

SACYR, S.A.  
BALANCE SHEETS AT 31 DECEMBER 2016 AND 2015  
(Expressed in thousands of euros)

**SACYR, S.A.**

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

SACYR, S.A.  
BALANCE SHEETS AT 31 DECEMBER 2016 AND 2015  
(Expressed in thousands of euros)

**Contents**

BALANCE SHEET .....	3
INCOME STATEMENT.....	5
STATEMENT OF CHANGES IN EQUITY.....	6
STATEMENT OF CASH FLOWS.....	8
01. Company activity.....	9
02. Basis of presentation of the financial statements.....	10
03. Distribution profit.....	13
04. Accounting policies and measurement bases.....	13
05. Intangible assets.....	23
06. Property, plant and equipment.....	24
07. Financial instruments.....	26
08. Investments in Group companies, associates and jointly controlled entities.....	35
09. Non-current assets held for sale and liabilities associated with these assets.....	39
10. Cash and cash equivalents.....	40
11. Equity and shareholders' equity.....	40
12. Provisions, contingent liabilities, guarantees and deposits.....	42
13. Grants, donations or gifts and legacies.....	44
14. Risk management policy.....	44
15. Public administrations and tax matters.....	45
16. Income and expenses.....	50
17. Related party transactions and balances.....	51
18. Remuneration and other benefits of directors and senior management.....	62
19. Environmental information.....	66
20. Other information.....	66
21. Events after the reporting period.....	67
22. Additional note for English translation.....	67
MANAGEMENT REPORT .....	68

**Independent Audit Report**

**SACYR, S.A.**

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

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 22)

## INDEPENDENT AUDIT REPORT ON THE FINANCIAL STATEMENTS

To the Shareholders of SACYR, S.A.:

### Report on the financial statements

We have audited the accompanying financial statements of SACYR, S.A., which comprise the balance sheet at December 31, 2016, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

#### *Directors' responsibility for the financial statements*

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity and financial position and the results of SACYR, S.A., in accordance with the regulatory framework for financial information applicable to the Entity in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit requires performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements give a true and fair view, in all material respects, of the equity and financial position of SACYR, S.A. at December 31, 2016, and its results and cash flow for the year then ended, in accordance with the applicable regulatory framework for financial information in Spain, and specifically the accounting principles and criteria contained therein.

### **Report on other legal and regulatory requirements**

The accompanying 2016 management report contains such explanations as the directors consider appropriate concerning the situation of the Company, the evolution of its business and other matters; however, it is not an integral part of the financial statements. We have checked that the accounting information included in the aforementioned management report agrees with the 2016 financial statements. Our work as auditors is limited to verifying the 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 Company's accounting records.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

April 7, 2017

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Francisco V. Fernández Romero



SACYR, S.A.  
BALANCE SHEETS AT 31 DECEMBER 2016 AND 2015  
(Expressed in thousands of euros)

ASSETS	Notes to the financial statements	2016	2015
<b>A) NON-CURRENT ASSETS</b>		<b>2,974,857</b>	<b>2,443,138</b>
I. Intangible assets	5	1,320	1,547
1 Computer software		1,320	1,547
II. Property, plant and equipment	6	4,145	3,406
1 Land and buildings		155	155
2 Plant and other items of property, plant and equipment		3,990	3,251
III. Non-current investments in Group companies and associates	8 and 17	2,765,346	2,440,998
1 Equity instruments		2,140,011	1,486,374
2 Loans to companies		544,252	873,541
3 Other financial assets		81,083	81,083
IV. Non-current financial investments	7	17,048	17,027
1 Equity instruments		125	5
2 Loans to third parties		16,634	16,714
3 Other financial assets		289	308
V. Deferred tax assets	16	186,698	200,157
<b>B) CURRENT ASSETS</b>		<b>616,008</b>	<b>760,931</b>
I. Non-current assets held for sale	9	-	316,840
II. Trade and other receivables		309,885	314,905
1. Trade receivables from sales and services	7	20	71
2. Receivable from Group companies and associates	7 and 17	62,228	132,172
3. Other receivables	7	185,686	130,035
4. Employee receivables	7	91	92
5. Current tax assets	16	3,143	15,549
6. Other accounts receivable from public authorities	16	58,717	36,986
III. Current investments in Group companies and associates	8 and 17	191,804	135,614
1. Loans to companies		191,804	135,614
IV. Current financial investments	7	8,471	5,061
1. Equity instruments		3,326	26
2. Loans to companies		145	35
3. Other financial assets		5,000	5,000
V. Current prepayments and accrued income		-	54
VI. Cash and cash equivalents	10	5,848	7,857
1. Cash		5,848	7,857
<b>TOTAL ASSETS</b>		<b>3,490,865</b>	<b>3,443,466</b>

The accompanying Notes 1 to 22 are an integral part of the balance sheet.

SACYR, S.A.  
BALANCE SHEETS AT 31 DECEMBER 2016 AND 2015  
(Expressed in thousands of euros)

EQUITY AND LIABILITIES	Notes to the financial statements	2016	2015
<b>A) EQUITY</b>		<b>1,719,486</b>	<b>1,644,825</b>
<b>A-1) SHAREHOLDERS' EQUITY</b>		1,719,486	1,388,336
I. Share capital	11	517,431	517,431
1. Issued share capital		517,431	517,431
II. Share premium	11	17,163	
III. Reserves	11	865,366	93,153
1. Legal and statutory reserves		103,486	62,418
2. Other reserves		761,880	30,735
IV. Treasury shares	11	(41,519)	(52,340)
V. Profit/(Loss) for the year	3	331,893	809,504
VI. Interim dividend			(26,727)
VII. Other equity instruments		29,152	46,315
<b>A-2) VALUATION ADJUSTMENTS</b>			278,489
1. Available-for-sale financial assets			278,489
<b>B) NON-CURRENT LIABILITIES</b>		<b>536,703</b>	<b>398,217</b>
I. Non-current provisions	12	1,429	1,429
1. Other provisions		1,429	1,429
II. Non-current payables	7	451,623	386,839
1. Debt instruments and other marketable securities		269,657	254,365
2. Bank borrowings		173,021	116,932
3. Other financial liabilities		8,945	15,542
III. Non-current payables to Group companies and associates	17	83,851	7,029
<b>C) CURRENT LIABILITIES</b>		<b>1,234,176</b>	<b>1,381,344</b>
I. Liabilities associated with non-current assets held for sale	9	102,000	102,000
II. Current provisions	12	93,633	116,302
III. Current payables	7	115,495	261,424
1. Debt instruments and other marketable securities		41,923	204,736
2. Bank borrowings		55,599	25,192
3. Other financial liabilities		17,973	31,496
IV. Current payables to Group companies and associates	17	593,019	269,238
V. Trade and other payables		330,029	632,380
1. Suppliers, Group companies and associates	7 and 17	242,946	555,888
2. Other payables	7	74,615	64,769
3. Remuneration payable to employees	7	3,182	847
4. Other payables to public authorities	18	9,286	10,876
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,490,565</b>	<b>3,443,466</b>

The accompanying Notes 1 to 22 are an integral part of the balance sheet.



SACYR, S.A.  
 INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015  
 (Expressed in thousands of euros)

	Notes to the financial statements	2016	2015
<b>A) CONTINUING OPERATIONS</b>			
1. Revenue	16	56,222	60,131
a) Rendering of services		56,222	60,131
2. Other operating income		85	1,440
a) Non-core and other current operating income		85	1,440
3. Staff costs	16	(26,868)	(17,818)
a) Wages, salaries and similar expenses		(18,289)	(14,873)
b) Employee welfare costs		(2,579)	(2,945)
4. Other operating expenses		(43,536)	(73,352)
a) External services	16	(42,938)	(73,055)
b) Taxes other than income tax		(244)	(294)
c) Other operating costs		(354)	(3)
5. Depreciation and amortisation expense	8 and 4	(1,813)	(1,617)
6. Allocation to profit or loss of grants related to non-financial non-current assets and other grants	13	356	-
7. Overprovisions	12	495	(30,000)
<b>A.1) NET OPERATING PROFIT</b>		<b>(9,087)</b>	<b>(41,214)</b>
8. Finance income		80,304	78,436
a) From investments in equity instruments		51,783	35,578
- Group companies and associates	17	51,783	35,578
b) From marketable securities and other financial instruments		28,521	42,858
- Group companies and associates	17	27,906	38,987
- Third parties	7	615	3,871
9. Finance costs		(36,340)	(61,378)
a) On debts to Group companies and associates	17	(3,823)	(5,701)
b) On debts to third parties	7	(32,517)	(55,677)
10. Exchange differences		248	1,132
11. Impairment losses and gains/(losses) on disposal of financial instruments		13,929	(685,691)
a) Impairment and losses	7 and 8	13,929	(685,697)
b) Gains/(losses) on disposals and other		-	6
<b>A.2) FINANCIAL PROFIT/(LOSS)</b>		<b>48,141</b>	<b>(647,801)</b>
<b>A.3) PROFIT/(LOSS) BEFORE TAX</b>		<b>47,054</b>	<b>(705,717)</b>
12. Income tax	18	4,321	(39,047)
<b>A.4) PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>51,375</b>	<b>(744,764)</b>
<b>B) DISCONTINUED OPERATIONS</b>			
13. Profit for the year from discontinued operations, net of tax	9 and 15	278,490	1,577,268
<b>A.5) PROFIT FOR THE YEAR</b>		<b>331,893</b>	<b>809,504</b>

The accompanying Notes 1 to 22 are an integral part of the income statement.

SACYR, S.A.  
 STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015  
 (Expressed in thousands of euros)

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

	2016	2015
<b>A) PROFIT PER INCOME STATEMENT</b>	<b>331,893</b>	<b>809,504</b>
<b>Income and expense recognised directly in equity</b>		
I. From measurement of financial instruments	-	609,999
1. Available-for-sale financial assets	-	609,999
II. Grants, donations and legacies received	356	-
III. Tax effect	(89)	-
<b>B) TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>	<b>267</b>	<b>609,999</b>
<b>Amounts transferred to income statement</b>		
IV. From measurement of financial instruments	(278,490)	(331,510)
1. Available-for-sale financial assets	(278,490)	(331,510)
V. Grants, donations and legacies received	(356)	-
VI. Tax effect	89	-
<b>C) TOTAL TRANSFERS TO THE INCOME STATEMENT</b>	<b>(278,757)</b>	<b>(331,510)</b>
<b>TOTAL RECOGNISED INCOME AND EXPENSES (A + B + C)</b>	<b>53,403</b>	<b>1,087,993</b>

**SACYR, S.A.**  
**STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015**  
 (Expressed in thousands of euros)

**B) STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015**

	Share capital		Share premium	Reserves	Treasury shares	Prior years' profit (loss)	Profit (Loss) for the year	(Interim dividends)	Other equity instruments	Valuation adjustments	TOTAL
	Issued	Uncalled									
<b>A) BALANCE AT 01/01/2015</b>	<b>802,212</b>		<b>667,612</b>	<b>1,041,037</b>	<b>(49,301)</b>	<b>(1,567,035)</b>	<b>(42,444)</b>		<b>44,318</b>		<b>608,414</b>
<b>B) ADJUSTED BALANCE AT THE BEGINNING OF 2015</b>	<b>802,212</b>		<b>667,612</b>	<b>1,041,037</b>	<b>(49,301)</b>	<b>(1,567,035)</b>	<b>(42,444)</b>		<b>44,318</b>		<b>608,414</b>
I. Total recognised income and expense											
II. Transactions with shareholders or owners	15,219			(16,035)							
i. Capital increases	15,219			(15,219)						278,489	1,087,993
2. Distribution of dividends								(25,727)			(25,727)
3. Transactions with treasury shares (net)				(816)	(3,039)						(3,855)
III. Other changes in equity			(667,612)	(931,849)		1,557,335	42,444				
<b>C) BALANCE AT THE END OF 2015</b>	<b>517,431</b>			<b>93,183</b>	<b>(52,340)</b>		<b>809,804</b>	<b>(25,727)</b>	<b>44,318</b>	<b>278,489</b>	<b>1,466,825</b>
<b>D) ADJUSTED BALANCE AT THE BEGINNING OF 2016</b>	<b>517,431</b>			<b>93,183</b>	<b>(52,340)</b>		<b>809,804</b>	<b>(25,727)</b>	<b>44,318</b>	<b>278,489</b>	<b>1,466,825</b>
I. Total recognised income and expense											
II. Transactions with shareholders or owners			17,163	(11,563)	10,821				(17,163)	(278,470)	63,403
1. Conversion of financial liabilities into equity (conversion of debentures, forgiveness of debt)			17,163								
2. Transactions with treasury shares (net)				(11,563)	10,821				(17,163)		(748)
III. Other changes in equity				788,374			(809,804)	25,727		1	
<b>E) BALANCE AT THE END OF 2016</b>	<b>517,431</b>		<b>17,163</b>	<b>845,914</b>	<b>(41,519)</b>		<b>331,893</b>		<b>26,155</b>		<b>1,719,486</b>

SACYR, S.A.  
STATEMENT OF CASH FLOWS FOR THE YEARS ENDED  
31 DECEMBER 2016 AND 2015  
(Expressed in thousands of euros)

	2016	2015
<b>A) CASH FLOWS (USED IN)/GENERATED BY OPERATING ACTIVITIES</b>		
1. Profit/(loss) before tax for the year from continuing operations	49,082	(728,717)
2. Profit/(loss) before tax for the year from discontinued operations	278,490	1,573,882
<b>Adjustments to profit/(loss):</b>	<b>(335,669)</b>	<b>(332,464)</b>
a) Depreciation and amortisation expense	1,813	1,617
b) Impairment losses	(13,929)	685,697
c) Changes in provisions	(495)	30,000
d) Variación de provisiones de operaciones interrumpidas	-	102,000
e) Government grants released to the income statement	(356)	-
f) Gains (losses) on derecognitions and disposals of assets	-	(6)
g) Gains (losses) on derecognitions and disposals of financial instruments	(278,490)	(1,145,674)
h) Finance Income	(80,304)	(78,436)
i) Finance costs	36,340	61,378
j) Finance costs from discontinued operations	-	12,092
k) Exchange differences	(248)	(1,132)
<b>3. Changes in working capital</b>	<b>26,055</b>	<b>(83,203)</b>
a) Trade and other receivables	5,020	(61,061)
b) Other current assets	64	51
c) Trade and other payables	30,824	128,628
d) Other current liabilities	(22,669)	(54,914)
e) Other non-current assets and liabilities	12,826	(96,002)
<b>4. Other cash flows from operating activities</b>	<b>19,738</b>	<b>520,394</b>
a) Interest paid	(32,517)	(55,677)
b) Dividends received	51,783	35,578
c) Interest received	615	542,300
d) Income tax refunded (paid)	(143)	3,871
e) Other payments (collections)	-	(5,678)
<b>5. Cash flows used in operating activities</b>	<b>37,494</b>	<b>949,792</b>
<b>B) CASH FLOWS (USED IN)/GENERATED BY INVESTING ACTIVITIES</b>		
<b>6. Payments for investments</b>	<b>(344,459)</b>	<b>(889,678)</b>
a) Group companies and associates	(338,704)	(887,854)
b) Intangible assets	(357)	(1,011)
c) Property, plant and equipment	(1,967)	(1,007)
d) Other financial assets	(3,431)	(6)
<b>7. Proceeds from disposals</b>	<b>316,840</b>	<b>1,477,196</b>
a) Other financial assets	-	36
b) Non-current assets held for sale	316,840	1,477,160
<b>8. Cash flows from investing activities</b>	<b>(27,619)</b>	<b>587,518</b>
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>9. Proceeds and payments relating to equity instruments</b>	<b>742</b>	<b>(3,849)</b>
a) Acquisition of own equity instruments	-	(91,234)
b) Disposal of own equity instruments	742	87,385
<b>10. Proceeds from and payments on financial liability instruments</b>	<b>(13,076)</b>	<b>(1,523,043)</b>
a) Issue	230,574	84,344
1. Debt instruments and other marketable securities	71,079	26,200
2. Bank borrowings	86,496	23,325
3. Payables to Group companies and associates	72,999	10,260
4. Other payables	-	24,559
b) Refund and repayment of	(243,650)	(1,607,387)
1. Debt instruments and other marketable securities	(218,600)	-
2. Bank borrowings	-	(448,507)
3. Payables to Group companies and associates	(4,930)	(202,661)
4. Payables to Group companies and associates for discontinued operations	-	(953,508)
5. Other payables	(20,120)	(711)
<b>11. Payments for dividends and returns on other equity instruments</b>	<b>-</b>	<b>(25,727)</b>
a) Dividends	-	(25,727)
<b>12. Cash flows from financing activities</b>	<b>(12,334)</b>	<b>(1,552,619)</b>
<b>D) EFFECT OF EXCHANGE RATE FLUCTUATIONS</b>		
	<b>968</b>	<b>1,132</b>
<b>E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	<b>(2,009)</b>	<b>(14,377)</b>
Cash and cash equivalents at beginning of year	7,857	22,234
Cash and cash equivalents at end of year	5,848	7,857

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

## 1. Company activity

Sacyr, S.A. 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 Company's registered office is at Paseo de la Castellana, 83-85, and it is filed in the Madrid Mercantile Register, volume 1884, folio 165, sheet M-33841, entry 677, and its tax identification number is A-28013811.

