) Redemption of convertible bond issue

In April 2016, Sacyr, S.A. fully redeemed the issue of convertible and exchangeable bonds for an initial nominal amount of 200 million euros, issued out on 31 March 2011 and maturing on 1 May 2016.

d) Testa

On 20 June 2016, as envisaged in the investment agreement of 8 June 2015, between Sacyr and Merlin Properties, the final transfer of the remaining shares in Testa Inmuebles en Renta took place. Specifically, this final phase of the transaction involved the sale of a total of 34,810,520 Testa shares for 317 million euros.

e) Euro Commercial Paper (ECP) programme

On 14 April 2016, Sacyr registered an ECP programme at the Irish Stock Exchange, pursuant to the authorisation given to it by the General Shareholders' Meeting held on 12 June 2014. Through this programme, Sacyr intends to carry out, for one year from the current date, part issue of notes, with a maturity of between 1 and 364 days from the closing date of each issue. The global maximum amount of the programme is limited to 300 million euros

3.3.- Performance of the Construction division (Sacyr-Somague).

Construction division revenue in 2016 amounted to 1,250 million euros, down 25% on 2015 due to the lower level of activity in Spain and the markets where Somague operates.

The strategy of internationally expanding the construction division is reflected in the weight of overseas billing, which represents 74% of total revenue. In this regard, noteworthy of mention is the performance of the business in Italy, Angola, Mexico, Portugal and Chile and Mexico, among others, where major contracts were awarded:

- In Italy, the subsidiary SIS was awarded the construction contract for the Rome–Latina motorway, spanning 186 km and with total planned investment of 2,800 million euros. The project consists of two main axes: the 68.3km Roma-Latina motorway which is sub-divided into two link roads: A12 Roma-Tor de'Cenci and Tor de'Cenci-Latina Borgo Piave; and the 31.5km Cisterna-Valmontone motorway link road.
- In Angola, Somague has been awarded numerous construction contracts, which include: the contract for completion of and special installations at the "Kinaxixi 2" commercial and business complex in Luanda for 117.54 million euros; construction of the new operations base of Schlumberger, also in Luanda, for 17.5 million euros; the enlargement and remodelling of the regional headquarters of the National Bank of Angola in the province of Huíla for 7 million euros; and the construction of the Lemos housing complex in Luanda for 5.2 million euros.
- In Portugal, where Somague remains one of the leading companies in the ranking of contracts awarded, the following stand out: construction of the new Hospital CUF, for IMO Health, in the Parque das Nações (Lisbon) for 15.5 million euros; the construction of the new installations for the Canto da Maia elementary school on la Isla de San Miguel (Azores) for 14.45 million euros; extension and remodelling of Puerto de las Pozas in Santa Cruz de las Flores, Isla de Flores (Azores), for 4.2 million euros; the construction of a new waste-water treatment plant in Câmara de Lobos (Madeira) for a total of 3.3 million euros and the reinforcement of the main dock protection in the port of Ponta Delgada (Azores) for 3.28 million euros.
- In Spain, where business continues to be very slow, Sacyr was awarded, among others, the following projects: construction of an industrial warehouse for SEDIASA, amounting to 16.12 million euros; work on renewing and enlarging installations at the US naval base in Rota (Cadiz), for 10.26 million euros; construction works on the new surgical and obstetrics units at the Hospital del Sur de Tenerife, for 8 million euros, and the adaptation project at Santiago de Compostela station for the new high-speed rail services, for 7.64 million euros.
- In Mexico, Sacyr has been awarded the contract to construct the foundation slab of the overland transport centre in the new international airport in Mexico City. With a budget of 64 million euros, the work will allow the transfer of passengers that arrive at the terminal by public or private transport.
- In Cape Verde, Somague, through its subsidiary CVC, has been awarded the contract to build a multi-use complex in Praia, at a cost of 9.7 million euros.

The most significant openings in the year, apart from the Panama Canal, already mentioned earlier, were the following:

- In February, Sacyr Construction Colombia opened the first 5.6 km section of the "Buenaventura" highway. When it has been completed, the new structure will run over 20 kilometres between Cali and Buenaventura.

- Also in February, Sacyr Construction, through SIS, commissioned the tram system in Palermo (Italy). The system runs over a total of 18.3 kilometres on 3 independent lines, connecting western and southern Palermo to the city centre. SIS will also handle start-up and maintenance of the facilities over 4 years.