Its company object is as follows:

- 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.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

- 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.

Sacyr, S.A.'s ordinary business mainly comprises the activities of a shared services centre, i.e. management and administration, basically of the Group companies, and commercial and recruitment tasks. Accordingly, it has the technical and human resources required, together with the infrastructure relating to this type of activity. These activities are very different from the mere ownership of holdings in the capital of Group companies. In addition to the foregoing, and solely to optimise its financial resources, the Company channels the surpluses/cash deficits of certain Group companies. Under no circumstances, can it be considered that such companies perform financial activities, since Group operations are financed at each of the companies at which they are performed and not from the Group's Parent. In this regard, and in order to better understand the financial statements, the Company does not apply that stipulated in query 2, published in the Official Bulletin of the Spanish Accounting and Audit Institute 79/2009, "On the accounting classification in the individual financial statements of the revenues and expenses of a holding company which applies the Spanish General Accounting Plan (PGC 2007), approved by Royal Decree 1514/2007, of 16 November, and on the determination of the revenues of this entity".

The Company is the head of a group of subsidiaries and associates and prepares separate consolidated financial statements. The Sacyr Group's consolidated financial statements for 2015 were prepared by the directors at their Board of Directors' meeting held on 31 March 2016. The consolidated financial statements for 2015 were approved by the shareholders at the Annual General Meeting on 16 June 2016, and filed at the Madrid Mercantile Registry.

## 2. Basis of presentation of the financial statements

### a) Regulatory framework

The regulatory financial reporting framework applicable to the Company consists of:

1. The Spanish Commercial Code and other company law.
2. The Spanish General Accounting Plan and its industry adaptations.
3. Statutory standards approved by the Spanish Institute of Accountants and Auditors (ICAC) expanding on the General Accounting Plan and its complementary standards.
4. The remaining Spanish accounting regulations applicable.

### b) Fair presentation

The accompanying financial statements, which were prepared from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework and, accordingly, present fairly the Company's equity, financial position, the results of its operations and the changes in equity and cash flows for the related year. These financial statements, which were prepared by the Company's directors, will be submitted for approval by the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes. The financial statements for 2015 were adopted by the shareholders at the Annual General Meeting held on 16 June 2016.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

The figures included in the financial statements are in thousands of euros, unless otherwise indicated.

In view of the activities carried on by the Company, there is a working capital deficiency of 718,168 thousand euros (601,013 thousand euros in 2015) as a result mainly of the short-term financing of subsidiaries. Nonetheless, the Company's directors prepared the financial statements under the going-concern principle of accounting, since this situation will not affect the Company's future development. There are several factors that reduce the effects of this situation:

- New financing obtained on the basis of long-term business plans and the quality of the Group's assets.
- The simple bond issue for 30 million euros and maturing in 2023.
- The Euro Commercial Paper promissory note issue programme for up to 300 million euros and maturing within one year
- Generation of cash flow from the Group's recurring activities.
- Sale of non-strategic assets in 2017.
- Debt re-financing maturing at short-term. In this connection, in 2016, debt maturities amounting to 43.7 million euros were rolled over, of which 38.7 million euros are multi-group facilities.
- Current payables to Group companies and associates amount to 835.9 million euros, and the Company expects this debt to be refinanced based on the Group's needs.
- Debt maturities for 2017 not associated with business areas and without any type of guarantee amounted to 43.8 million euros.
- In addition, financial institutions have already rolled over debt maturing up to the date of authorisation of these financial statements for issue. For remaining maturities in 2017, based on negotiations with the financial institutions, the Company's directors are convinced that the loans and credit facilities will be renewed at long term.

Thanks to these factors, the Company considers that it is adapting rapidly to the market's current needs and mitigating its liquidity risk and that this process will make it stronger.

c) Non-compulsory accounting policies applied

No non-compulsory accounting policies have been applied. Furthermore, the directors have prepared these financial statements by taking into account all the mandatory accounting principles and standards with a significant effect thereon. All mandatory accounting principles have been applied.

d) Critical issues regarding the measurement and estimation of uncertainties

In preparing the Company's financial statements, estimates were made by the directors based on past experience and other factors considered to be reasonable based on current circumstances. These estimates were used in order to measure the carrying amount of assets and liabilities whose value is not easily determined by means of other sources.

The main estimates performed relate to:

- The assessment of potential impairment losses on certain assets.
- The useful life of property, plant and equipment and intangible assets.
- The recoverability of deferred tax assets.
- The calculation of provisions.
- The measurement of fair value, value in use and present value.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

The Company reviews these estimates on an ongoing basis. 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 in the value of non-current assets

The measurement of non-current assets, excluding financial assets, requires that estimates be made in order to determine their recoverable value for the purpose of assessing possible impairment, particularly of goodwill and intangible assets. To determine this recoverable value, the directors estimate the expected future cash flows of assets or the cash-generating units of which they form part and use an appropriate discount rate to calculate the current value of these cash flows (Notes 8 and 9).

Deferred tax assets

Deferred tax assets are recognised for all temporary differences deductible, tax loss carryforwards not yet taken, to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised. In order to determine the amount of deferred tax assets which can be recognised, the directors estimate the amounts of and dates on which taxable profits will be obtained in the future and the reversal period for the taxable temporary differences (Note 15).

Provisions

The Company recognises provisions for contingencies, in accordance with the accounting policy indicated in section 4 of these notes to the financial statements. The Company makes judgements and estimates regarding the probability that the liabilities will occur, as well as the related amount. It recognises a provision when the liability is considered probable and estimates the related cost.

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.

e) Comparative information

Together with the figures for 2016, for comparison purposes, the Company presents the figures for 2015 for each of the items in the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements, which were obtained by applying the Spanish General Accounting Plan approved by Royal Decree 1514/2007, which was amended in 2016 by Royal Decree 602/2016, of 2 December, and with other corporate and commercial law in force. In accordance with that set forth in Royal Decree 602/2016, these financial statements do not include comparative information with regard to the amount paid for third-party liability insurance premiums for damages caused by acts or omissions by directors in exercising their position (Note 17).

f) Grouping of items

The Company has not grouped together the items in the balance sheet, income statement, statement of changes in equity and statement of cash flows.

g) Items included under several line items

The Company has not recognised any items included under several line items.

h) Changes in accounting policies

In 2016, there were no significant changes in accounting policies as compared to the policies applied in 2015.



SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

i) Correction of errors

No material errors were detected in the preparation of the accompanying financial statements which gave rise to the restatement of the amounts included in the 2015 financial statements.

3. Distribution of profit

The proposed distribution of profit for 2016 that the Company's directors will submit for approval at the General Shareholders' Meeting is as follows:

	2016
<b>Basis of distribution</b>	<b>331,893,446.91</b>
Profit per income statement	331,893,446.91
<b>Allocation</b>	<b>331,893,446.91</b>
To voluntary reserves	331,893,446.91

The distribution of profit for 2015 is shown in the statement of changes in equity.

Limitations on the distribution of dividends

The Company is required to transfer 10% of profit for the year to the 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.

4. Accounting policies and measurement bases

The main accounting policies and measurement bases used by the Company in the preparation of the 2016 financial statements are as follows:

a) Intangible assets

Intangible assets are initially measured at either acquisition or production cost. After initial recognition, intangible assets are carried at cost, less accumulated amortisation and any accumulated impairment.

Production cost includes the costs of direct materials and, where applicable, direct labour costs and the reasonable portion of the costs indirectly allocable to the goods for the manufacturing or construction period, including the repayment of research expenses when they have been capitalised, specifically related management or administrative expenses, resulting shrinkage and obligations for dismantling arising from the production of inventories.

Intangible assets are amortised systematically based on the estimated useful life of the assets and their residual value. The amortisation methods and periods applied are reviewed at the end of each year, and if required, prospectively adjusted. At least at year-end, the assets are tested for signs of impairment, and where required, the recoverable amounts are estimated and the appropriate valuation adjustments are made.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

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, as of 1 January 2016, intangible assets with an indefinite useful life disappear and begin to be amortised under the assumption, unless there is evidence to the contrary, that their useful life is ten years and that they will be recovered on a straight-line basis.

- *Computer software*

Computer software includes the costs incurred in relation to computer software acquired from third parties or developed by the Company itself which meets the conditions indicated previously to be capitalised. Software is amortised on a straight-line basis over its estimated useful life of four years.

- *Research and development expenditure*

The Company recognises research expenditure in the year in which it is incurred.

b) Property, plant and equipment

Property, plant and equipment is initially recognised at acquisition or production cost, and is subsequently reduced by the related accumulated depreciation and by any impairment losses, recognised as indicated in Note 6.

Production cost includes the costs of direct materials and, where applicable, direct labour costs and the reasonable portion of the costs indirectly allocable to the goods for the manufacturing or construction period, including the repayment of research expenses when they have been capitalised, specifically related management or administrative expenses, resulting shrinkage and obligations for dismantling arising from the production of inventories.

Upkeep and maintenance costs relating to property, plant and equipment are taken to the income statement for the period in which they are incurred. Conversely, costs incurred that increase capacity or efficiency or extend the useful life of the assets are capitalised in the related assets.

For property, plant and equipment that takes more than a year to reach its required working condition, capitalised costs include the financial expenses accrued prior to readying the asset for use, and include amounts invoiced by suppliers or associated with borrowings or other third-party funding, specific or general, directly attributable to the acquisition or manufacture of the asset.

In-house work on fixed assets is recorded at the accumulated cost (external costs plus in-house costs, determined on the basis of warehouse materials consumed in-house, direct labour expenses incurred and general manufacturing costs calculated using absorption rates similar to those used for inventory valuation).

The Company depreciates property, plant and equipment by the straight-line method, applying annual depreciation rates calculated on the basis of the years of estimated useful life of the respective assets, as follows:

	% depreciation
Land and buildings	2%
Plant	10%
Machinery	20%
Furniture	10%
Transport equipment	20%
Data processing equipment	25%

At the end of each year, the residual values, useful lives and depreciation methods are reviewed, and if applicable, prospectively adjusted.

c) Impairment of non-financial assets

At least at year-end, the Company assesses whether there are any signs that any non-current assets or, where appropriate, any cash-generating unit may be impaired. Should any signs exist, their recoverable amounts are estimated.

Recoverable amount is the higher of fair value less costs to sell and value in use. When the carrying amount is higher than the recoverable amount an impairment loss is incurred. Value in use is the present value of future expected cash flows, using risk-free market interest rates, adjusted by specific risks associated with the assets. For assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the asset belongs.

Impairment losses and their reversal are charged to profit or loss. Impairment losses are reversed when the circumstances which gave rise to them cease to exist, except those relating to goodwill. The reversal of impairment losses is limited to the carrying amount of the assets which would have been posted had the related impairment loss not been previously recognised.

d) Financial instruments

d.1) Financial assets

The financial assets held by the Company are classified as follows:

d.1.1) *Classification and measurement*

- *Loans and receivables:*

These are financial assets arising from the sale of goods or the rendering of services in the normal course of business, or financial assets which did not arise from the ordinary course of business but are not equity instruments or derivatives, have fixed or determinable payments and are not traded on an active market.

Such assets are initially measured at fair value. In the absence of evidence to the contrary, this is the transaction price, which is equivalent to the fair value of the consideration given plus directly attributable transaction costs.

Subsequently, they are measured at their amortised cost.

For those trade accounts receivable maturing at under one year and which do not have a contractual interest rate, and the advances and loans to employees, the dividends receivable and the payments required on equity instruments, whose amount is expected to be received at short term, are measured at their nominal amount, both in terms of the initial measurement and the subsequent measurement, when the effect of not discounting cash flows is not material.

- *Held-to-maturity investments:*

Debt securities with fixed maturity and determinable payments that are traded in an active market, which the Company has expressed its intent and capacity to hold until their maturity date.

Such assets are initially measured at fair value. In the absence of evidence to the contrary, this is the transaction price, which is equivalent to the fair value of the consideration given plus directly attributable transaction costs.

Subsequently, they are measured at their amortised cost.

- *Financial assets held for trading:*

Assets acquired in order to be disposed of at short term or those which form part of a portfolio with respect to which evidence exists regarding recent procedures in this regard. This category also includes derivative financial instruments which are not financial guarantee agreements (for example, collateral) or hedge instruments.

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. The initial measurement of equity instruments will include the amount of the preferential subscription rights and similar which, where appropriate, are acquired.

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.

- *Discontinued operations:*

The Company classifies the business line which it decides to discontinue and dispose of as a discontinued operation. Revenue and expenses from this activity were included at a single amount, after having deducted the tax effect, under "Profit/(Loss) for the year from discontinued operations, net of taxes".

- *Investments in the equity of Group companies, jointly controlled entities and associates:*

Group companies are considered to be entities linked to the Company by a relationship of control, and associates to be those over which the Company exercises significant influence. In addition, the category of jointly controlled entities includes companies over which, by virtue of an arrangement, joint control is exercised with one or more partners.

Such companies are initially measured at fair value which, except evidence to the contrary, will be the transaction price, which will be equal to the fair value of the consideration delivered, plus directly attributable transaction costs, except non-monetary contributions to a Group company in which the purpose is a business, whose conversion is measured at the carrying amount of the items comprising the business. The amount of the preferential subscription rights and similar which, where appropriate, are acquired will form part of the initial measurement

They are subsequently measured at cost, less any accumulated valuation adjustments for impairment. Such losses are calculated as the difference between the carrying amount and the recoverable amount, where the latter is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. In the absence of any better evidence of the recoverable amount, the equity of the investee is taken into account, corrected by any unrealised gains at the date of measurement (including any goodwill).

#### *d.1.2) Derecognition of financial assets*

The Company derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred, together with substantially all the risks and rewards incidental to ownership of the financial asset, such as in the case of the outright sale of assets, factoring of trade receivables in which the Company does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at their fair value, or the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any type of guarantee or assume any other type of risk.

However, the Company does not derecognise financial assets which it sells while retaining substantially all the risks and rewards of ownership, and instead recognises a financial liability equal to the consideration received, such as discounted bills, with-recourse factoring, sales of financial assets with a repurchase agreement at a fixed price or at the selling price plus interest and securitisations of financial assets whereby the transferor retains subordinated financing or other types of guarantees which substantially absorb all the expected losses.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

*d.1.3) Interest and dividends from financial assets*

Interest and dividends from financial assets accrued subsequent to acquisition date are recognised as income in the income statement. The interest received from financial assets must be recognised using the effective interest rate method and dividends, when the right to receive them is declared.

For these purposes, the amount of explicit unmatured interest accrued at that moment is recognised separately in the initial measurement of financial assets, by maturity date, together with the amount of the dividends agreed upon by the competent body up until the acquisition date. Explicit interest refers to that obtained by applying the contract interest rate to the financial instrument.

Likewise, when the dividends distributed unequivocally arise from results generated prior to the acquisition date since higher amounts than the profit generated by the investee since the acquisition have been distributed, they are not recognised as income, rather they reduce the carrying amount of the investment.

*d.1.4) Impairment of financial assets*

The carrying amount of the financial assets is adjusted by the Company with a charge to the income statement when there is objective evidence of an impairment loss.

In order to determine the impairment losses on the financial assets, the Company evaluates the possible losses arising both from the individual assets and from the groups of assets with similar risk characteristics.

- **Debt instruments**

Objective evidence is considered to exist of the impairment of debt instruments, deemed to be receivables, loans and debt instruments when, after their initial recognition, an event occurs which has an adverse impact on future estimated cash flows.

The Company considers impaired assets (doubtful assets) to be those debt instruments for which objective evidence of impairment exists, which mainly make reference to the existence of unpaid debts, breaches and refinancing, and to the existence of data which evidences the possibility of not recovering all the future flows agreed or of a delay in their collection.

In the case of financial assets measured at amortised cost, the amount of the impairment losses is the same as the difference between their carrying amount and the present amount of the future cash flows deemed to be generated, discounted at the effective interest rate existing at the moment of initial recognition of the asset. For the financial assets subject to a variable interest rate, the effective interest rate at year-end is used. For trade and other receivables, the Company considers doubtful assets to be those past-due balances for which no assurance exists as to their collection, and the balances of companies that have applied for insolvency proceedings. The Company considers for the listed instruments the market value thereof as a substitute for the current value of the future cash flows, provided that they are sufficiently reliable.

For "Financial assets available-for-sale", when objective evidence exists that a decrease in fair value is due to their impairment, the unrealised losses recognised under "Equity - Valuation adjustments" are recognised in the income statement.

The reversal of impairment is recognised as income in the income statement up to the limit of the carrying amount of the financial asset which would have been recorded at the reversal date had the impairment not been recognised.

- **Equity instruments**

Objective evidence exists that equity instruments have become impaired when, after their initial recognition, an event or a combination of events occur which mean that the carrying amount thereof cannot be recovered due to a prolonged or significant decrease in their fair value.

In the case of equity instruments measured at fair value and included in the portfolio of "Financial assets available for sale", the impairment loss is calculated as the difference between its acquisition cost and its

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

fair value less the impairment losses previously recognised. Unrealised losses recognised in equity under "Valuation adjustments" are recognised immediately in the income statement when it is determined that the decline in fair value is due to impairment. If subsequently all or part of the impairment losses are recovered, the amount thereof is recognised in equity under "Valuation adjustments".

In the case of equity instruments valued at cost, included in the category of "Financial assets available for sale", and of the investments in the equity of Group companies, jointly controlled entities and associates, the impairment is calculated as the difference between their carrying amount and the recoverable amount, which is the higher amount between their reasonable value less the costs of sales and the current value of the future cash flows arising from the investment. Except in the case of better evidence, in the estimate of impairment, the equity of the investee is taken into consideration, adjusted by the unrealised gains existing at the measurement date. These losses are recognised in the income statement directly net of the equity instrument.

The reversal of valuation adjustments for impairment is recognised in the income statement, up to the limit of the carrying amount of the investment at the reversal date had the impairment not been recognised for the investments in the equity of Group companies, jointly controlled entities and associates; however for the financial assets available for sale which are measured at cost it is not possible to reverse the value adjustments recognised in previous years.

d.2) Financial liabilities

The financial liabilities held by the Company are classified as follows:

d.2.1) *Classification and measurement*

- *Accounts payable:*

Accounts payable include the Company's trade payables that arose from the purchase of goods and services in the normal course of its business, or non-trade payables that cannot be considered to be derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted for the directly attributable transaction costs.

Subsequently, they are measured at their amortised cost.

However, the trade accounts payable maturing at under one year and which do not have a contractual interest rate, and the payments required by third parties on holdings, whose amount is expected to be paid at short term, are measured at their nominal value, when the effect of not discounting cash flows is not material.

d.2.2) *Write-off or derecognition of financial liabilities*

Financial liabilities are derecognised when the obligation under the liability expires.

When an existing debt instrument is replaced by another on substantially different terms, the original financial liability is derecognised and the new financial liability is recognised. Financial liabilities whose contractual terms are substantially modified are also recognised.

The difference between the carrying amount of the financial liability (or of the part of it which has been derecognised) and the consideration given, plus any attributable transaction costs, which also includes any new asset transferred other than cash or any liability assumed, is recognised in the income statement in the year in which it arises.

When existing debt instruments are exchanged for other debt instruments on terms that are not substantially different, the original financial liability is not derecognised, and the commissions paid are recognised as an adjustment to their carrying amount. The new amortised cost of a financial liability is determined by applying the effective interest rate, which equates the carrying amount of the financial liability on the modification date with the cash flows to be paid as per the new terms.

d.3) Equity instruments

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

Equity instruments issued by the Company are recognised in equity at the proceeds received, net of issue costs.

Treasury shares acquired by the Company during the year are recognised at the value of the consideration delivered in exchange and are deducted directly from equity. Any gains or losses on the purchase, sale, issue or retirement of own equity instruments are recognised directly in equity and not in the income statement.

e) Cash and cash equivalents

This heading includes cash, bank current accounts and the deposits and reverse repurchase agreements (REPOs) which comply with the following conditions:

- They can be converted into cash.
- They mature within three months from the acquisition date.
- They are not subject to a significant risk of fluctuations in value.
- They form part of the Company's usual cash management policy.

For the purpose of the statement of cash flows, cash and cash equivalents do not include the bank overdrafts payable on demand that form part of the Company's cash management.

f) Foreign currency transactions

The Company's functional currency is the Euro. Therefore, transactions in currencies other than the Euro are deemed to be foreign currency transactions and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. The resulting gains or losses are recognised directly in profit or loss in the year in which they arise.

Non-monetary items measured at historical cost are translated to euros at the exchange rates prevailing on the date of the transaction.

Non-monetary items measured at fair value are translated to euros at the exchange rates prevailing on the date on which fair value is determined. Exchange rates are recognised directly in equity if the non-monetary item is measured against equity and in the income statement if it is measured directly against profit or loss for the year.

g) Income tax

Income tax expense (income) comprises the current tax expense (current tax income) and the deferred tax expense (deferred tax income).

Current tax is the amount of income taxes payable (recoverable) as a result of the income tax settlements for a period. Tax credits and other tax benefits applied to the taxable profit, excluding withholdings, prepayments and tax loss carryforwards effectively offset during the year, are deducted from the current tax.

Deferred tax expense or income corresponds to the recognition and derecognition of deferred tax assets and liabilities. These include the temporary differences, measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are recognised by applying to the temporary difference or tax credit the tax rate that is expected to apply when the asset is realised or the liability is settled.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

On 28 November 2014, Corporate Income Tax Law 27/2014 was published, which established an applicable tax rate for 2015 of 28% and for 2016 and subsequent years of 25% in its transitional provision thirty-four i) and its article 29, respectively. The Company adjusted its assets and liabilities for temporary differences (Note 15).

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that does not affect neither accounting profit (loss) nor taxable profit (tax loss) and is not a business combination, and except for those associated with investments in subsidiaries, associates and joint ventures in which the Company is able to control the timing of the reversal and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are only recognised to the extent that it is considered probable that the Tax Group will have taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised with a balancing entry in equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made where there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

Deferred tax assets and liabilities are measured at the tax rates expected at the date of reversal in accordance with the law in force, and according to the manner in which it is rationally expected that the deferred tax asset or liability will be recovered or paid.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or liabilities, respectively.

Sacyr, S.A. and its investees which comply with R.D.L. 4/2004 of 5 March, approving the consolidated Corporate Income Tax Law opted, via an agreement of the respective Board of Directors of each company, to avail themselves of the consolidated tax regime, making the compulsory notification to the tax authorities and forming the consolidated Tax Group 20/02 whose Parent is Sacyr, S.A. with Tax ID No. A-28013811.

Since the Company does not comply with that stipulated in the Corporate Income Tax Law 43/1995, it opted to avail itself of the consolidated tax regime, pursuant to a Board of Directors agreement, together with the remaining companies forming the consolidated tax group.

#### h) Income and expenses

Revenue is only recognised when it is likely that the Company will receive income or returns on the transaction and the amount of the revenues and of the costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or to be received, deducting the discounts, price reductions and other similar items which may be granted by the Company and, where appropriate, the interest included in the nominal amount of the loans. Indirect taxes on operations which may be passed on to third parties do not form part of income.

Revenue from sales is recognised when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer, and the Company neither continues to manage the goods nor retains effective control over them.

Income from services rendered is recognised by considering the degree of completion of the service at the balance sheet date, provided that the transaction result can be estimated reliably.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment is established. Interest and dividends from financial assets accrued subsequent to acquisition are recognised as income in the income statement.

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.



i) Provisions and contingencies

When preparing the financial statements, the Company's directors make a distinction between:

- Provisions: credit balances covering present obligations at the balance sheet date arising from past events which could give rise to an outflow of resources for the Company, which is considered likely to occur but is uncertain as to its amount and/or timing.
- Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company.

Provisions are recognised in the balance sheet when the Company has a current obligation (legally, contractually or due to an implicit or underlying obligation) arising as a result of past events, with respect to which it is probable that a quantifiable outflow of resources will be required to settle the obligations. Contingent liabilities are not recognised in the financial statements, but rather are disclosed in the notes to the financial statements, to the extent that they are not considered to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences, recording the adjustments which arise as a result of the update of these provisions as a finance cost as it accrues. Provisions of one year or less with a negligible financial impact are not discounted.

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

The compensation to be received from a third party when an obligation is settled is recognised as an asset, provided it is certain that reimbursement will be received, unless the risk has been contractually externalised so that the Company is not obliged to settle, in which case, the reimbursement will be taken into consideration in estimating the amount of any provisions.

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.

j) Environmental assets and liabilities

Environmental assets are considered to be those used by the Company on an ongoing basis, the main aim of which is to minimise environmental impact and to protect and improve the environment, including the reduction or elimination of future pollution.

By their very nature, the Company's business activities do not have a significant environmental impact.

k) Grants, donations or gifts and legacies

The Company adopts the following criteria to recognise grants, donations or gifts and legacies received:

- Non-refundable grants, donations or gifts and legacies: They are measured at the fair value of the amount or the asset granted, depending on whether they have a monetary nature or otherwise: Non-refundable grants, donations or gifts and legacies are recognised as income directly in equity, and are taken to profit and loss in line with the depreciation and amortisation charge recognised in the period for the subsidised assets or, where appropriate, when they are disposed of or valuation adjustments for impairment are recorded, except for those received from shareholders or owners which are recognised directly in shareholders' equity and do not constitute income.
- Refundable grants: Refundable grants are recognised as liabilities.
- Grants related to income: They are credited to results when they are granted, unless they are used to finance the operating loss of future years, in which case they are attributed in those years. If grants are received to finance specific expenses, they are allocated to income as the related expenses are incurred.

l) Related party transactions

Transactions with related parties are carried out and recognised at fair value in line with the criteria and methods set out in section 6 of the Conceptual Framework for the Spanish General Accounting Plan and the measurement policies described above, except for the following transactions:

- Non-monetary contributions of a business to a Group company were measured at the carrying amount of the assets and liabilities composing the business contributed.
- In mergers, spin-offs and the non-monetary contribution of a business relating to a direct or indirect subsidiary, the items acquired are measured at the corresponding amount, after the transaction is completed, in the consolidated financial statements. If the transaction is with another Group company, which is not a direct or indirect subsidiary, the items acquired are measured at their carrying amounts before the transaction in the separate financial statements. Any differences arising were taken to reserves.

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.

m) Non-current assets held for sale and liabilities associated with these assets

The Company classifies those assets whose carrying amount will be recovered mainly through their sale instead of through their continued use under "Non-current assets classified as held for sale" when the following requirements are met (Note 9):

- They are available in their current conditions for immediate sale, subject to the usual terms for their sale.
- Their sale is highly probable.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and their fair value less the costs to sell, except deferred tax assets, assets arising from employee remuneration and financial assets which do not relate to investments in Group companies, associates and jointly controlled entities measured in accordance with their specific rules. These assets are not amortised and, when required, the appropriate impairment loss allowances are recognised to ensure that their carrying amount does not exceed their fair value less the costs to sell.

The disposable groups of assets classified as held for sale are measured using the same rules indicated in the previous paragraph. Once valued, the group of assets is jointly measured at the lower of the carrying amount and the fair value of the assets less the costs to sell.

Associated liabilities are classified under "Financial liabilities associated with non-current assets classified as held for sale".

Income and expenses generated by non-current assets classified as held for sale, which do not meet the requirements to be classified as discontinued operations, are recognised in the related income statement heading by type.

n) Discontinued operations

A discontinued operation is a component of the Company that has been sold or disposed of in any other way or has been classified as held for sale and, among other conditions, represents a line of business or significant area that can be considered to be separate from the rest.

For such transactions, the Company presents the profit or loss after tax of this discontinued operation under a single heading called "Profit/(loss) for the year from discontinued operations net of tax" in the income statement, together with the gain or loss after tax from its recognition at fair value less costs to sell or from the sale or disposal of the items constituting the discontinued operation.

In addition, when operations are classified as discontinued, the Company recognises under the aforementioned heading the amount of the previous year relating to operations that have been discontinued at the reporting date of the financial statements.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

o) Current and non-current classification of assets and liabilities

Assets and liabilities are classified in the balance sheet as current and non-current. For these purposes, assets and liabilities are classified as current when they are associated with the Company's normal operating cycle and they are expected to be sold, used, realised or settled during such cycle, together with those whose maturity, disposal or realisation is expected within one year, those classified as held for trading, except those arising at long term, and cash and cash equivalents. The remaining are classified as non-current.

5. Intangible assets

The details of and changes in this balance sheet heading for 2015 and 2016 are as follows:

	Balance at 31/12/2014	Additions	Disposals, derecognition or write-downs	Balance at 31/12/2015
<b>Cost:</b>				
Computer software	17,619	1,011	(8)	18,622
<b>Total cost</b>	<b>17,619</b>	<b>1,011</b>	<b>(8)</b>	<b>18,622</b>
<b>Amortisation:</b>				
Computer software	(16,635)	(448)	8	(17,075)
<b>Total amortisation</b>	<b>(16,635)</b>	<b>(448)</b>	<b>8</b>	<b>(17,075)</b>
<b>Total impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>984</b>	<b>563</b>	<b>-</b>	<b>1,547</b>
	Balance at 31/12/2015	Additions	Disposals, derecognition or write-downs	Balance at 31/12/2016
<b>Cost:</b>				
Computer software	18,622	357	-	18,979
<b>Total cost</b>	<b>18,622</b>	<b>357</b>	<b>-</b>	<b>18,979</b>
<b>Amortisation:</b>				
Computer software	(17,075)	(584)	-	(17,659)
<b>Total amortisation</b>	<b>(17,075)</b>	<b>(584)</b>	<b>-</b>	<b>(17,659)</b>
<b>Total impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,547</b>	<b>(227)</b>	<b>-</b>	<b>1,320</b>

All the Company's intangible assets are used in business operations relating to its activities in Spain.

At year-end 2015 and 2016, the Company was still using the following fully amortised intangible assets:

Description	Carrying amount (gross)	
	2016	2015
Computer software	16,598	16,323
<b>Total</b>	<b>16,598</b>	<b>16,323</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

6. Property, plant and equipment

The details of and changes in this balance sheet heading for 2015 and 2016 are as follows:

	Balance at 31/12/2014	Additions	Disposals, derecognition or write-downs	Balance at 31/12/2015
<b>Cost:</b>				
Land and buildings	183	-	-	183
Plant	6,429	208	-	6,637
Machinery	870	-	-	870
Furniture	4,577	-	-	4,577
Transport equipment	12	-	-	12
Data processing equipment	10,618	799	(543)	10,874
Other items of property, plant and equipment	11	-	-	11
<b>Total cost</b>	<b>22,700</b>	<b>1,007</b>	<b>(543)</b>	<b>23,164</b>
<b>Amortisation:</b>				
Buildings	(27)	(1)	-	(28)
Plant	(4,426)	(565)	-	(4,991)
Machinery	(692)	(54)	-	(746)
Furniture	(4,020)	(230)	-	(4,250)
Transport equipment	(12)	-	-	(12)
Data processing equipment	(9,946)	(318)	543	(9,721)
Other items of property, plant and equipment	(9)	(1)	-	(10)
<b>Total amortisation</b>	<b>(19,132)</b>	<b>(1,169)</b>	<b>543</b>	<b>(19,758)</b>
<b>Total impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,568</b>	<b>(162)</b>	<b>-</b>	<b>3,406</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

	Balance at 31/12/2015	Additions	Disposals, derecognition or write-downs	Balance at 31/12/2016
<b>Cost:</b>				
Land and buildings	183	-	-	183
Plant	6,637	-	-	6,637
Machinery	870	499	-	1,369
Furniture	4,577	79	-	4,656
Transport equipment	12	-	-	12
Data processing equipment	10,874	1,390	-	12,264
Other items of property, plant and equipment	11	-	-	11
<b>Total cost</b>	<b>23,144</b>	<b>1,968</b>	<b>-</b>	<b>25,132</b>
<b>Amortisation:</b>				
Buildings	(28)	-	-	(28)
Plant	(4,991)	(53)	-	(5,044)
Machinery	(746)	(503)	-	(1,249)
Furniture	(4,250)	(163)	-	(4,413)
Transport equipment	(12)	-	-	(12)
Data processing equipment	(9,721)	(510)	-	(10,231)
Other items of property, plant and equipment	(10)	-	-	(10)
<b>Total amortisation</b>	<b>(19,758)</b>	<b>(1,229)</b>	<b>-</b>	<b>(20,987)</b>
<b>Total impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,406</b>	<b>739</b>	<b>-</b>	<b>4,145</b>

The additions in disposals of data processing equipment correspond to equipment renewals made during the year.

All the Company's property, plant and equipment is used in business operations relating to its activities in Spain.

The Company owns property whose carrying amount from the separate depreciation of land and buildings at year-end 2015 and 2016 is as follows:

<b>Property</b>	<b>2016</b>	<b>2015</b>
Land	136	136
Buildings	19	19
<b>Total</b>	<b>155</b>	<b>155</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

At year-end 2015 and 2016, the Company was still using the following fully depreciated property, plant and equipment:

Description	Carrying amount (gross)	
	2016	2015
Plant	2,576	1,278
Machinery	351	327
Furniture	3,216	2,671
Transport equipment	12	12
Data processing equipment	9,338	9,166
Other items of property, plant and equipment	8	8
<b>Total</b>	<b>15,501</b>	<b>13,462</b>

At year-end 2016, the Company did not own any assets used as guarantees or as purchase commitments.

The Company has taken out insurance policies to reasonably cover its non-current assets, whose safekeeping is charged to its directors.