The construction backlog stood at 4,131 million euros at 31 December, with 84% of this being outside Spain. It ensures 40 months of activity at the current rate of revenue.

3.4.- Performance of the Concessions division (Sacyr Concesiones).

At year-end 2016, the Group had 35 concessions distributed throughout eight countries (Spain, Italy, Portugal, Ireland, Chile, Colombia, Uruguay and Peru) 25 of which were in operation and 10 of which were under development. There are 26 motorway and road concessions in the EU and America (11 in Spain, 6 in Chile, 3 in Colombia, 2 in Italy, 1 in Portugal, 1 in Ireland, 1 in Peru and 1 in Uruguay), in addition to concessions for 6 hospitals, 2 transport hubs and 1 underground railway line.

Revenue in the Concession division amounted to 552 million euros in 2016, with income from concessions reaching 309 million euros, up 12% on 2015, thanks to improved traffic and the partial start-up of operations of the Chilean concessionaires Rutas de Algarrobo and Rutas del Desierto.

EBITDA was 207 million euros, a 13% increase on last year, with an EBITDA margin of 67%.

The following major contracts were awarded in 2016:

- On 16 June, Sacyr, through its Italian subsidiary SIS, reached the final phase of the tender for the construction and 43-year operation of the Rome–Latina motorway, spanning 186 km, with the total investment expected to reach 2,800 million euros. The project requires 78 viaducts and overpasses to be built for a combined length of 23,700 metres, plus two tunnels stretching 2,350 metres in total, five cut-and-cover tunnels, 17 junctions and three central toll booths, among other infrastructure. Average Daily Traffic (ADT) is expected to be 32,000 vehicles and total revenue of 12,250 million euros over the term of the concession. On 11 July, Sacyr Group was awarded the project contract.

The most significant openings in the year, were the following:

- On 12 May, Sacyr Concesiones brought into service the second and final stretch of 86km of the new Ruta del Algarrobo in Chile, which links the cities of La Serena and Vallenar (in the Coquimbo region up to the border with the Atacama region). The first 101km section was opened in May 2015, meaning that the entire 187km motorway has now been completed for a total investment of 250 million euros.
- On 24 August, Sacyr Concesiones opened the Concepción-Cabrero motorway in Chile. At 103.4km long, the road links two Chilean towns and improves the connectivity of the entire Bío Bío region, as well as connecting with the Ruta 5 Sur motorway. Investment of 360 million euros has been required for this project, which began in 2012.

Other corporate transactions that took place during the year include:

- On 28 January, Sacyr Concessions sold its 20% stake in Sociedad Concesionaria del Hospital Puerta de Hierro, Majadahonda, Madrid. The purchaser was the infrastructure fund DIF, and the total value of the operation was 55 million euros, including associated debt.

- On 3 March, Sacyr Concessions sold its 98% interest in the company HC-Hospitais Concesionados to the infrastructure fund, Aberdeen. This company holds a stake in the concessions of three hospitals in Portugal: Braga and Vila Franca de Xira, 51%, and a 40% holding in Isla de Terceira (Azores). The total value of the operation was 113 million euros, including associated debt.
- On 27 April, Sacyr Concesiones and British fund Eiser issued 54 million euros in bonds through the concessionaire company, Autovía del Noroeste de Murcia (Aunor), with the aim of refinancing the concession. The issue has an annual coupon of 4.75%, paid half-yearly and matures in 2025.
- On 6 July, Sacyr Concesiones completed the refinancing of the debt of the concessionaire companies that manage and operate the Moncloa and Plaza Elíptica transport hubs in Madrid for a total of 190 million euros. This new financing has a term of 25 years, compared with the current financing which matures in 2018 and 2019.
- On 2 November, the prestigious publication, Public Works Financing (PWF), placed Sacyr Concesiones in sixth place in the world ranking of transport infrastructure concessions managers, one position higher than in 2015.

Sacyr Concesiones' order backlog stood at 12,926 million euros at 31 December 2016, with 59% deriving from the international market.

3.5.- Performance of the Services division (Valoriza)

In 2016, Valoriza posted revenues of 908 million euros, 19% higher than in 2015. This growth was fuelled by the Multiservices businesses (+28.5%), Environment (+10.9%) and Water (+16.8%).

EBITDA was 76 million euros, with a year-on-year variation of 9%. The EBITDA margin was 8%.

At 31 December, Valoriza's backlog stood at 6,447 million euros, of which 29% derives from the international market. Valoriza remains firmly committed to tendering activity in all its business areas both in Spain and abroad.