## 7. Financial instruments

### a) Financial assets

#### a.1) *Categories of financial assets*

The breakdown of financial assets, except investments in Group companies, associates and jointly controlled entities, detailed in Notes 8 and 17, at 31 December 2015, is as follows:

Category \ Class	Equity instruments	Loans, derivatives and other	Total
	2015		
<b>Non-current financial assets:</b>			
Loans and receivables	-	16,714	16,714
Other financial assets	5	308	313
<b>Total non-current financial assets</b>	<b>5</b>	<b>17,022</b>	<b>17,027</b>
<b>Current financial assets:</b>			
Loans and receivables	-	262,370	262,370
Available-for-sale financial assets	24	-	24
- Measured at fair value	26	-	26
Other financial assets	-	5,035	5,035
<b>Total current financial assets</b>	<b>24</b>	<b>267,405</b>	<b>267,431</b>
<b>Total</b>	<b>31</b>	<b>284,427</b>	<b>284,458</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

These amounts are broken down in the balance sheet at 31 December 2015 as follows:

Class	Equity instruments	Loans, derivatives and other	Total
Balance sheet items			
2015			
Non-current financial assets			
Non-current financial investments	5	17,022	17,027
- Equity instruments	5	-	5
- Loans to third parties	-	16,714	16,714
- Other financial assets	-	308	308
<b>Total non-current financial assets</b>	<b>5</b>	<b>17,022</b>	<b>17,027</b>
Current financial assets:			
Current financial investments	26	5,035	5,061
- Equity instruments	26	-	26
- Loans to third parties	-	35	35
- Other financial assets	-	5,000	5,000
Trade and other receivables	-	262,370	262,370
<b>Total current financial assets</b>	<b>26</b>	<b>267,405</b>	<b>267,431</b>
<b>Total</b>	<b>31</b>	<b>284,427</b>	<b>284,458</b>

The breakdown of financial assets, except investments in Group companies, associates and jointly controlled entities, detailed in Notes 8 and 17, at 31 December 2016, is as follows

Class	Equity instruments	Loans, derivatives and other	Total
Category			
2016			
Non-current financial assets:			
Loans and receivables	-	16.634	16.634
Other financial assets	125	289	414
<b>Total non-current financial assets</b>	<b>125</b>	<b>16.923</b>	<b>17.048</b>
Current financial assets:			
Loans and receivables	-	248.025	248.025
Available-for-sale financial assets	<b>3.326</b>	-	<b>3.326</b>
- Measured at fair value	3.326	-	3.326
Other financial assets	-	5.145	5.145
<b>Total current financial assets</b>	<b>3.326</b>	<b>253.170</b>	<b>256.496</b>
<b>Total</b>	<b>3.451</b>	<b>270.093</b>	<b>273.544</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

These amounts are broken down in the balance sheet at 31 December 2016 as follows:

Class	Equity instruments	Loans, derivatives and other	Total
<b>2016</b>			
<b>Non-current financial assets</b>			
Non-current financial investments	125	16,923	17,048
- Equity instruments	125	-	125
- Loans to third parties	-	16,634	16,634
- Other financial assets	-	289	289
<b>Total non-current financial assets</b>	<b>125</b>	<b>16,923</b>	<b>17,048</b>
<b>Current financial assets:</b>			
Current financial investments	3,326	5,145	8,471
- Equity instruments	3,326	-	3,326
- Loans to third parties	-	145	145
- Other financial assets	-	5,000	5,000
Trade and other receivables	-	248,025	248,025
<b>Total current financial assets</b>	<b>3,326</b>	<b>253,170</b>	<b>256,496</b>
<b>Total</b>	<b>3,451</b>	<b>270,093</b>	<b>273,544</b>

"Non-current financial assets - Loans to third parties" relates to non-current loans granted to other companies at an annual interest rate of 3-month Euribor + 2%. "Non-current financial assets - Other financial assets" relates to long-term guarantees and deposits given.

- Loans and receivables

The detail of the financial assets classified in this category at 31 December 2016 and 2015 is as follows:

	2016	2015
<b>Non-current:</b>		
Loans to third parties	16,634	16,714
<b>Total non-current loans and receivables</b>	<b>16,634</b>	<b>16,714</b>
<b>Current:</b>		
Loans to third parties	-	-
Guarantees given and pre-payments	-	-
Trade and other receivables	248,025	262,370
Trade receivables from sales and services	20	71
Receivable from Group companies and associates	62,228	132,172
Other receivables	185,686	130,035
Employee receivables	91	92
Due from shareholders for capital calls	-	-
Concession arrangements, collection rights	-	-
<b>Total current loans and receivables</b>	<b>248,025</b>	<b>262,370</b>
<b>Total loans and receivables</b>	<b>264,659</b>	<b>279,084</b>

Current loans and receivables relate mainly to trade balances with Group companies (Note 17).



SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

• Other financial assets:

The detail of the financial assets classified in this category at 31 December 2015 and 2016 is as follows:

	2016	2015
<b>Non-current:</b>		
Guarantees given	289	308
Other financial assets	125	5
<b>Total other non-current financial assets</b>	<b>414</b>	<b>313</b>
<b>Current:</b>		
Guarantees given	5,000	5,000
Other financial assets	145	35
<b>Total other current financial assets</b>	<b>5,145</b>	<b>5,035</b>
<b>Total other financial assets</b>	<b>5,559</b>	<b>5,348</b>

The 5,000 thousand euros in short-term guarantees are deposited in the French Depository.

a.2) *Classification by maturity*

The detail, by maturity, of the items forming part of current and non-current financial assets at 31 December 2015 is as follows:

	2016	2017	2018	2019	2020	2021 and beyond	Total
Loans and receivables	262,370	16,714	-	-	-	-	279,084
Available-for-sale financial assets	26	-	-	-	-	-	26
Other financial assets	5,035	313	-	-	-	-	5,348
<b>Total</b>	<b>267,431</b>	<b>17,027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>284,458</b>

The detail, by maturity, of the items forming part of current and non-current financial assets at 31 December 2016 is as follows:

	2017	2018	2019	2020	2021	2022 and beyond	Total
Loans and receivables	248,025	16,634	-	-	-	-	264,659
Available-for-sale financial assets	3,326	-	-	-	-	-	3,326
Other financial assets	5,145	414	-	-	-	-	5,559
<b>Total</b>	<b>256,496</b>	<b>17,048</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>273,544</b>

a.3) *Assets transferred and accepted as a guarantee*

In 2015 and 2016, the Company did not provide any assets as collateral.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

b) Financial liabilities

b.1) *Categories of financial liabilities*

The breakdown of financial liabilities at 31 December 2015, excluding payables to Group companies detailed in Note 17, is as follows:

Class Category	2015			Total
	Bank borrowings	Debt instruments and other marketable securities	Derivatives and others	
<b>Non-current financial liabilities:</b>				
Accounts payable	116,932	254,365	-	371,297
Other financial liabilities	-	-	15,542	15,542
<b>Total non-current financial liabilities</b>	<b>116,932</b>	<b>254,365</b>	<b>15,542</b>	<b>386,839</b>
<b>Current financial liabilities:</b>				
Accounts payable	25,192	204,736	621,504	851,432
Other financial liabilities	-	-	31,496	31,496
<b>Total current financial liabilities</b>	<b>25,192</b>	<b>204,736</b>	<b>653,000</b>	<b>882,928</b>
<b>Total</b>	<b>142,124</b>	<b>459,101</b>	<b>668,542</b>	<b>1,269,767</b>

These amounts are broken down in the balance sheet at 31 December 2015 as follows:

Class Balance sheet items	2015			Total
	Bank borrowings	Debt instruments and other marketable securities	Derivatives and others	
<b>Non-current financial liabilities:</b>				
Non-current payables	116,932	254,365	15,542	386,839
- Debt instruments and other marketable securities	-	254,365	-	254,365
- Bank borrowings	116,932	-	-	116,932
- Other financial liabilities	-	-	15,542	15,542
<b>Total non-current financial liabilities</b>	<b>116,932</b>	<b>254,365</b>	<b>15,542</b>	<b>386,839</b>
<b>Current financial liabilities:</b>				
Trade and other payables	-	-	621,504	621,504
Current payables:	25,192	204,736	31,496	261,424
- Debt instruments and other marketable securities	-	204,736	-	204,736
- Bank borrowings	25,192	-	-	25,192
- Other financial liabilities	-	-	31,496	31,496
<b>Total current financial liabilities</b>	<b>25,192</b>	<b>204,736</b>	<b>653,000</b>	<b>882,928</b>
<b>Total</b>	<b>142,124</b>	<b>459,101</b>	<b>668,542</b>	<b>1,269,767</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

The breakdown of financial liabilities at 31 December 2016, excluding payables to Group companies detailed in Note 17, is as follows:

Class Category	Bank borrowings	Debt instruments and other marketable securities	Derivatives and others	Total
<b>2016</b>				
<b>Non-current financial liabilities:</b>				
Accounts payable	173,021	269,657	-	442,678
Other financial liabilities	-	-	8,945	8,945
<b>Total non-current financial liabilities</b>	<b>173,021</b>	<b>269,657</b>	<b>8,945</b>	<b>451,623</b>
<b>Current financial liabilities</b>				
Accounts payable	55,599	41,923	320,743	418,265
Other financial liabilities	-	-	17,973	17,973
<b>Total current financial liabilities</b>	<b>55,599</b>	<b>41,923</b>	<b>338,716</b>	<b>434,238</b>
<b>Total</b>	<b>228,620</b>	<b>311,580</b>	<b>347,661</b>	<b>887,861</b>

These amounts are broken down in the balance sheet at 31 December 2016 as follows:

Class Balance sheet items	Bank borrowings	Debt instruments and other marketable securities	Derivatives and others	Total
<b>2016</b>				
<b>Non-current financial liabilities:</b>				
Non-current payables	173,021	269,657	8,945	451,623
- Debt instruments and other marketable securities	-	269,657	-	269,657
- Bank borrowings	173,021	-	-	173,021
- Other financial liabilities	-	-	8,945	8,945
<b>Total non-current financial liabilities</b>	<b>173,021</b>	<b>269,657</b>	<b>8,945</b>	<b>451,623</b>
<b>Current financial liabilities:</b>				
Trade and other payables	-	-	320,743	320,743
Current payables:	55,599	41,923	17,973	115,495
- Debt instruments and other marketable securities	-	41,923	-	41,923
- Bank borrowings	55,599	-	-	55,599
- Other financial liabilities	-	-	17,973	17,973
<b>Total current financial liabilities</b>	<b>55,599</b>	<b>41,923</b>	<b>338,716</b>	<b>434,238</b>
<b>Total</b>	<b>228,620</b>	<b>311,580</b>	<b>347,661</b>	<b>887,861</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

- Accounts payable

The breakdown of this heading at 31 December 2015 and 2016 is as follows:

	2016	2015
<b>Non-current:</b>		
Bank borrowings	173,021	116,932
Debt instruments and other marketable securities	269,657	254,365
<b>Total non-current accounts payable</b>	<b>442,678</b>	<b>371,297</b>
<b>Current:</b>		
Debt instruments and other marketable securities	41,923	204,736
Bank borrowings	55,599	25,192
Trade payables	<b>320,743</b>	<b>621,504</b>
Suppliers, Group companies and associates (Note 17)	242,946	555,888
Other payables	74,615	64,769
Remuneration payable to employees	3,182	847
<b>Total current accounts payable</b>	<b>418,245</b>	<b>851,432</b>
<b>Total</b>	<b>860,943</b>	<b>1,222,729</b>

In relation to Law 15/2010, of 5 July, the information relating to the average period of payment to suppliers for 2015 and 2016, 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, is as follows:

	2016	2015
	Days	Days
<b>Average period for payment to suppliers</b>	65.20	25.19
<b>Ratio of transactions paid</b>	5.38	13.24
<b>Ratio of transactions pending payment</b>	133.75	89.61
	Amount (euros)	Amount (euros)
<b>Total payments made</b>	65,420,270	34,663,534
<b>Total payments outstanding</b>	57,074,337	6,427,526

These amounts do not include payments made to suppliers that are Group companies and associates, suppliers of fixed assets or finance lease creditors. The transactions and balances outstanding with the Group companies and associates at the end of 2015 and 2016 are detailed in Note 17.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

The nominal value of the main bank borrowings and other financial liabilities at year-end 2015 and 2016 is as follows:

Description	Maturity date	AMOUNTS	
		Balance at 31/12/2016	Balance at 31/12/2015
CAIXABANK	04/09/2018	92,423	15,668
BANCO POPULAR	23/06/2017	11,640	53
BANKIA	22/01/2018	45,000	55,000
BANKIA	31/07/2017	13,205	1,886
BANKIA	20/11/2017	5,000	5,000
SABADELL	30/06/2017	736	936
UNICAJA	30/09/2017	16,700	16,700
LABORAL KUTXA	13/05/2024	21,313	22,937
OTHER	MISCELLANEOUS	22,603	23,944
	<b>Total</b>	<b>228,620</b>	<b>142,124</b>

At year-end, the Company held policies close to expiry under negotiation which it considers will be renewed.

Unpaid accrued interest included in "Current bank borrowings" at year-end 2015 and 2016 amounts to 757 thousand euros and 733 thousand euros, respectively.

At year-end 2015 and 2016, the Company held payables with a security in rem on mortgages or pledges on portfolio assets for a total of 28,400 thousand euros and 27,100 thousand euros, respectively.

Bank borrowings only reflect the portion drawn down. At year-end 2015 and 2016, the Company had available credit facilities whose undrawn amount totals 131,171 thousand euros and 19,212 thousand euros, respectively.

In 2016, the Company increased its gross bank debt by 87 million euros.

On 7 May 2015, the Company issued non-convertible debentures with a par value of 26,200 thousand euros, at an annual nominal interest rate of 4.50%, maturing at five years.

On 12 April 2011, the Company issued bonds convertible into shares with a par value of 200,000 thousand euros, at a fixed interest rate of 6.5%, maturing at five years. The Company fully redeemed this issue in 2016.

On 23 November 2016, the Company launched a simple bond issue in the amount of 30 million euros, at an annual fixed interest rate of 4.75%, maturing at seven years.

In 2016, the Company launched the Euro Commercial Paper promissory note issue programme for up to 300 million euros and maturing within one year

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

- Other financial liabilities

The breakdown of this heading at 31 December 2015 and 2016 is as follows:

	2016	2015
<b>Non-current:</b>		
Other financial liabilities	8,945	15,542
<b>Total non-current</b>	<b>8,945</b>	<b>15,542</b>
<b>Current:</b>		
Other financial liabilities	17,973	31,496
<b>Total current</b>	<b>17,973</b>	<b>31,496</b>
<b>Total</b>	<b>26,918</b>	<b>47,038</b>

The non-current financial liabilities relate to subsidised loans for R&D activities. Current liabilities relate mainly to loans to third parties and employee deposit balances.

### b.2) Classification by maturity

The detail, by nominal maturity, of the items forming part of current and non-current financial liabilities at 31 December 2015 is as follows:

	2014	2015	2016	2017	2020	2021 and beyond	Total
Accounts payable	851,432	22,205	65,856	236,748	29,151	17,337	1,222,729
Other financial liabilities	31,496	15,542	-	-	-	-	47,038
<b>Total</b>	<b>882,928</b>	<b>37,747</b>	<b>65,856</b>	<b>236,748</b>	<b>29,151</b>	<b>17,337</b>	<b>1,249,721</b>

The detail, by nominal maturity, of the items forming part of current and non-current financial liabilities at 31 December 2016 is as follows:

	2017	2018	2019	2020	2021	2022 and beyond	Total
Accounts payable	418,265	142,611	242,554	10,955	4,050	42,508	860,943
Other financial liabilities	17,973	8,945	-	-	-	-	26,918
<b>Total</b>	<b>436,238</b>	<b>151,556</b>	<b>242,554</b>	<b>10,955</b>	<b>4,050</b>	<b>42,508</b>	<b>887,861</b>

### c) Additional disclosures

#### c.1) Information relating to the income statement and to the statement of changes in equity

Finance income and costs allocated to the income statement calculated in accordance with the effective interest method amounted to 3,871 thousand euros and 55,677 thousand euros in 2015. In 2016 finance income amounted to 615 thousand euros, while finance costs were 32,517 thousand euros.

Impairment losses on financial instruments recognised in the income statement in 2016 and 2015 was -685,697 thousand euros and 13,929 thousand euros, respectively.

#### c.2) Other information

- At year-end 2015 and 2016, the Company did not have any firm financial asset or liability purchase or sale commitments.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

- Information on fair value:

Non-current receivables and payables and unlisted debt instruments are measured at amortised cost, which unless proven otherwise, would be equivalent to their fair value.

The carrying amount of the current trade receivables and payables represents an acceptable approximation of the fair value thereof.