Environment

In 2016, Valoriza Servicios Medioambientales continued to fulfil its important role within the Valoriza Group's environmental area. In this regard, despite the difficulties posed by the current economic climate, the Valoriza Servicios Medioambientales Group has consolidated its position within the sector and continues to be a leading business group. The areas in which it conducts its business are outlined below:

- **Municipal services:** This area, which has driven growth in recent years, comprises concessions for street cleaning, collection of urban solid waste (including underground recycling containers), gardening and maintenance of green areas, parking metre management, and towing services. Contracts won in 2016 included the following:
 - Street cleaning and waste collection services in the city of Albacete, in a 15-year contract worth 164 million euros and which may be extended for an additional five years. Among other actions, the project involves the replacement of all containers and 1,500 waste paper bins.

- Solid urban waste collection contract for the eastern part of the city of Madrid, which covers the districts of Hortaleza, Barajas, San Blas-Canillejas, Ciudad Lineal, Vicálvaro, Moratalaz, Salamanca, Chamartín and Retiro. This 4-year project, which can be extended for a further two, is for a total of 87 million euros and involves improvements in the collection of recyclable wastes (packaging, glass, paper and cardboard) and the replacement of the current vehicles for greener ones (electric or natural gas).
- The contract for urban solid waste collection and transport, street and beach cleaning in Ibiza. The concession is for a term of 10 years and is worth 67,86 million euros.
- Maintenance, conservation and replacement of green spaces service for Vigo council. This 4-year concession is worth 14.3 million euros and may be extended for a further two years.
- The contract for the collection and transport of urban solid waste, street cleaning and the upkeep of green spaces in Navalcarnero, Madrid. The concession is for a term of 6 years and is worth 12.04 million euros.
- Maintenance and cleaning service for parks and gardens in the town of Vilanova i la Geltrú (Barcelona). This 4-year contract is worth 7.62 million euros.
- The contract for the collection of waste material and its transport to the recycling plant (Ecoplanta), street cleaning and the management of the household waste recycling centre in the town of As Pontes, Coruña. This 12-year contract is worth 5.71 million euros.
- Service of immobilisation and removal of vehicles from public roads, and car park management and regulation (ORA) in the towns of Alcobendas and San Sebastián de los Reyes (Madrid). This contract is worth 5.30 million euros, and the concession term is for 4 years.

Valoriza Servicios Medioambientales, as part of its policy of driving the area of mobility and "smart cities", has acquired Aplicaciones Gespol, S.L., which will increase its services backlog in activities such as the management of parking fines, private residential areas, traffic lights and traffic control rooms.

- **Waste treatment:** This business area, which has won substantial long-term concessions in recent years, builds and operates plants to treat urban solid waste, packaging, and batteries; treatment facilities for construction and demolition debris and landfill gas removal; and plants for biomethanation, incineration, and waste-to-energy production; as well as facilities to treat, compost, and thermally dry the sludge from waste-water treatment plants.

The most notable event in 2016 was the acquisition of an additional 33% stake in Biorreciclaje de Cádiz, giving Valoriza the majority shareholding in and control of the company. This company's new strategy is based on the implementation of a single tariff for the whole province, which will help avoid delays in local authority payments, which has been the main problem in the last few years.

Among the most significant contracts awarded in the year were for the treatment of sludge from waste water and drinking water treatment plants in Burgos, the operation of the waste treatment plant in Abajas, in the same province, and for the composting plant in Torrelles de Llobregat (Barcelona).

- **Regeneration:** This area encompasses water quality control, atmospheric control and recovery of landscapes and woodlands.

Of particular note in 2016 were the contracts to replace urban trees in the town of Fuenlabrada (Madrid) and the construction and adaptation of various parks in the neighbourhoods of Valdebebas (Madrid), Arroyo de la Encomienda (Valladolid) and Colmenar Viejo (Madrid).

Water

This business line encompasses two main fields of activities: engineering, development, construction, maintenance and operation of all types of water-related plants (drinking water and water purification plants, desalination plants, tertiary treatments and recycling, industrial waste water treatment, agricultural treatment, etc.) and the end-to-end management of the water cycle under public sector concessions or in the private sector.

Integrated water cycle management activities are carried out by Valoriza Agua in Spain and Somague Ambiente in Portugal, serving a total over of 1.3 million people.