## 8. Investments in Group companies, associates and jointly controlled entities

The detail of and changes in the balances of the items in this heading at 31 December 2015 are as follows:

	Balance at 12 31 2014	Additions	Disposals	Transfers	Balance at 12 31 2015
TESTA INMUEBLES EN RENTA, SOCIMI, S.A.	792,963	-	(666,386)	(126,577)	-
SOMAGUE-S.G.P.S., S.A.	229,398	-	-	-	229,398
VALORIZA GESTIÓN, S.A.U.	165,537	-	-	-	165,537
INCHISACYR, S.A.	4,543	-	-	-	4,543
SACYR VALLEHERMOSO PARTIC. MOBILIARIAS, S.L.U.	1,600,000	-	-	-	1,600,000
SACYR CONCESIONES, S.L.U.	766,068	-	-	100,000	866,068
SACYR CONSTRUCCION, S.A.U.	297,830	-	-	-	297,830
SACYR GESTION DE ACTIVOS, S.L.	4	-	-	22,186	22,190
SACYR FINANCE, S.A.	-	60	-	-	60
<b>Holdings in Group companies and jointly controlled entities</b>	<b>3,886,343</b>	<b>40</b>	<b>(666,386)</b>	<b>(4,371)</b>	<b>3,185,426</b>
FINSA, S.R.L.	-	44	-	-	44
GRUPO UNIDOS POR EL CANAL, S.A.	288	-	-	-	288
<b>Holdings in associates</b>	<b>288</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>332</b>
SACYR GESTION DE ACTIVOS, S.L.	(4)	-	-	(8,829)	(8,833)
SOMAGUE-S.G.P.S., S.A.	(62,103)	(27,386)	-	-	(89,489)
SACYR VALLEHERMOSO PARTIC. MOBILIARIAS, S.L.U.	(1,113,362)	(486,638)	-	-	(1,600,000)
INCHISACYR, S.A.	-	(1,262)	-	-	(1,262)
<b>Impairment of investments in Group companies, associates and jointly controlled entities</b>	<b>(1,178,447)</b>	<b>(618,286)</b>	<b>-</b>	<b>(8,829)</b>	<b>(1,479,884)</b>
<b>Net value of holdings in Group companies, associates and jointly controlled entities</b>	<b>2,661,182</b>	<b>(515,182)</b>	<b>(666,386)</b>	<b>(13,220)</b>	<b>1,466,374</b>
SACYR CONCESIONES, S.L.U.	206,081	108,153	(25,442)	(100,000)	188,792
VALORIZA GESTIÓN, S.A.U.	85,212	163,957	(223,070)	-	26,099
SACYR VALLEHERMOSO PARTIC. MOBILIARIAS, S.L.U.	100,899	618,976	-	-	719,875
GRUPO UNIDOS POR EL CANAL, S.A.	190,774	35,137	(3,269)	-	222,642
SACYR GESTION DE ACTIVOS, S.L.	22,186	34,048	(22,260)	(22,186)	11,788
SOMAGUE-S.G.P.S., S.A.	6,677	15,518	(11,825)	-	10,370
<b>Loans to Group companies, associates and jointly controlled entities</b>	<b>611,829</b>	<b>975,789</b>	<b>(285,866)</b>	<b>(122,184)</b>	<b>1,179,566</b>
SACYR GESTION DE ACTIVOS, S.L.	(8,829)	-	-	8,829	-
GRUPOS UNIDOS POR EL CANAL, S.A.	-	(100,000)	-	-	(100,000)
SACYR VALLEHERMOSO PARTIC. MOBILIARIAS, S.L.U.	-	(70,411)	-	-	(70,411)
<b>Impairment of loans to Group companies, associates and jointly controlled entities</b>	<b>(8,829)</b>	<b>(170,411)</b>	<b>-</b>	<b>8,829</b>	<b>(170,411)</b>
<b>Net value of loans to Group companies, associates and jointly controlled entities</b>	<b>603,000</b>	<b>805,378</b>	<b>(285,866)</b>	<b>(113,357)</b>	<b>1,009,155</b>
VALORIZA GESTIÓN, S.A.U.	-	81,083	-	-	81,083
<b>Net value of other financial assets in Group companies and associates</b>	<b>-</b>	<b>81,083</b>	<b>-</b>	<b>-</b>	<b>81,083</b>

**SACYR, S.A.**  
**NOTES TO THE 2016 FINANCIAL STATEMENTS**

The detail of and changes in the balances of the items in this heading at 31 December 2016 are as follows:

	Balance at 31 12 2015	Additions	Disposals	Transfers	Balance at 12 31 2016
SOMAGUE S.G.P.S., S.A.	229,398	-	-	-	229,398
VALORIZA GESTIÓN, S.A.U.	165,537	-	-	-	165,537
INCHISACYR, S.A.	4,543	-	-	-	4,543
SACYR VALLEHERMOSO PARTIC. MOBILIARIAS, S.L.U.	1,600,000	-	(250,426)	650,000	1,999,574
SACYR CONCESIONES, S.L.U.	866,068	60,000	-	-	926,068
SACYR CONSTRUCCION, S.A.U.	297,830	-	-	-	297,830
SACYR GESTION DE ACTIVOS, S.L.	22,190	-	-	-	22,190
SACYR FINANCE, S.A.	60	-	-	-	60
SACYR SECURITIES, S.A.	-	100,230	-	-	100,230
SACYR INVESTMENTS, S.A.	-	150,316	-	-	150,316
<b>Holdings in Group companies and jointly controlled entities</b>	<b>3,185,424</b>	<b>310,646</b>	<b>(250,426)</b>	<b>+80,000</b>	<b>3,515,744</b>
FINSA, S.R.L.	44	-	-	-	44
GRUPO UNIDOS POR EL CANAL, S.A.	288	-	-	-	288
<b>Holdings in associates</b>	<b>332</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>332</b>
SACYR GESTION DE ACTIVOS, S.L.	(8,833)	-	-	-	(8,833)
SOMAGUE S.G.P.S., S.A.	(89,489)	(38,351)	-	-	(127,840)
SACYR VALLEHERMOSO PARTIC. MOBILIARIAS, S.L.U.	(1,600,000)	-	55,641	(70,411)	(1,614,770)
INCHISACYR, S.A.	(1,262)	(313)	5	-	(1,570)
SACYR SECURITIES, S.A.	-	(3,054)	-	-	(3,054)
<b>Impairment of investments in Group companies, associates and jointly controlled entities</b>	<b>(1,699,584)</b>	<b>(41,718)</b>	<b>55,644</b>	<b>(70,411)</b>	<b>(1,755,067)</b>
<b>Payments pending in Group companies, associates and jointly controlled entities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net value of holdings in Group companies, associates and jointly controlled entities</b>	<b>1,486,374</b>	<b>268,928</b>	<b>(194,782)</b>	<b>579,589</b>	<b>2,140,011</b>
SACYR CONCESIONES, S.L.U.	188,792	97,672	(173,438)	-	113,026
VALORIZA GESTIÓN, S.A.U.	26,099	68,206	(68,626)	-	25,679
SACYR VALLEHERMOSO PARTIC. MOBILIARIAS, S.L.U.	719,875	330,638	-	(650,000)	400,513
GRUPO UNIDOS POR EL CANAL, S.A.	222,642	62,119	(13,643)	-	271,118
SACYR GESTION DE ACTIVOS, S.L.	11,788	17,456	(9,063)	-	20,181
SOMAGUE S.G.P.S., S.A.	10,370	33,273	(38,104)	-	5,539
<b>Loans to Group companies, associates and jointly controlled entities</b>	<b>1,179,844</b>	<b>409,344</b>	<b>(302,874)</b>	<b>(650,000)</b>	<b>636,014</b>
GRUPOS UNIDOS POR EL CANAL, S.A.	(100,000)	-	-	-	(100,000)
SACYR VALLEHERMOSO PARTIC. MOBILIARIAS, S.L.U.	(70,411)	-	-	70,411	-
<b>Impairment of loans to Group companies, associates and jointly controlled entities</b>	<b>(170,411)</b>	<b>-</b>	<b>-</b>	<b>70,411</b>	<b>(100,000)</b>
<b>Net value of loans to Group companies, associates and jointly controlled entities</b>	<b>1,009,433</b>	<b>409,344</b>	<b>(302,874)</b>	<b>(579,589)</b>	<b>736,014</b>
VALORIZA GESTIÓN, S.A.U.	81,083	-	-	-	81,083
<b>Net value of other financial assets in Group companies and associates</b>	<b>81,083</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,083</b>

- **Somague S.G.P.S., S.A.**

In 2016 the Company recognised an impairment loss of 38,351 thousand euros on its ownership interest, due to the impairment of the investee's goodwill as a result of the negative performance of the markets in which it operates.

- **Sacyr Vallehermoso Participaciones Mobiliarias, S.L.U.**

In 2015, the Company recognised an impairment loss of 486,638 thousand euros on its investment in Sacyr Vallehermoso Participaciones Mobiliarias, S.L.U. and 70,411 thousand euros on the participating loan granted to Sacyr Vallehermoso Participaciones Mobiliarias, S.L.U. This impairment was a result of the change in value in the company's shareholders' equity, due to the impairment loss recognised thereby on its investment in Repsol, S.A. At 31 December 2015, total impairment amounted to 1,670,411 thousand euros.

In 2016, the Company contributed 650,000 thousand euros to Sacyr Vallehermoso Participaciones Mobiliarias, S.L. to offset losses from the subordinated loan. In 2016, the Company made a contribution of 316,840 thousand euros from the sale of the ownership interest it still held in Testa Inmuebles en Renta, Socimi, S.A., to partially repay the syndicated loan corresponding to the purchase of shares of Repsol, S.A.

At 2016 year-end, the Company reversed a portion of the impairment on its investment in Sacyr Vallehermoso Participaciones Mobiliarias, S.L.U., amounting to 55,641 thousand euros, as a result of its improved equity position.

- **Sacyr Concesiones, S.L.U.**

In 2011, the Company entered into a contract with its investee Sacyr Concesiones, S.L.U., agreeing to acquire the future economic results related with the holdings, and with the loans held in certain concession projects, whether they were positive or negative. On 20 January 2015, the Company signed an addendum to the



SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

previous contract with its investee Sacyr Concesiones, S.L.U., agreeing that the Company would assume the economic risks and rewards arising from certain financial support agreements.

In 2015, Sacyr Concesiones, S.L.U. carried out a capital increase of 100,000 thousand euros. This increase was subscribed in full by the Company through the contribution of 100,000 thousand euros of the loan granted to Sacyr Concesiones, S.L.U.

In 2016, Sacyr Concesiones, S.L.U. carried out a capital increase of 60,000 thousand euros. This increase was subscribed in full by the Company through the contribution of 60,000 thousand euros of the loan granted to Sacyr Concesiones, S.L.U.

- **Sacyr Gestión de Activos, S.L.**

In 2015, the Company made a contribution of 22,186 thousand euros to offset losses. At 2015 year-end, the Company transferred the impairment on the loan to impairment on the investment in the amount of 8,829 thousand euros.

- **Grupo Unidos Por el Canal, S.A.**

On 4 October 2010, the Company signed a framework agreement for the transfer of profit or loss from its share in the consortium Grupo Unidos por el Canal, which it was awarded with its investee Sacyr Construcción, S.A.U. It subsequently signed two addenda which amended the terms of this contract, in which Sacyr, S.A. essentially compensates Sacyr Construcción, S.A.U. for the proportional part of its holding in GUPC of the cost overruns incurred by the former, related with the claims submitted to ACP. This quantity will be reduced by the amounts which are considered to be recovered for the acceptance of the claims by the latter.

At 2015 year-end, the Company recognised an impairment loss on the loan granted to Grupo Unidos by Canal, S.A. in the amount of 100,000 thousand euros.

- **Testa Inmuebles en Renta, S.A.**

Testa Inmuebles en Renta, S.A.'s shares are listed on the Madrid Stock Exchange. In 2015, the closing price was 12.46 euros per share and the quarter average was 13.31 euros per share.

On 8 June 2015, the Company and Merlin Properties signed an agreement by which the latter would acquire a majority shareholding in the share capital of Testa Inmuebles en Renta, S.A. orchestrated in several phases:

- On 8 June 2015, following the capital reduction carried out by Testa Inmuebles en Renta, Socimi, S.A., by returning capital contributions to its shareholders, the Company received a total of 667 million euros (5.80 euros per share). Additionally, Testa Inmuebles en Renta, S.A. paid an extraordinary dividend of 4.57 euros per share, as a result of which the Company received an additional inflow of 525 million euros. Sacyr, S.A. used these funds to cancel the debt it held with Testa Inmuebles en Renta, S.A. (953 million euros) and obtained free cash flow of 239 million euros.
- On the same date, Merlin Properties subscribed to and paid a capital increase at Testa Inmuebles en Renta, S.A., for a cash amount of 430,838,704.01 euros, through the issue of 38,491,930 new ordinary shares of Testa Inmuebles en Renta, S.A., with a par value of twenty euro cents each and a share premium of 10.9929618497 euros per share, representing 25% of the property management company's share capital.
- On 23 July, the Company made the first delivery of 38,645,898 Testa Inmuebles en Renta, S.A. shares to Merlin Properties, representing 25.1% of the total owned by Sacyr, S.A., for an amount of 861,240,363.77 euros. Merlin now holds a 50.1% interest in Testa Inmuebles en Renta, S.A.
- The acquisition also by Merlin Properties, no later than 30 June 2015, through a second delivery of 76,248,281 Testa Inmuebles en Renta, S.A. shares owned by Sacyr, S.A. for an amount of 694 million euros, after which Merlin Properties would own 99.6% of Testa Inmuebles en Renta, S.A. This second delivery of shares may be divided into various tranches as agreed by the parties. On 12 August, the 41,437,761 shares were transferred to Merlin Properties, which accounted for 26.91% of the share capital of Testa Inmuebles en Renta, S.A. These shares, along with those previously subscribed and paid up by Merlin Properties, represent 77.01% of the share capital of Testa Inmuebles en Renta, S.A.

**SACYR, S.A.**  
**NOTES TO THE 2016 FINANCIAL STATEMENTS**

After Merlin Properties gained control of Testa Inmuebles en Renta, Socimi, S.A. on 23 July, the latter submitted to the Spanish National Securities Market Commission (CNMV) a preliminary announcement of the request for authorisation to launch a takeover bid for 100% of the shares of Testa Inmuebles en Renta, S.A., in compliance with prevailing regulations, at a price of 13.54 euros per share, payable in cash. The Company irrevocably agreed to immobilise its shares in Testa Inmuebles en Renta, S.A. and not to take part in the bid.

The takeover bid was authorised by the CNMV on 28 October 2015. The acceptance period ran from 2 to 16 November 2015, both inclusive. The operation, announced in a Significant Event notice dated 18 November, had a take-up of 472,527 shares, representing 81.24% of the shares the offering was directed at (581,609 shares) and 0.31% of the share capital of Testa Inmuebles en Renta, S.A.

As a result of all the aforementioned transactions, the Company obtained 1,794 million euros (capital reduction, dividend payout and subsequent sale of the shares of Testa Inmuebles en Renta, S.A. for a total of 1,555 million euros).

In 2015, the Company classified its ownership interest in Testa Inmuebles en Renta, socimi, S.A. as assets held for sale (Note 9).

In 2016, the Company sold its ownership interest, representing 22.61% of the share capital of Testa Inmuebles en Renta, Socimi, S.A., for a total of 317 million euros, thereby generating a gain of 278 million euros.

- **Sacyr Securities, S.A.**

On 1 March 2016, Sacyr Securities, S.A. was formed, the corporate purpose of which is 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. This company holds 20 million shares of Repsol, S.A. At 2016 year-end, the Company recognised an impairment loss of 3,054 thousand euros on its investment in Sacyr Securities, S.A.

- **Sacyr Investments, S.A.**

On 19 September 2016, Sacyr Investments, S.A. was formed, the corporate purpose of which is 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 150,315,763 euros. This company holds 30 million shares of Repsol, S.A.

Loans to Group companies and associates are classified in the loans and receivables heading. They are measured at amortised cost and the interest rate applied in 2015 and 2016 was 1-month Euribor plus 4%.

In order to analyse the need to recognise impairment on investees, individual or consolidated equity, where appropriate, of the investee in question is taken into consideration, adjusted by the unrealised gains existing at the measurement date, which relate to the items identifiable in the balance sheet of the investee.