The most significant activities include the end-to-end water cycle of the city of Santa Cruz de Tenerife through the investee Emmasa; management of drinking water distribution in Las Palmas de Gran Canaria through the investee Emalsa; and the water supply concession in Guadalajara.

In terms of project performance and development, Valoriza Agua works through its subsidiary Sadyt, a world leader in both reverse osmosis desalination and water treatment. This company is present in Algeria, Israel, Chile and Australia, as well as in Spain.

The following significant international contracts were awarded in 2016:

- The design, construction, operation and maintenance of the seawater desalination plant in Sohar (Oman). With desalination capacity of 250,000 cubic metres of water a day, one of the country's biggest, the project will generate income of 1,200 million US dollars (1,086 million euros) over the planned 20 years of the concession.

In Spain, the award of the following major contract in 2016 was of particular note:

- Project and execution of the works for the preliminary design and addendum of the waste water treatment plants (EDAR) in Sant Antoni de Portmany and Santa Eularia des Riu, on the island of Ibiza (Balearics). This 33-year contract is worth 24.6 million euros.

Multiservices

Valoriza Multiservicios manages the Valoriza Group's businesses through three companies: Valoriza Facilities, Cafestore and Valoriza Conservación de Infraestructuras.

Valoriza Facilities is the Group company which specialises in the provision of Facility Services, technical maintenance of facilities, cleaning, ancillary services (porter services, gardening, etc.), energy and social-health services, the latter through its subsidiary Valoriza Servicios a la Dependencia.

The company obtained revenue of 292 million euros in 2016, a strong year-on-year increase of 35%, with a services backlog, including contract extensions, of over 1 billion euros.

The main contracts awarded in 2016 were as follows:

Cleaning:

- The four-year rolling stock cleaning services concession, lots 1 and 2, for the Madrid Metro, worth 20.8 million euros.
- Bus and depot cleaning service for the ALSA bus line across the whole of Spain. This 3-year contract is worth 17.52 million euros.
- Concession for cleaning services in hospital buildings and installations and health centres for the health authorities of Elche, Alcoy and Requena (Valencia region) for 14.58 million euros over a two-year period.
- The 18-month extension to the cleaning contract for various General State Administration offices in Madrid (Nuevos Ministerios and Arturo Soria Ventas y Sur areas), for 14 million euros.
- Cleaning, disinfection, and insect and pest control services for the University of Castilla La Mancha's buildings. This 2-year contract is worth 8.51 million euros.

Facility management and maintenance contracts:

- Extension of the facility management and maintenance contracts for Merlin Properties' (formerly Testa Inmuebles en Renta) buildings in Madrid, Barcelona and Zaragoza. The one-year concession is worth 7.33 million euros.
- Facility maintenance and upkeep of the buildings and installations for the health centres in Huelva province for the Andalusia regional government. This 2-year contract is worth 4.18 million euros.
- Energy efficiency and maintenance services for the National Art Gallery of Catalonia (MNAC) in Barcelona. This 2-year contract is worth 2.53 million euros.

Healthcare services:

- Home-care services for the Madrid Municipal Council in the districts of Centro, Arganzuela, Moncloa-Aravaca, Latina y Carabanchel. The three-year concession is for a total of 154 million euros and can be extended for a further three years. Valoriza Servicios a la Dependencia will provide the services to 15,000 users each month, through its 2,500 employees.
- Home-care services (basic social services and cleaning) for the Barcelona Municipal Council in the Gracia and El Ensanche districts. This 2-year contract is worth 28.79 million euros.
- Ancillary services in the senior citizens' care home in Paseo de la Cuba, Albacete. This contract is worth 11.12 million euros, and the concession term is for 4 years.
- Management of personal development and integration into the community of people with learning disabilities at the Guadiana residential complex (Ciudad Real). This 3-year contract is worth 9.44 million euros.
- Home-care services for the Zamora provincial government. The contract is worth 9.14 million euros, and the concession term is for 2 years.
- Home-care services for Orense Municipal Council. This 2-year contract is worth 5.38 million euros.

Valoriza Conservación de Infraestructuras is the Group company engaged in road maintenance and upkeep, both in Spain and abroad. Among other activities, the company maintains an equivalent of 6,656 kilometres of motorways, an extensive network of irrigation channels and the Bilbao port. Noteworthy within Spain in 2016 were the award of the following major contracts:

- Renewal, and combination in a single contract, of road conservation and maintenance for sectors 1 and 4 in the Jaén province. This contract is worth 12.8 million euros, and the concession term is for 4 years.
- Road safety works for various local authorities, including repairing and replacing containment barriers, vertical and horizontal signage and resurfacing. The contracts are worth a total of 8.24 million euros.
- Extension of the motorway conservation services in the provinces of Jaén and Almería. The contract is worth 6.37 million euros.

Abroad (Chile):

- The renewal of the operating and maintenance services of the Vallenar-Caldera stretch of the Northern Route 5 concession in Chile. The contract is worth 14.84 million euros.
- Conservation of the Global Mixta highway in Colchagua Poniente, in the O'Higgins region, through its Chilean subsidiary, SAOPSE. This 4-year contract is worth 6.23 million euros.
- Conservation of the Global Mixta highway in Colchagua Oriente, in the O'Higgins region, through its Chilean subsidiary, SAOPSE. This 4-year contract is worth 5.89 million euros.
- Conservation of the Global Mixta highway in Petorca, in the Valparaiso region, through its Chilean subsidiary, SAOPSE. This 4-year contract is worth 4.27 million euros.

Cafestore, a Group company that specialises in catering services in concessions and has a presence in motorway service areas (third-leading Spanish operator in this market), social-health services and public-sector organisations, serving over 4 million customers a year. In addition it manages the operation of four petrol stations and a hotel.

At year-end 2016, the Group had a total of 44 points of sale: 26 motorway service stations throughout Spain, restaurants at three hospitals in the Madrid region and two cafeterias in transport hubs, along with others at AVE rail stations, in senior-citizen care homes and in 11 public organisations (Madrid, Castilla La Mancha, Extremadura and Andalusia).

The following contracts won are noteworthy:

- Restaurant services for five senior-citizen care homes in the Valencia region, for a total amount of 1 million euros, with a 3-year concession period.
- Cafeteria services for the IT department of the Social Security in Madrid for a total of 0.5 million euros a year.
- One-year extension of the contract for catering, vending, cafeteria and canteen services at the Assembly of Madrid, worth 0.6 million euros.
- Renewal of the contract for cafeteria services at the Luis Vives halls of residence, part of the Autonomous University of Madrid (Universidad Autónoma de Madrid) for 0.3 million euros.

3.6.- Performance of the Industrial division (Sacyr Industrial)

Revenue for Sacyr Industrial amounted to 401 million euros in 2016, up 38% on the previous year thanks to the contribution of the La Pampilla contracts (Peru); the regasification plant in Cartagena de Indias (Colombia) and the cement plant at Oruro (Bolivia); the new EPC (Engineering, Procurement and Construction) contracts awarded this year, in Oil and Gas (Spain and Peru), in electricity infrastructure (Chile) and in the Environment division (Ecuador); and also due to the strategic alliances made with companies like Flúor, Nervión and Isotrón in previous years.

This positive performance of revenue was accompanied by a 43% year-on-year increase in EBITDA, which amounted to 30 million euros. This gave an EBITDA margin of 7.5%, also as a result due of the new EPC projects and the strategic alliances referred to above.

The following major contracts were awarded in the year:

In Oil and Gas:

- Construction of the new Nuevo Mundo compressor station in Peru, for the Kinteroni and Sagari wells in Peru. The project involves the compression facilities for the new gas fields in the Peruvian regions of Ucayali, Junín and Cusco. It is for a total of 197 million euros and has a completion schedule of 15 months.
- Facility maintenance and repair of industrial plants in Cartagena, Tarragona and Puertollano for an amount of 54 million euros.
- Enlargement works on block 2 of the La Pampilla oil refinery for 11.43 million euros and scheduled for completion in 24 months.

In the area of Electrical Installations:

- Construction and maintenance contracts for Compañía General de Electricidad de Chile for several medium- and low-voltage power lines. This 72-month contract is worth a total of 44 million euros.
- Construction of the new Crucero Encuentro electrical substation for Sociedad Austral de Transmisión Troncal de Chile (Chile). This 36-month contract is worth 16 million euros.

In the area of Environment and Mining:

- Extension work at a cement factory in Riobamba (Ecuador) for Unión Cementera Nacional at a total cost of 150 million euros and with a scheduled period to complete the work of 28 months. The project includes the design, construction, assembly and start-up of the new clinker line, which will have a capacity of 2,600 tons per day, to supply the existing cement plant.