The detail of the holdings in Group companies, associates and jointly controlled entities at year-end 2015 is as follows:

Company	% holding	Company name Address	Investment thousand euros	Holding purpose	Share capital	Debt	Dividend (€)	Interest dividend
Sacyr Vallehermoso Participaciones Inmobiliarias S.L.U. Plaza de la Castellana, 60-62 Madrid	100.00%	Sacyr, S.A.	1,600.00	Ownership of Investments in Repsol, S.A.	000	(10,384)	(575,347)	-
Sacyr Gestión de Activos S.L. Plaza de la Castellana, 60-62 Madrid	100.00%	Sacyr, S.A.	22.83	Acquisition, management of securities and advisory services	4	755,170	0.7	-
FINSA S.R.L. Via Recoleta 264, Paris	18.00%	Sacyr, S.A.	0.04	Acquisition, management of securities and advisory services	80	0.3	(8)	-
Sacyr Financera S.L. Plaza de la Castellana, 60-62 Madrid	100.00%	Sacyr, S.A.	0.05	Acquisition, management of securities and advisory services	50	-	4	-
Sacyr Construcción S.P.A.U. Plaza de la Castellana, 60-62 Madrid	100.00%	Sacyr, S.A.	287.17	Property management holding company	52,120	274,787	46,088	-
Inchiquit S.P. Plaza de la Castellana, 60-62 Madrid	50.25% 0.78%	Sacyr, S.A. Sacyr Construcción, S.A.U.	4.81 0.27	Ownership of Investments in Sacyr Chile	2,400	1,865	21	-
Somague S.R.P.S. Ave de Tapasco de Guerra de Cerro, Lombo Viejo- Pto. Princesa	100.00%	Sacyr, S.A.	228.40	Holding company of Somague Engenharia	130,000	206,328	(26,947)	-
Grupo UnMos por el Canal S.P. Panama City, Republic of Panama	41.60%	Sacyr, S.A.	0.28	Construction, in Panama	600	(49,028)	(343)	-
Sacyr Conexiones S.L.U. Plaza de la Castellana, 60-62 Madrid	100.00%	Sacyr, S.A.	0.00	Property management concessions	405,667	114,897	(4,963)	-
Valcofa Gestión S.L.U. Plaza de la Castellana, 60-62 Madrid	100.00%	Sacyr, S.A.	166.94	Property management holding company	122,030	242,479	14,317	-
Testa Inmuebles en Renta S.P. Plaza de la Castellana, 60-62 Madrid	22.80%	Sacyr, S.A.	127.57	Property management holding company	30,794	104,084	34,162	-

**SACYR, S.A.**  
**NOTES TO THE 2016 FINANCIAL STATEMENTS**

The detail of the holdings in Group companies, associates and jointly controlled entities at year-end 2016 is as follows:

Company	Shareholding	Control	Investment value (€)	Company activity	Net assets (€)	Equity (€)	Share of net assets (€)
Sacyr Vallehermoso Participaciones Mobiliarias S.L.U. Plazo de la Castellana, 83-85 Madrid	100.00%	Sacyr S.A.	1.080.57	Ownership of investments in Rapel S.A.	620.300	(209.734)	71.028
Sacyr Gestión de Activos, S.L. Plazo de la Castellana, 83-85 Madrid	100.00%	Sacyr S.A.	22.190	Acquisition, management of securities and advisory services	4	733.874	5
FINEA S.R.L. Via Invenio 24A, Turin	49.99%	Sacyr S.A.	8.044	Acquisition, management of securities and advisory services	88	602	(111)
Sacyr Seguritas S.A. Plazo de la Castellana, 83-85 Madrid	100.00%	Sacyr S.A.	189.230	Acquisition, management of securities and advisory services	88	100.170	(28.833)
Sacyr Inversión, S.A. Plazo de la Castellana, 83-85 Madrid	100.00%	Sacyr S.A.	158.316	Acquisition, management of securities and advisory services	66	136.254	(17.719)
Sacyr Pasaje, S.A. Plazo de la Castellana, 83-85 Madrid	100.00%	Sacyr S.A.	8.080	Acquisition, management of securities and advisory services	40	—	7
Sacyr Construcción, S.A.U. Plazo de la Castellana, 83-85 Madrid	100.00%	Sacyr S.A.	297.83	Property management holding company	82.320	321.822	(2.198)
Inchicay, S.A. Plazo de la Castellana, 83-85 Madrid	90.25%	Sacyr S.A.	4.64	Ownership of investments in Sacyr Chile	400	(414)	13
Somague S.G.P.S. Rúa de Tapado de Overtu de Casa, Leito Sabre - Póvilgal	100.00%	Sacyr S.A.	229.48	Holding company of Somague Engenharia	(32.600)	1.569	(30.610)
Grupo Unidos por el Canal, S.A. Panama City, Republic of Panama	41.60%	Sacyr S.A.	0.28	Construction in Panama	600	(610.444)	—
Sacyr Concesiones, S.L.U. Plazo de la Castellana, 83-85 Madrid	100.00%	Sacyr S.A.	926.07	Property management concessions	404.447	274.694	9.876
Valoriza Gestión S.A.U. Plazo de la Castellana, 83-85 Madrid	100.00%	Sacyr S.A.	165.84	Property management holding company	132.103	66.827	13.974

In accordance with article 155 of the Spanish Corporate Enterprises Act, the Company has complied with the requirement to notify the companies in which they have taken a shareholding of over 10% and, where they already held such a shareholding, of any additional acquisitions or sales above 10%.

The financial statements of the most significant companies are audited by the following external auditors:

Company	Auditor
Vallehermoso División Promoción, S.A.U.	EY
Sacyr Industrial, S.A.U.	EY
Sacyr Construcción, S.A.U.	EY
Valoriza Gestión S.A.U.	EY
Somague-S.G.P.S., S.A.	EY
Sacyr Vallehermoso Participaciones Mobiliarias, S.L.U.	EY
Sacyr Concesiones, S.L.U.	EY
Grupo Unidos Por el Canal, S.A.	Nexia Auditores

## 9. Non-current assets held for sale and liabilities associated with these assets

At 2015 year-end, the Company recognised a provision of 102,000 thousand euros to cover possible liabilities on its investments held for sale.

In 2015, the Company classified its ownership interest in Testa Inmuebles en Renta, S.A. as assets held for sale. At year-end the value of the ownership interest amounted to 316,840 thousand euros, representing 22.61% of the share capital.

In 2016, the Company sold the rest of its ownership interest in Testa Inmuebles en Renta, Socimi, S.A., for a total of 316,840 thousand euros, thereby generating a gain of 278,490 thousand euros.

## 10. Cash and cash equivalents

The breakdown of this balance sheet heading at 31 December 2015 and 2016 is as follows:

	2016	2015
Cash	5,848	7,857
<b>Total</b>	<b>5,848</b>	<b>7,857</b>

The balance of this heading is unrestricted.

## 11. Equity and shareholders' equity

The details of and changes in equity in 2015 and 2016 is shown in the statement of changes in equity, which forms an integral part of the financial statements.

### a) Share capital:

At 31 December 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 2016 the Company redeemed convertible debentures in the amount of 200 million euros, whereby the component of equity not enforced generated a share premium of 17,163 thousand euros

In 2015 the Company offset losses from previous years with an share 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, as recorded at the Spanish National Securities Market Commission (CNMV), are as follows:

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

	2016	2015
Disa Corporacion Petrolifera, S.A.	12.66%	12.66%
Grupo Corporativo Fuertes, S.L.	6.27%	6.27%
Cymoiag, S.L.	1.86%	5.06%
Beta Asociados, S.L.	5.08%	5.08%
Prilomi, S.L.	4.66%	4.66%
Gam International Management Limited (formerly THS)	3.91%	3.06%
Prilou, S.L.	3.16%	3.16%
Other	62.40%	60.05%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

b) Reserves of the Company:

The details of the Company's reserves at 31 December 2015 and 2016 were as follows:

Reserve type	2016	2015
Legal reserve	103,486	62,418
Voluntary reserve	761,880	30,735
<b>Total</b>	<b>865,366</b>	<b>93,153</b>

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 Company's voluntary reserves are unrestricted.

c) Treasury shares:

At 31 December 2015, the Parent held 4,898,800 treasury shares, equal to 0.94675% of its share capital. At the average exchange rate, the price paid was 10.6842 euros per share.

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

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

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

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, the Company maintained the liquidity agreement it entered into on 29 March 2012 with GVC Gaesco Bolsa, S.V., S.A. pursuant to CNMV Circular 3/2007, of 19 December.

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, the Company was custodian of a total of 1,601 shares of Sacyr, S.A., which were those that were not subscribed in the bonus issue of 2015.

The Company 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 2016 year-end, the share price of Sacyr, S.A. was 2.220 euros, 22.38% lower than at the prior year close (1.814 euros per share).

d) Grants:

The information on grants received by the Company, which form part of equity, together with the results charged to the income statement in relation to such grants, is discussed in Note 13.

## 12. Provisions, contingent liabilities, guarantees and deposits

a) Non-current provisions

The detail of non-current provisions in the balance sheet at the end of 2015, and of the main changes therein during the year, is as follows:

	Balance at 31/12/2014	Provisions	Amounts used	Balance at 31/12/2015
Provisions for taxes	1,449	-	(20)	1,429
<b>Total non-current</b>	<b>1,449</b>	<b>-</b>	<b>(20)</b>	<b>1,429</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

The detail of non-current provisions in the balance sheet at the end of 2016, and of the main changes therein during the year, is as follows:

	Balance at 31-12-2015	Provisions	Amounts used	Balance at 31-12-2016
Provisions for taxes	1,429	-	-	1,429
<b>Total non-current</b>	<b>1,429</b>	<b>-</b>	<b>-</b>	<b>1,429</b>

"Tax provisions" at 31 December 2015 and 2016 includes tax liabilities whose amount or maturity is uncertain and where an outflow of resources from the Company will probably be required to settle a liability arising from a present obligation.

b) Current provisions

The detail of current provisions in the balance sheet at the end of 2015, and of the main changes therein during the year, is as follows:

	Balance at 31-12-2014	Provisions	Amounts used	Balance at 31-12-2015
Trade provisions	140,840	30,000	(54,914)	115,926
Provisions for litigation	376	-	-	376
<b>Total current</b>	<b>141,216</b>	<b>30,000</b>	<b>(54,914)</b>	<b>116,302</b>

The detail of current provisions in the balance sheet at the end of 2016, and of the main changes therein during the year, is as follows:

	Balance at 31-12-2015	Provisions	Amounts used	Balance at 31-12-2016
Trade provisions	115,926	(495)	(22,174)	93,257
Provisions for litigation	376	-	-	376
<b>Total current</b>	<b>116,302</b>	<b>(495)</b>	<b>(22,174)</b>	<b>93,633</b>

The provisions that the Company recognised under "Operating provisions" at 2016 year-end, amounting to 93 million euros, relate mainly to coverage of the potential risks it had to assume as shareholder of the Madrid radial motorways in relation to the legal proceedings filed by third parties.

c) Contingencies, guarantees and deposits

At 31 December 2015 and 2016, the following types of contingencies existed:

Collateral and deposits	2016			2015		
	Spain	Foreign	Total	Spain	Foreign	Total
Guarantees granted to subsidiaries	343,419	1,107,214	1,450,632	178,935	715,350	893,985
Technical guarantees	23	244,337	244,357	-	216,339	216,339
Economic guarantees	124,147	126,567	250,714	78,262	134,181	212,443
<b>Total guarantees and deposits</b>	<b>467,589</b>	<b>1,478,118</b>	<b>1,945,703</b>	<b>257,197</b>	<b>1,065,870</b>	<b>1,322,767</b>

Guarantees of a variable amount were granted to wholly-owned subsidiaries. No liabilities other than those referred to in the different sections of this Note that would result in an outflow of resources for the Company are expected to arise. The technical guarantees posted abroad mainly relate to the project to build the third set of floodgates on the Panama Canal.

No liabilities other than those referred to in the different sections of this Note that would result in an outflow of resources for the Company are expected to arise.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

### 13. Grants, donations or gifts and legacies

The details of and changes in this balance sheet heading in 2016 are shown as follows:

Organisation	Scope	Balance at 31.12.2015	Increases	Transfer to profit or loss	Tax effect	Repayments	Balance at 31.12.2016
Centre for the Development of Industrial Tech State Admin.		-	(356)	356	-	-	-
<b>TOTAL</b>		-	<b>(356)</b>	<b>356</b>	-	-	-

In 2015 the Company did not receive any grants.

At year-end 2016, the Company was in compliance with all requirements for the receipt and use of the foregoing grants.

### 14. Risk management policy

The Company is exposed to various risks, which are analysed by type.

Financial risk management policy and the instruments contracted to implement the policies are largely determined by specific legislation and standards governing the sectors in which the Company operates, and by the circumstances prevailing on the financial markets.

**Credit risk:** Note 7 to the financial statements details the breakdown of Company debt, together with the applicable interest rate and maturity dates. The Company's accounts receivables relate mainly to accounts refundable from the tax authorities and transactions with Group companies. Most of Group company income is received directly from State, autonomous community and local governments in Spain. Therefore, the credit risk is practically non-existent, and on occasions in which delays or default are incurred, they are compensated with the respective late-payment interest, in accordance with the Public Authority Contracts Law. Each business unit performs an assessment prior to arrangement which includes a solvency study. During the life of its contracts, it monitors its receivables on an ongoing basis, reviewing recoverable amounts and recognising impairments as required.

The credit risk of the balances with banks and financial institutions is managed by the holding company's Cash department. Cash surpluses are invested in low-risk liquid instruments at highly solvent entities.

**Liquidity risk:** The Company draws up annual cash budgets and monthly forecasts (with breakdowns and daily updates) to manage its liquidity risk and meet its funding needs. Liquidity risk derives from investment commitments for 2017 based on business plans that require additional financing, and refinancing of short-term borrowings. However, all these risks are mitigated by the following factors:

- (i) The generation of recurring cash from businesses in which the Group bases its activity;
- (ii) The obtainment of new external financing lines, be it via the banks or through the issuance of marketable securities, based on long-term business plans of the Company continuing to be the natural vehicle to obtain liquidity, but both access and the financial conditions have been severely tightened as a result of the crisis;
- (iii) The simple bond issue for 30 million euros and maturing in 2023;
- (iv) Renewal of current borrowings or the repayment thereof with cash surpluses generated;
- (v) The ECP promissory note issue programme for up to 300 million euros and maturing within one year.
- (vi) For remaining maturities in 2017 and subsequent years, based on negotiations with the financial institutions, the Company's directors are convinced that the loans and credit facilities will be renewed at longer term.
- (vii) Sale of non-strategic assets.



SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

At the date of authorisation for issue of these financial statements and on the basis of the 2017 cash flow projections, the Company considers it will be fully able to meet its commitments with suppliers, employees and public administrations, taking into account that indicated above.

**Interest rate risk:** At 2016 year-end, based on the yield curve projections, the Company does not expect significant fluctuations in interest rates that may affect its financial obligations.

## 15. Public administrations and tax matters

### a) Balances

The detail of the balances relating to tax assets and liabilities excluding the deferred tax assets and liabilities detailed in section b) of this note, at 31 December 2015 and 2016, is as follows:

- Tax receivables:**

	2016	2015
VAT refundable	1,158	157
Corporate income tax receivable	3,143	15,549
Tax receivables for inspection proceedings	36,578	36,758
Withholdings payable	20,981	71
<b>Total</b>	<b>61,860</b>	<b>52,535</b>

- Tax payables:**

	2016	2015
VAT payable	8,060	9,542
Canary Islands general indirect tax payable	34	32
Tax withheld	707	902
Social security payable	215	194
Tax payables for inspection proceedings	270	206
<b>Total</b>	<b>9,286</b>	<b>10,876</b>

### b) Deferred tax assets and liabilities

The detail of and changes in the balances of the deferred tax assets and liabilities are as follows:

2016	Opening balance at 31/12/2014	Income statement	Changes reflected in		Closing balance at 31/12/2015
			Equity	Tax group	
<b>Deferred tax assets</b>					
Unused tax credits for insurance premiums	2,178	(413)	-	-	1,765
Unused tax credits	39,266	-	-	713	39,979
Other temporary differences	112,412	(5,278)	-	-	107,134
Tax loss carryforwards	73,295	(56,257)	-	34,241	51,279
<b>Total deferred tax assets</b>	<b>227,151</b>	<b>(61,948)</b>	<b>-</b>	<b>34,954</b>	<b>200,157</b>
<b>Total deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SACYR, S.A.**  
**NOTES TO THE 2016 FINANCIAL STATEMENTS**

In 2015, the Company derecognised tax loss carryforwards amounting to 60,000 thousand euros as a result of Testa Inmuebles en Renta, Socimi, S.A. no longer being included in the Tax Group.

2016	Opening balance at 31.12.2015	Income statement	Changes reflected in		Closing balance at 31.12.2016
			Equity	Tax group	
<b>Deferred tax assets</b>					
Unused tax credits for insurance premiums	1,766	(267)	-	-	1,498
Unused tax credits	39,979	62	-	-	40,041
Other temporary differences	107,134	-	-	-	107,134
Tax loss carryforwards	51,279	59	-	(13,313)	38,025
<b>Total deferred tax assets:</b>	<b>200,157</b>	<b>(146)</b>	<b>-</b>	<b>(13,313)</b>	<b>186,698</b>
<b>Total deferred tax liabilities:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

During 2016, the Company recognised those deferred tax assets and/or liabilities with the tax authorities whose recovery or reversal period was estimated to exceed one year, thus transferring the amount thereof from the current account with the Tax Group.

These deferred tax assets were recognised in the balance sheet since the Company's directors consider that, based on the best estimates of future results, including certain tax planning measures, it is likely that these assets will be recovered within ten years.

"Other temporary differences" includes temporary differences due to the different measurements for tax and accounting purposes.

At 2015 year-end, the Tax Group had tax credits and unused tax loss carryforwards totalling 480,731 thousand euros. The breakdown, by year generated, is as follows:

	tax credits	Tax loss carryforwards	Total
2007	13,466	-	13,466
2008	10,268	5,053	15,321
2009	51,619	-	51,619
2010	65,636	768	66,404
2011	52,959	81,623	134,582
2012	35,514	34,250	69,764
2013	33,977	31,468	65,445
2014	30,902	-	30,902
2015	651	32,579	33,229
<b>Total</b>	<b>294,991</b>	<b>180,740</b>	<b>480,731</b>

In 2015, the Tax Group adjusted its tax loss carryforwards amounting to 180,000 thousand euros based on the forecasts in the Group's business plan after Testa Inmuebles en Renta, Socimi, S.A. was no longer included in the tax group.

On 28 November 2014, Corporate Income Tax Law 27/2014 was passed, which amended the tax rates to 28% in 2015 and 25% in 2016 and thereafter. At 31 December 2015, the Company had valued the deferred tax assets and liabilities according to the expected tax rate at the date of reversal. This has resulted in a higher deferred tax expense being recognised in the income statement totalling 2,193 thousand euros.