Two significant openings also occurred in the year:

- The start up of the expanded diesel module at the La Pampilla refinery (Peru) in October. With an overall investment of 167 million euros, the project enables the specifications of the fuels produced to be brought into line with Peru's new environmental regulations and to comply with the required sulphur levels.
- The first regasification terminal in Cartagena de Indias (Colombia) was opened in December. With a global investment of 142 million euros, the new liquefied natural gas (LNG) import terminal will have the capacity to treat 400 million cubic feet of liquefied gas per day. The installation also includes the pipeline transporting imported gas from the bay of Cartagena de Indias to the Colombian National System for natural gas distribution.

Sacyr Industrial's activity over the next few years is fully assured by a backlog of 2,452 million euros at 31 December 2016.

3.7.- Holding in Repsol S.A.

In 2016, Sacyr remained a core shareholder in Repsol, S.A., through its investee Sacyr Vallehermoso Participaciones Mobiliarias, S.L.

Repsol is the leading company in its sector in Spain and one of the world's leading energy groups, with a strong presence in geo-politically stable countries (OECD).

Repsol also holds a 20.083% stake in the benchmark energy company Gas Natural SDG, S.A., having sold a 10% stake in the company to GIP Canary S.À R.L. during the year for 1,901.31 million euros, obtaining a capital gain of 246 million euros.

In 2016, Repsol, S.A. reported total revenue of 34,689 million euros, with attributable consolidated profit of 1,736 million euros (-1,398 million euros in 2015), thanks to the flexibility of its businesses, the acquisition of Talisman and the efficiency programmes undertaken by the company to counteract the fall in oil prices in the first part of the past year. Adjusted net profit (stripping out extraordinary and inventory effects) was 1,922 million euros, an increase of 4% on 2015.

EBITDA rose by 18% year-on-year, to 5.226 million euros.

Net debt was reduced to 8,144 million euros, down 32% on 2015.

During the year, Repsol YPF, S.A. paid a final gross dividend of 0.758 euros per share (0.466 euros as an interim dividend against 2015 profit and 0.292 euros as a final dividend for that year). Sacyr Vallehermoso Participaciones Mobiliarias, S.L.U.'s share of the dividend amounted to 92.63 million euros.

Repsol, S.A. is listed on Spain's IBEX-35 index, as well as on the leading index in the United States. At year-end 2016, the Company's share price stood at 13.42 euros (up 32.61% on 2015) and its market cap. was 19,668.94 million euros. It was one of the biggest annual gains in both the IBEX-35 and the European oil and gas sector.

4. LIQUIDITY AND CAPITAL FUNDS

The Sacyr Group's financing sources are explained in detail in the note on bank borrowings in these consolidated financial statements.

Lastly, the contractual obligations and off-balance-sheet obligations are included under "Provisions and Contingent Liabilities" in the notes to these consolidated financial statements.

5. RISKS AND UNCERTAINTIES

The Sacyr Group is exposed to a number of risks and uncertainties. The credit and liquidity risks associated with these sources of financing are explained in detail in the "Risk management policy" note to these financial statements, the key points of which are:

- **Credit risk:** Credit risk is negligible in the Group's Construction, Services and Infrastructure Concessions divisions, as the bulk of these businesses' revenue comes directly from Spain's central, regional and local government bodies and those of other geographical markets in which the Group operates. These public authorities promptly meet the payment terms set out in contracts, and they all have excellent credit ratings. The Group, therefore, has no significant credit risks due to the considerable solvency of its customers and the short collection periods agreed.
- **Liquidity risk:** The liquidity risk to which the Group's divisions are exposed is negligible due to the nature and characteristics of the various collection and payment processes. Project financing is used in the case of infrastructure concessions and energy projects, whereby investment is guaranteed and financed by the cash flow generated by the projects themselves. In the Construction division, the Group takes out credit facilities to guarantee sufficient liquidity.

Occasional short-term cash surpluses in all Group divisions are invested in highly liquid risk-free deposits, provided this is in line with best financial management practices.

- Market risk: the main market risks to which the Group is exposed are:
 - Interest rate risk: Interest rate risk is the main risk to which the Group is exposed, and arises from borrowings from financial institutions, as detailed in the notes to the financial statements. A significant portion of the Group's debt is fixed-rate through the use of hedging instruments such as interest rate swaps, which reduce exposure to increases in rates.
 - Foreign currency risk: The Group's policy is to contract debt in the same currency in which the cash flows of each business are denominated. This matching means that at present the Group has no significant exposure to currency risk. Within this category, some mention should be made of the impact of currency fluctuations on the conversion of the financial statements of foreign entities that do not use the euro as their functional currency. The Group's rapid expansion in recent years means that in the future it may encounter situations that expose it to currency risk. Should this occur, the Group would consider how this risk can best be minimised through the use of hedging instruments pursuant to corporate criteria.

Other market risks to which the Group is exposed include:

- Risks associated with international expansion: This risk arises from the Group's ongoing expansion into new markets. Before making new investments, the Group conducts exhaustive and detailed analyses of the target markets. These surveys comprise on-site research that can span several years.
- Regulatory risk: Group companies must comply with both general and sector-specific regulations (legal, accounting, environmental, employment, tax, data protection etc.). Changes in these regulations could either benefit or adversely affect the Group's businesses.

Other risks to which the Group is exposed are:

- Environmental risks
- Risks of damages caused by construction work
- Risks associated with workplace health and safety;
- Risks of loss of assets.

The Group has implemented control systems to adequately identify, quantify, evaluate and remedy all these risks, so as to minimise or eliminate their consequences.

6. EVENTS AFTER THE BALANCE-SHEET DATE

Events after the reporting date are detailed in the notes to these consolidated financial statements.

7. OUTLOOK

The strategies and objectives of the Sacyr Group for the next few years are as follows:

1. To continue promoting and developing the business in which we are experts and leaders (core business) in Spain and abroad, in order to consolidate our position as a leading international construction, infrastructure management, services and industrial Group.
2. To maintain operating profitability and EBITDA margins of the current business units, with profitability taking precedence over scale.
3. To continue with the Group's international expansion, through a local presence in a selective number of regions and countries. Always analysing, in detail, the economic risks deriving from each project.
4. To contain costs and structural expenses in order to be more competitive.
5. To reduce corporate financial debt and diversify the Group's sources of finance.

8. R&D+i

Innovation, technology, research and development are key factors that have contributed to the business success of the Sacyr Group. This commitment is evident through the definition and disclosure of this policy and by assigning the human and technical resources necessary to implement such policy.

The ideas later developed by the Group's innovation departments germinate in this environment, thereby allowing the Group to subsequently improve its materials, systems, processes and, therefore, its results.

In 2016, the Sacyr Group consolidated its backlog of 12 new R&D projects with external recognition of this activity by obtaining grants, loans and/or tax credits from various official bodies.

Although none can be considered significant, due to their small budget as a part of total revenues, the Group's R&D+i activities involved all business areas: Construction, Concessions, Services and Industrial.

9. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report forms part of these financial statements and is available in full on the website of the Spanish National Securities Market Commission (www.cnmv.com) and the company's website (www.sacyr.com).

10. ACQUISITION AND DISPOSAL OF TREASURY SHARES

At 31 December 2016, Sacyr's share capital was fully subscribed and paid. Share capital was composed of 517,430,991 shares with a par value of 1 euro each. There is only one class and series of shares, and all shares carry the same rights.

At year-end 2016, Sacyr's market capitalisation stood at 1,148.7 million euros. Share performance on the continuous market is as follows:

SHARE PRICE IN 2016

N° of shares admitted for trading	517,430,991
Trading volume (thousands of euros)	2,235,798
Trading days	257
Closing price 2015 (euros)	1,814
Closing price 2016 (euros)	2,220
High (on 20/12/16) (euros)	2,367
Low (on 24/06/2016) (euros)	1,174
Average weighted share price (euros)	1,707
Average daily trading vol. (n° of shares)	5,097,246
Liquidity (shares traded/capital)	2.532

At year-end 2016, Sacyr's share price was 2.22 euros per share, compared to 1.814 euros in the previous year. The share price reached its intraday high of 2.367 euros on 20 December, and its daily closing high of 2.34 euros on the same day. The intraday day low was 1.174 euros, on 24 June, and the minimum daily close was 1.294 euros per share, on 11 February.

Sacyr's share price marked an uneven performance against the IBEX-35, the IBEX Medium Cap, the General Index and the National Construction Index. Sacyr's shares were more volatile than the benchmark indices, with a weighted average fluctuation of 1.707 euros per share. The average daily trading volume was over 5.09 million shares, for a total of 2,235 million euros for the year.