At 2016 year-end, the Tax Group had tax credits and unused tax loss carryforwards totalling 495,162 thousand euros. The breakdown, by year generated, is as follows:

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

	Tax credits	Tax loss carryforwards	Total
2007	13,465	-	13,465
2008	9,643	5,053	14,696
2009	51,431	-	51,431
2010	65,636	768	66,404
2011	53,164	81,623	134,787
2012	35,556	34,250	69,806
2013	33,517	31,468	64,985
2014	29,562	-	29,562
2015	2,378	45,511	47,889
2016	640	1,497	2,137
<b>Total</b>	<b>374,990</b>	<b>168,170</b>	<b>543,160</b>

At year-end, the Tax Group recognised its tax assets based on the estimated recovery date and the tax rate applicable in that period.

c) Reconciliation of accounting profit to taxable profit

The reconciliation of net income and expenses for the year from continuing operations to the taxable loss for 2015 corporate income tax purposes is as follows:

	Income statement	
	Increases	Decreases
Balance of income and expenses for the year	-	(767,764)
Corporate income tax	39,047	-
Permanent differences	715,701	(75,099)
Temporary differences	16,979	(39,569)
- arising in the year	16,979	-
- arising in prior years	-	(39,569)
<b>Tax loss</b>	<b>-</b>	<b>(110,705)</b>

The reconciliation of net income and expenses for the year from discontinued operations to the taxable loss for 2015 corporate income tax purposes is as follows:

	Income statement	
	Increases	Decreases
Balance of income and expenses for the year	1,577,268	-
Corporate income tax	(3,386)	-
Permanent differences	102,000	(1,687,974)
<b>Tax loss</b>	<b>-</b>	<b>(12,092)</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

The permanent differences related mainly to the dividends and the gain on the partial sale of the ownership interest in Testa Inmuebles en Renta, Socimi, S.A.

The reconciliation of net income and expenses for the year from continuing operations to the taxable profit for 2016 corporate income tax purposes is as follows:

	Income statement	
	Increases	Decreases
Balance of income and expenses for the year	53,403	-
Corporate income tax	-	(4,321)
Permanent differences	57,766	(124,448)
Temporary differences	441	(1,724)
- arising in the year	441	-
-- arising in prior years	-	(1,724)
Offset of prior years' tax loss carryforwards		-
Tax loss		(18,683)

The permanent differences relate mainly to intra-group dividends and to the impairment loss on the ownership interest in Sacyr Vallehermoso Participaciones Mobiliarias, S.L.U.

The reconciliation of net income and expenses for the year from discontinued operations to the taxable profit for 2016 corporate income tax purposes is as follows:

	Income statement	
	Increases	Decreases
Balance of income and expenses for the year	278,490	-
Corporate income tax	-	-
Permanent differences	-	(278,490)
Tax loss		-

The permanent differences relate to the gain on the partial sale of the ownership interest that the Company held in Testa Inmuebles en Renta, Socimi, S.A.

d) Reconciliation of accounting profit to the corporate income tax expense

The reconciliation of the income tax expense (income) from continuing operations to the result of multiplying the applicable tax rates to the total recognised income and expenses comprising profit or loss at 31 December 2015 and 2016 is as follows:

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

	2016	2015
Income statement balance before taxes	49,082	(728,717)
Impact of permanent differences	(66,682)	640,602
Tax rate	(4,400)	(24,672)
Other adjustments	(67)	63,727
Adjustment due to change in tax rate	146	(8)
<b>Total tax expense recognised in profit and loss</b>	<b>(4,321)</b>	<b>39,047</b>
<b>Total current tax</b>	<b>(4,467)</b>	<b>(22,901)</b>
<b>Total deferred tax</b>	<b>146</b>	<b>61,948</b>

Of the total deferred tax expense recognised in 2015, a total of 39,034 thousand euros relate to the adjustment made by the Company to measure deferred tax assets and liabilities as a result of the change in tax rate under Law 27/2014.

The reconciliation of the income tax expense (income) from discontinued operations to the result of multiplying the applicable tax rates to the total recognised income and expenses comprising profit or loss at 31 December 2015 and 2016 is as follows:

	2016	2015
Income statement balance before taxes	278,490	1,573,882
Impact of permanent differences	(278,490)	(1,585,974)
Tax rate	-	(3,386)
<b>Total tax expense recognised in profit and loss</b>	<b>-</b>	<b>(3,386)</b>
<b>Total current tax</b>	<b>-</b>	<b>(3,386)</b>
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>

#### e) Years open for review and inspection procedures

At year-end 2016, the Group had 2011 to 2016 open for review for all the taxes applicable to it.

On 11 December 2015, the Large Taxpayers Office of the Spanish Tax Authorities initiated tax audits against Sacyr, S.A. with regard to a partial audit of VAT for the periods from 11/2011 to 12/2012, as the head of the VAT Tax Group 410/2008. This tax audit was completed and the assessment was signed on a contested basis amounting to 8,821,995.67 euros.

The assessments signed on uncontested basis by Sacyr, S.A. as the 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 before the National Appellate Court. These reviews were 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 for these periods. 58,477,812.87 euros of this figure relates to the Company.

The assessments signed on a contested basis by Sacyr, S.A. as the 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, are currently being challenged before Spain's Central Administrative Economic Tribunal. These proceedings were initiated against Sacyr, S.A. and will not under any circumstances entail payments to the tax authorities, as they will merely be smaller declared tax losses, all accounted for by subsidiaries in the Tax Group for these periods. 68,846,246.29 euros of this figure relates to the Company. The sanction proceedings arising from the aforementioned tax assessment have also been appealed before the Central Administrative Economic Tribunal.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

A notice was issued with regard to the VAT assessment signed on a contested basis by Sacyr, S.A. as Parent of the VAT Tax Group 410/08 for the period between May 2009 and December 2010, totalling 14,336,876.11 euros, and this is now being challenged at the Central Administrative Economic Tribunal. The sanction proceedings arising from this tax assessment have also been appealed before this same Tribunal.

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

f) Other tax disclosures

The Company has availed itself of the Special System for Company Groups (REGE) in relation to its VAT settlements. The Company is the head of the VAT Group. The company group's ID number is IVA 0410/08.

The Company files consolidated income tax returns and it is the head of the Tax Group. In 2016, the Company received 143 thousand euros on account of corporate income tax. In 2015, the Company paid 5,678 thousand euros on account of corporate income tax.

## 16. Income and expenses

a) Revenue

The breakdown of "Revenue" by activity and geographical market in 2015 and 2016 is as follows:

Activities	2016	2015
Rendering of services	56,222	60,131
<b>Total</b>	<b>56,222</b>	<b>60,131</b>

Geographical markets	2016	2015
Spain	52,823	54,381
Other EU countries	325	471
North and South America	3,069	5,279
Asia	5	-
<b>Total</b>	<b>56,222</b>	<b>60,131</b>

b) Staff costs

The breakdown of staff costs in the income statements at 31 December 2015 and 2016 is as follows:

	2016	2015
Wages, salaries and similar expenses	(18,289)	(14,873)
Employee welfare costs	(2,579)	(2,945)
<b>Total</b>	<b>(20,868)</b>	<b>(17,818)</b>

Employee welfare costs relate mainly to social security charged to the company, health insurance and training.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

c) External services

The details of the Company's external services in the income statement at 31 December 2015 and 2016 were as follows:

	2016	2015
Leases and royalties	(4,368)	(4,351)
Repairs and maintenance	(3,805)	(3,387)
Independent professional services	(13,321)	(35,789)
Insurance premiums	(7,505)	(7,563)
Banking and similar services	(8,072)	(16,353)
Advertising, publicity and public relations	(1,398)	(1,054)
Supplies	(1,458)	(991)
Other services	(3,011)	(3,567)
<b>Total external services</b>	<b>(42,938)</b>	<b>(73,055)</b>

17. Related party transactions and balances

a) Related party transactions

The breakdown of transactions with related parties in 2015 is as follows:

December 2015 Thousands of euros	RELATED PARTY TRANSACTIONS				
	Significant shareholders	Directors and executives	Related individual companies or Group entities	Other related parties	Total
<b>INCOME AND EXPENSE FROM CONTINUING OPERATIONS</b>					
1) Finance costs	0	0	5,701	0	5,701
2) Services received	4,383	0	9,411	0	13,794
3) Losses on disposal of assets	0	0	100,000	0	100,000
4) Other expenses	2	0	0	0	2
<b>TOTAL COSTS</b>	<b>4,385</b>	<b>0</b>	<b>115,112</b>	<b>0</b>	<b>121,497</b>
1) Finance income	0	0	23,987	0	23,987
2) Dividends received	0	0	35,878	0	35,878
3) Services rendered	537	0	59,474	0	60,011
4) Sale of goods (finished goods and work in progress)	5,914	0	0	0	5,914
<b>TOTAL INCOME</b>	<b>6,451</b>	<b>0</b>	<b>129,339</b>	<b>0</b>	<b>135,790</b>

December 2016 Thousands of euros	RELATED PARTY TRANSACTIONS				
	Significant shareholders	Directors and executives	Related individual companies or Group entities	Other related parties	Total
<b>OTHER TRANSACTIONS FROM CONTINUING OPERATIONS</b>					
1) Financing agreements: Loans and capital contributions	0	0	1,129,694	0	1,129,694
2) Repayment or cancellation of loans and finance lease contracts (lessor)	0	0	463,542	0	463,542
3) Finance, loan and capital contribution agreements (borrower)	0	0	4,044,039	0	4,044,039
4) Repayment or cancellation of loans and finance lease contracts (lessee)	0	0	5,219,769	0	5,219,769

December 2015 Thousands of euros	BALANCES WITH RELATED PARTIES				
	Significant shareholders	Directors and executives	Related individual companies or Group entities	Other related parties	Total
<b>OTHER BALANCES FROM CONTINUING OPERATIONS</b>					
1) Financing agreements: Loans and capital contributions	0	0	1,179,544	0	1,179,544
2) Finance, loan and capital contribution agreements (borrower)	0	0	63,659	0	63,659
3) Other transactions	874	0	0	0	874

**SACYR, S.A.**  
**NOTES TO THE 2016 FINANCIAL STATEMENTS**

**December 2015**  
Thousands of euros

INCOME AND EXPENSE FROM DISCONTINUED OPERATIONS	RELATED PARTY TRANSACTIONS				
	Significant shareholders	Directors and executives	Related individuals, companies or Group entities	Other related parties	Total
1) Finance costs	0	0	12,092	0	12,092
2) Other expenses	0	0	102,000	0	102,000
<b>TOTAL COSTS</b>	0	0	114,092	0	114,092
1) Finance income	0	0	542,300	0	542,300
2) Management or collaboration contracts	0	0	10,234	0	10,234
3) Transfers of R&D and license agreements	0	0	1,148,474	0	1,148,474
<b>TOTAL INCOME</b>	0	0	1,698,208	0	1,698,208

The dividends from discontinued operations relate to those received from Testa Inmuebles en Renta, Socimi, S.A., and the profit from the recognition or disposal of discontinued operations.

At 2015 year-end, the Company recognised a provision of 102,000 thousand euros to cover possible liabilities on its investments held for sale.

The breakdown of transactions with related parties in 2016 is as follows:

**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	0	0	3,823	0	3,823
2) Leases	0	0	0	737	737
3) Services received	2,731	0	5,485	102	8,318
4) Purchase of goods	843	0	0	4,149	4,992
5) Other expenses	5	0	0	0	5
<b>TOTAL COSTS</b>	3,579	0	9,308	4,986	17,873
1) Finance income	0	0	27,906	0	27,906
2) Dividends received	0	0	51,783	0	51,783
3) Services rendered	1,183	0	54,955	0	56,138
4) Sale of goods (finished goods and work in progress)	10,792	0	0	127,928	138,720
5) Other income	314	0	0	0	314
<b>TOTAL INCOME</b>	12,289	0	134,644	127,928	274,861

**DECEMBER 2016**  
Thousands of euros

OTHER TRANSACTIONS FROM CONTINUING OPERATIONS	RELATED PARTY TRANSACTIONS				
	Significant shareholders	Directors and executives	Related individuals, companies or Group entities	Other related parties	Total
1) Financing agreements: Loans and capital contributions	0	0	673,398	0	673,398
2) Repayment or cancellation of loans and finance lease contracts (lessor)	0	0	346,907	0	346,907
3) Finance, loan and capital contribution agreements (borrower)	0	0	731,724	0	731,724
4) Repayment or cancellation of loans and finance lease contracts (lessee)	0	0	202,141	0	202,141
5) Other transactions	18,045	0	0	0	18,045

**DECEMBER 2016**  
Thousands of euros

OTHER BALANCE FROM CONTINUING OPERATIONS	BALANCES WITH RELATED PARTIES				
	Significant shareholders	Directors and executives	Related individuals, companies or Group entities	Other related parties	Total
1) Financing agreements: Loans and capital contributions	0	0	817,140	0	817,140
2) Finance, loan and capital contribution agreements (borrower)	0	0	618,243	0	618,243
3) Other transactions	2,201	0	0	0	2,201

**DECEMBER 2016**  
Thousands of euros

INCOME AND EXPENSE FROM DISCONTINUED OPERATIONS	RELATED PARTY TRANSACTIONS				
	Significant shareholders	Directors and executives	Related individuals, companies or Group entities	Other related parties	Total
1) Services received	0	0	0	3	3
<b>TOTAL COSTS</b>	0	0	0	3	3
1) Rendering of service	0	0	10,154	0	10,154
<b>TOTAL INCOME</b>	0	0	10,154	0	10,154

Finance costs relate to interest accrued on loans granted by Group companies to Sacyr, S.A. These expenses are capitalised by increasing the balance to the lender.

Finance income relates to interest accrued on loans granted by Group companies to Sacyr, S.A. This income is capitalised by increasing the balance to the lender.



SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

Income from services includes the structure fee that the Company passes on to the Group heads and the services it rebills whose expense is borne by Sacyr, S.A.

Gains from the sale of assets relate to disposals and work performed for related parties.

Financing agreements, loans and capital contributions relate to loans granted by the Company to Group companies.

Financing agreements in a borrower capacity include the loans received by the Company from Group companies.

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.
- In 2016, Sacyr Construcción, S.A.U. 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.

In 2016, no valuation adjustments were made on uncollectible debts relating to amounts included in the outstanding balances and in expenditure recognised in the year regarding related-party borrowings.

The balance of income and expenses with Group companies and associates at 31 December 2015, as shown in the corresponding income statement, is as follows:

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

2015	Other Group companies	Associates	TOTAL
<b>INCOME</b>			
<b>Rendering of services</b>	<b>54,407</b>	<b>3,045</b>	<b>57,474</b>
TESTA INMUEBLES EN RENTA, SOCIMI, S.A.	-	2,869	2,869
VALLEHERMOSO DIVISION PROMOCION, S.A.U.	477	-	477
VALORIZA CONSERVACION DE INFRAEST. , S.A.U.	639	-	639
VALORIZA GESTIÓN, S.A.U.	8,501	-	8,501
CAFESTORE, S.A.U.	138	-	138
S.A.U. DEPURACION Y TRATAMIENTOS - SADYT	541	-	541
EMPRESA MIXTA DE AGUAS DE STA. CRUZ DE TENERIFE, S.A.	1,026	-	1,026
GRUPO UNIDOS POR EL CANAL, S.A.	5,147	-	5,147
SACYR CONCESIONES CHILE, S.A.	16	-	16
AUTOVIA DEL TURIA CONCES. DE LA GENERALITAT VALENCIANA, S.A.	-	37	37
CAVOSA OBRAS Y PROYECTOS, S.A.	29	-	29
SACYR INDUSTRIAL PERU, S.A.S.	21	-	21
INTERCAMBIADOR DE TRANSPORTES DE MONCLOA, S.A.	-	73	73
VALORIZA AGUA, S.L.U.	214	-	214
INTERCAMBIADOR DE TRANSPORTES DE PLAZA ELIPTICA, S.A.	-	37	37
AUTOVIA DE BARBANZA, S.A. (CONCES. XUNTA GALICIA)	30	-	30
SACYR CONCESIONES, S.L.U.	6,215	-	6,215
SACYR CONSTRUCCION, S.A.U.	29,195	-	29,195
VALORIZA FACILITIES, S.A.U.	835	-	835
VALORIZA SERVICIOS MEDIAMBIENTALES, S.A.	1,344	-	1,344
SACYR INDUSTRIAL, S.L.U.	493	-	493
VALORIZA SERVICIOS A LA DEPENDENCIA, S.A.U.	66	-	66
SOC. CONC. AEROPUERTO DE MURCIA, S.A.	33	-	33
TIO. DE RESIDUOS LA RIOJA, S.L.	10	-	10
SACYR VALLEHERMOSO PARTIC. MOBILIARIAS, S.L.	100	-	100
SOMAGUE, S.G.P.S, S.A.	451	-	451
AUTOVIA DEL ARLANZON, S.A.	15	-	15
GESFONTESTA, S.A.	-	18	18
NEOPISTAS, S.A.U.	37	-	37
SOLEVAL RENOVABLES, S.L.	11	-	11
VALORIZA MINERIA, S.L.	25	-	25
TESTA RESIDENCIAL, S.L.	-	31	31
<b>Non-controlling</b>	<b>38,987</b>	<b>-</b>	<b>38,987</b>
GRUPO UNIDOS POR EL CANAL, S.A.	6,631	-	6,631
SACYR CONCESIONES, S.L.U.	9,670	-	9,670
SACYR GESTION DE ACTIVOS, S.L.	471	-	471
SACYR VALLEHERMOSO PARTIC. MOBILIARIAS, S.L.	18,618	-	18,618
SOMAGUE, S.G.P.S, S.A.	200	-	200
VALORIZA GESTIÓN, S.A.U.	3,197	-	3,197
<b>Dividends</b>	<b>35,578</b>	<b>-</b>	<b>35,578</b>
SACYR CONSTRUCCION, S.A.U.	35,578	-	35,578
<b>TOTAL INCOME</b>	<b>130,974</b>	<b>3,065</b>	<b>134,039</b>
<b>EXPENSES</b>			
<b>Services received</b>	<b>23,847</b>	<b>2,541</b>	<b>26,390</b>
PROSACYR OCIO, S.L.	64	-	64
SACYR CONSTRUCCION, S.A.U.	4,273	-	4,273
SOMAGUE, S.G.P.S., S.A.	222	-	222
TESTA INMUEBLES EN RENTA, SOCIMI, S.A.	-	2,541	2,541
VALORIZA AGUA, S.L.U.	1,825	-	1,825
VALORIZA FACILITIES, S.A.U.	482	-	482
VALORIZA SERVICIOS MEDIOAMBIENTALES, S.A.	4	-	4
SACYR CHILE, S.A.	16,979	-	16,979
<b>Non-controlling</b>	<b>5,701</b>	<b>-</b>	<b>5,701</b>
INCHSACYR, S.A.	20	-	20
SACYR CONSTRUCCION, S.A.U.	5,267	-	5,267
SOMAGUE AMBIENTE, S.A.	91	-	91
SOMAGUE, S.G.P.S, S.A.	323	-	323
<b>TOTAL COSTS</b>	<b>29,550</b>	<b>2,541</b>	<b>32,091</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