STOCK MARKET INFORMATION	2016	2015
Share price (euros)		
High	2,367	4,279
Low	1,174	1,782
Method	1,707	3,180
Year-end	2,220	1,814
Average daily trading vol. (n° of shares)	5,097,246	6,657,374
Annual trading volume (thousands of euros)	2,235,798	5,427,009
N° of shares admitted for trading at year-end	517,430,991	517,430,991
Market capitalisation (thousands of euros)	1,148,697	938,620

At December 31, 2016, the parent company held 6,068,302 treasury shares, equivalent to 1.1728% of its share capital. At the average exchange rate, the price paid was 6.84 per share.

Throughout 2016, Sacyr maintained the liquidity agreement it entered into on 29 March 2012 with GVC Gaesco Bolsa, S.V., S.A. pursuant to Circular 3/2007, of 19 December, of the Spanish National Securities Market Commission.

Between 1 January and 31 December 2016, 76,988,618 and 75,819,116 Sacyr shares were bought and disposed of, respectively.

At 31 December 2016, Sacyr was custodian of 1,601 Sacyr shares, which were those that were not subscribed in the bonus issue of 2015.

Sacyr will be the legal custodian of these securities in the three years established by law, at the end of which, and pursuant to Article 59 of the Spanish Corporate Enterprises Act, it will sell and deposit the resulting amount, together with the dividend rights received during this entire period, in the General Deposit Fund, where it will be available to its shareholders.

At the 2016 balance sheet date, the Sacyr share price was 2.220 euros, 22.38% lower than at the prior year close (1.814 euros per share).

STATEMENT CERTIFYING SIGNATURES
AND
ENVIRONMENTAL STATEMENT

STATEMENT CERTIFYING SIGNATURES:

In certification that the Board of Directors of Sacyr, S.A. (Parent of the Group), at its meeting on 30 March 2017, has authorised for issue, in accordance with the provisions of Article 253 of the Spanish Corporate Enterprises Act, the 2016 consolidated financial statements (consolidated statement of financial position, separate consolidated income statement, consolidated statement of changes in equity, consolidated statement of comprehensive income, consolidated statement of cash flows, and notes to the consolidated financial statements) and the consolidated management report for Sacyr, S.A., which will be submitted for approval at the Parent's General Shareholders' Meeting. These documents are reproduced in the preceding pages numbered consecutively from first to last, and are stamped and signed by the Secretary to the Board. Pursuant to Article 8.1.b) of Royal Decree 1362/07, of 19 October, the Board of Directors hereby states that to the best of its knowledge and belief, the above-mentioned documents were prepared in accordance with applicable accounting principles and present a true and fair view of the financial position and earnings of the Parent and of the consolidated companies taken as a whole, and that the consolidated management report provides a true and fair analysis of the performance and earnings obtained, as well as the Parent's position and of the consolidated companies taken as a whole, along with a description of the main risks and uncertainties these face.

In compliance with Article 253 of the Spanish Corporate Enterprises Act, and, as evidence of their conformity with said consolidated financial statements and consolidated management report for 2016, the directors of Sacyr, S.A. hereby lend their signatures below.

ENVIRONMENTAL STATEMENT:

Also, we the undersigned, as directors of the Company, state that the Group's accounts underlying these consolidated financial statements contain no items of environmental significance that should be included in the notes to the consolidated financial statements in accordance with the third part of the Spanish General Chart of Accounts (Royal Decree 1514/2007, of 14 November).

In Madrid, at 30 March 2017.

D. Manuel Manrique Cecilia
Presidente y Consejero Delegado

D. Demetrio Carceller Arce
Vicepresidente

D. Jose Manuel Loureda Mantiñán
Por Prilou, S.L.
Consejero

D^a. Isabel Martín Castellá
Consejero

D. Matías Cortes Domínguez
Consejero

D. Jose Manuel Loureda López
Por Prilomi, S.L.
Consejero

D. Gonzalo Manrique Sabatel
Por Cymofag, S.L.
Consejero

D. Javier Adroher Biosca
Consejero

D. Juan Miguel Sanjuan Jover
Por Grupo Satocán Desarrollos, S.A.
Consejero

D. Tomás Fuertes Fernández
Por Grupo Corporativo Fuertes, S.L.
Consejero

D. José Moreno Carretero
Por Beta Asociados, S.L.
Consejero

D. Raimundo Baroja Rieu
Consejero

D. Juan María Aguirre Gonzalo
Consejero

D. Augusto Delkader Teig
Consejero

De todo lo cual como Secretario doy fe, en Madrid, a efectos del artículo 11.3 y 3 del RD. 1362/07, de 19 de octubre, sobre transparencia de la información de los emisores.

D^ª. Elena Otero-Novas Miranda
Secretario del Consejo