The balance of income and expenses with Group companies and associates at 31 December 2016, as shown in the corresponding income statement, is as follows:

2016	Other Group companies	Associates	TOTAL
<b>INCOME</b>			
<b>Rendering of services</b>	<b>54,692</b>	<b>243</b>	<b>54,955</b>
AUTOVIA DEL ARLANZON, S.A.	15	-	15
VALLEHERMOSO DIVISIÓN PROMOCIÓN, S.A.U.	1,598	-	1,598
VALORIZA CONSERVACION DE INFRAEST., S.A.U.	860	-	860
VALORIZA GESTIÓN, S.A.	12,496	-	12,496
CAFESTORE, S.A.U.	121	-	121
S.A.U. DEPURACION Y TRATAMIENTOS - SADYT	525	-	525
GRUPO UNIDOS POR EL CANAL, S.A.	3,001	-	3,001
SCRINER, S.A.	35	-	35
SOMAGUE- S.G.P.S., S.A.	324	-	324
AUTOVIA DEL TURIA CONCES.DE LA GENERALITAT VALENCIANA	-	46	46
CAVOSA OBRAS Y PROYECTOS, S.A.	21	-	21
SACYR INDUSTRIAL PERU, S.A.S.	17	-	17
EMPRESA MIXTA DE AGUAS DE STA.CRUZ DE TENERIFE, S.A.	1,938	-	1,938
VALORIZA AGUA, S.L.U.	714	-	714
PRINUR, S.A.U.	22	-	22
AUTOVIA DE BARBANZA, S.A.(CONCES.XUNTA GALICIA)	31	-	31
SACYR CONCESIONES, S.L.U.	6,205	-	6,205
SACYR CONSTRUCCION, S.A.U.	19,890	-	19,890
VALORIZA FACILITIES, S.A.U.	985	-	985
VALORIZA SERVICIOS MEDIOAMBIENTALES, S.A.	1,372	-	1,372
SACYR INDUSTRIAL, S.L.U.	4,247	-	4,247
VALORIZA SERVICIOS A LA DEPENDENCIA, S.L.U.	71	-	71
SOC. CONC. AEROPUERTO DE MURCIA, S.A.	18	-	18
TTO. DE RESIDUOS LA RIOJA, S.L.	9	-	9
SACYR VALLEHERMOSO PARTIC.MOBILIARIAS, S.L.	100	-	100
IDEYCO, S.A.U.	9	-	9
HOSPITAL DE PARLA, S.A.	-	96	96
HOSPITAL DEL NORESTE, S.A.	-	105	105
NEOPISTAS, S.A.U.	37	-	37
SOLEVAL RENOVABLES, S.L.	13	-	13
VALORIZA MINERÍA, S.L.	18	-	18
CITRA, PALMA-MANACOR, CONCES DEL CONSELL INSULAR DE MALLORCA, S.A.	-	16	16
<b>Non-controlling</b>	<b>27,904</b>	<b>-</b>	<b>27,904</b>
GRUPO UNIDOS POR EL CANAL, S.A.	7,519	-	7,519
SACYR CONCESIONES, S.L.U.	4,885	-	4,885
SACYR GESTION DE ACTIVOS, S.L.	594	-	594
SACYR VALLEHERMOSO PARTIC. MOBILIARIAS, S.L.	13,795	-	13,795
SOMAGUE, S.G.P.S, S.A.	307	-	307
VALORIZA GESTIÓN, S.A.U.	803	-	803
<b>Dividends</b>	<b>51,783</b>	<b>-</b>	<b>51,783</b>
SACYR CONSTRUCCION, S.A.U.	46,042	-	46,042
VALORIZA GESTIÓN, S.A.U.	5,741	-	5,741
<b>TOTAL INCOME</b>	<b>134,381</b>	<b>243</b>	<b>134,644</b>
<b>EXPENSES</b>			
<b>Services received</b>	<b>5,485</b>	<b>-</b>	<b>5,485</b>
SACYR CONSTRUCCION, S.A.U.	2,588	-	2,588
SOMAGUE, S.G.P.S., S.A.	102	-	102
VALORIZA AGUA, S.L.U.	1,938	-	1,938
VALORIZA FACILITIES, S.A.U.	486	-	486
VALORIZA SERVICIOS MEDIOAMBIENTALES, S.A.	5	-	5
S.A.U. DEPURACION Y TRATAMIENTOS - SADYT	363	-	363
CAFESTORE, S.A.U.	3	-	3
<b>Non-controlling</b>	<b>3,823</b>	<b>-</b>	<b>3,823</b>
INCHISACYR, S.A.	21	-	21
SACYR CONSTRUCCION, S.A.U.	2,290	-	2,290
SOMAGUE AMBIENTE, S.A.	84	-	84
SACYR INVESTMENTS, S.A.	54	-	54
SACYR SECURITIES, S.A.	113	-	113
VALORIZA GESTIÓN, S.A.	1,261	-	1,261
<b>TOTAL COSTS</b>	<b>9,308</b>	<b>-</b>	<b>9,308</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

b) Balances with related parties

The detail of the balances with related parties in the balance sheet at 31 December 2015 is as follows:

2015	Other Group companies	Associates	TOTAL
<b>NON-CURRENT RECEIVABLES</b>			
Equity Instruments (Note 8)	1,486,374	-	1,486,374
Loans to companies (Note 8)	873,541	-	873,541
Other financial assets (Note 8)	81,083	-	81,083
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<b>2,440,998</b>	<b>-</b>	<b>2,440,998</b>
<b>CURRENT RECEIVABLES</b>			
Trade receivables	132,206	(34)	132,172
Loans to companies (Note 8)	135,614	-	135,614
<b>TOTAL CURRENT RECEIVABLES</b>	<b>267,820</b>	<b>(34)</b>	<b>267,786</b>
<b>NON-CURRENT PAYABLES BALANCES</b>			
Non-current payables	7,029	-	7,029
<b>TOTAL NON-CURRENT PAYABLES BALANCES</b>	<b>7,029</b>	<b>-</b>	<b>7,029</b>
<b>CURRENT PAYABLES</b>			
Current interest-bearing loans and borrowings	269,238	-	269,238
Trade payables/payable to suppliers	555,724	164	555,888
<b>TOTAL CURRENT PAYABLES BALANCES</b>	<b>824,962</b>	<b>164</b>	<b>825,126</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

Current trade receivables from Group companies relate to invoices issued by the Company to different Group companies, corporate income tax balances, tax inspection proceedings and VAT, as follows:

2015	Other Group companies	Asociates	TOTAL
<b>CURRENT RECEIVABLES</b>			
<b>Trade receivables</b>	<b>132,204</b>	<b>(34)</b>	<b>132,172</b>
AU. NORO. CONCE. CDAD. AUTO. REG. MURCIA, S.A.U.	-	6	6
AUTOPISTA DE GUADALMEDINA, CONCESIONARIA ESPAÑOLA, S.A.	5	-	5
AUTOVIA DE BARBANZA, S.A.(CONCES.XUNTA GALICIA)	92	-	92
AUTOVIA DEL ARLANZON, S.A.	506	-	506
AUTOVIA DEL ERESMA, CONC. J.CASTILLA Y LEON, S.A.	259	-	259
AUTOVIA DEL TURIA CONCES.DE LA GENERALITAT VALENCIANA, S.A.	-	12	12
BIOMASA PUENTE GENIL, S.L.	(90)	-	(90)
BURGUERSTORE, S.L.U.	1	-	1
CAPESTORE, S.A.U.	192	-	192
CAVOSA OBRAS Y PROYECTOS, S.A.	58	-	58
CIA. ENERGETICA DE LA RODA, S.L.	5	-	5
COMPAÑIA ENERGETICA PUENTE DEL OBISPO, S.L.	55	-	55
COMPAÑIA ENERGETICA DE PATA DE MULO, S.L.	25	-	25
COMPAÑIA ENERGETICA LAS VILLAS, S.L.	91	-	91
EMPRESA MIXTA DE AGUAS DE STA. CRUZ DE TENERIFE, S.A.	2	-	2
ERANTOS, S.A.	(4)	-	(4)
GESCENTESTA, S.L.U.	7	-	7
GESFITESTA, S.L.	-	1	1
GESFONTESTA, S.A.	-	3	3
GRUPO SAINCA, S.A.C.	3	-	3
GRUPO UNIDOS POR EL CANAL, S.A.	34,356	-	34,356
HOSPITAL DE PARLA, S.A.	12	-	12
HOSPITAL DEL NORESTE, S.A.	(17)	-	(17)
IDEYCO, S.A.U.	9	-	9
INCHISACYR, S.A.	1	-	1
INTERCAMBIADOR DE TRANSPORTES DE MONCLOA, S.A.	-	1	1
NEOPASTAS, S.A.U.	105	-	105
PRINUR, S.A.U.	814	-	814
PROSACYR OCIO, S.L.U.	9	-	9
S.A.U. DEPURACION Y TRATAMIENTOS - SADYT	403	-	403
SACYR CHILE, S.A.	4	-	4
SACYR CONCESIONES CHILE, S.A.	101	-	101
SACYR CONCESIONES, S.L.U.	1,935	-	1,935
SACYR CONSTRUCCION COLOMBIA, S.A.	6	-	6
SACYR CONSTRUCCION USA LLC	33	-	33
SACYR CONSTRUCCION, S.A.U.	19,336	-	19,336
SACYR ENVIRONMENT USA LLC	8	-	8
SACYR FINANCE, S.A.	62,885	-	62,885
SACYR FLUOR, S.A.	3	-	3
SACYR INDUSTRIAL COLOMBIA, S.A.S.	4	-	4
SACYR INDUSTRIAL MÉXICO, S.A. DE C.V.	7	-	7
SACYR INDUSTRIAL MONDISA MANT. ELECTRICOS PANAMA, S.A.	2	-	2
SACYR INDUSTRIAL PERU, S.A.S.	48	-	48
SACYR INDUSTRIAL PTY LTD	9	-	9
SACYR INDUSTRIAL, S.L.U.	856	-	856
SACYR INFRASTRUCTURE USA LLC	5	-	5
SACYR VALLEHERMOSO PARTIC.MOBILIARIAS, S.L.	(586)	-	(586)
SANTACRUCERA DE AGUAS, S.L.	3	-	3
SCRINSER, S.A.U.	(22)	-	(22)
SECADEROS DE BIOMASA, S.L.	116	-	116
SOC. CONC. AEROPUERTO DE MURCIA, S.A.	67	-	67
SOMAGUE CONCESSOES DE INFRAEST., S.A.	495	-	495
SOMAGUE INMOBILIARIA S.A.	1,866	-	1,866
SOMAGUE-S.G.P.S., S.A.	218	-	218
SÜRGE AMBIENTAL, S.L.	4	-	4
TESTA INMUEBLES EN RENTA. SOCIM, S.A.	-	58	58
TESTA RESIDENCIAL, S.L.	-	(115)	(115)
TTO DE RESIDUOS LA RIOJA, S.L.	32	-	32
TUNGSTEN SAN FINX, S.L.	(52)	-	(52)
VALLEHERMOSO DIVISION PROMOCION, S.A.U.	626	-	626
VALORIZA AGUA, S.L.U.	263	-	263
VALORIZA CONSERVACION DE INFRAEST., S.A.U.	475	-	475
VALORIZA ENERGIA OPERACIÓN Y MANTENIMIENTO, S.L.U.	80	-	80
VALORIZA FACILITIES, S.A.U.	2,845	-	2,845
VALORIZA GESTIÓN, S.A.U.	1,908	-	1,908
VALORIZA MINERÍA, S.L.	(57)	-	(57)
VALORIZA SERVICIOS A LA DEPENDENCIA, S.A.U.	13	-	13
VALORIZA SERVICIOS MEDIOAMBIENTALES BOLIVIA, S.R.L.	3	-	3
VALORIZA SERVICIOS MEDIOAMBIENTALES, S.A.	1,446	-	1,446
VIASTUR, CONCESIONARIA DEL PRINCIPADO DE ASTURIAS, S.A.	322	-	322
<b>Loans to companies (Note 8)</b>	<b>135,614</b>	<b>-</b>	<b>135,614</b>
<b>TOTAL CURRENT RECEIVABLES</b>	<b>267,820</b>	<b>(34)</b>	<b>267,786</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

Current payables to Group companies relates to income tax balances, additional tax assessments, non-current loans and intra-Group transactions. Current trade payables correspond to invoices issued by Group companies to Sacyr, S.A. The breakdown of these headings is as follows:

2015	Other Group companies	Associates	TOTAL
<b>CURRENT PAYABLES</b>			
<b>Current interest-bearing loans and borrowings</b>	<b>269,238</b>	<b>-</b>	<b>269,238</b>
AUTOV.DEL ERESMA,CONC.J.CAST.LEON, S.A.	{346}	-	{346}
AUTOVIA DE BARBANZA, S.A. {CONC.XTA.GAL}	461	-	461
BIOELECTRICA DE LINARES, S.L.	{178}	-	{178}
BIOELECTRICA DE VALLADOLID, S.L.	1	-	1
BIOMASAS DE PUENTE GENIL, S.L.	{1,203}	-	{1,203}
BURGUERSTORE, S.L.U.	{4}	-	{4}
CAFESTORE, S.A.U.	{59}	-	{59}
CAPACE, S.L.	{13}	-	{13}
CAVOSA OBRAS Y PROYECTOS, S.A.	999	-	999
CIA. ENERGETICA DE LA RODA, S.L.	{152}	-	{152}
CIA.ENERG.PUENTE DEL OBISPO, S.L.	{1,150}	-	{1,150}
COMP.ENERGETICA DE PATA DE MULO, S.L.	{999}	-	{999}
COMPAÑIA ENERG. LAS VILLAS, S.L.	{743}	-	{743}
EMP.MIXTA AGUAS STA.CRUZ DE TENERIFE, S.A.	{90}	-	{90}
ERANTOS, S.A.	{1}	-	{1}
EUROCOMERCIAL, S.A.	1	-	1
HIDROANDALUZA, S.A.	{4}	-	{4}
HOSPITAL DEL NORESTE, S.A.	-	4	4
IDEYCO, S.A.U.	9	-	9
INCHISACYR, S.A.	661	-	661
INTERCAM.TRANSPOR.PZA ELIPTICA, S.A.	-	6	6
INTERCAMB DE TES. DE MONCLOA, S.A.	-	5	5
ITINERE INFRAESTRUCTURAS, S.A.	-	16	16
OBR.Y SERV. DE GALICIA Y ASTURIAS, S.A.	{61}	-	{61}
PRINUR, S.A.U.	{624}	-	{624}
PROSACYR OCIO, S.L.U.	45	-	45
S.A.U. DEPURACION Y TRATAMIENTOS	{907}	-	{907}
SACYR CONCESIONES PARTICIPADAS IV, S.L.	{1}	-	{1}
SACYR CONCESIONES PARTICIPADAS VI, S.L.	{1}	-	{1}
SACYR CONCESIONES, S.L.U.	1,294	-	1,294
SACYR CONSTRUCCIÓN, S.A.	206,339	-	206,339
SACYR FINANCE, S.A.U.	{2}	-	{2}
SACYR GESTION DE ACTIVOS, S.L.	{15}	-	{15}
SACYR INDUSTRIAL, S.L.D.	394	-	394
SACYR VALLEHERMOSO PART. MOB., S.L.U.	67,315	-	67,315
SANTACRUZERA DE AGUAS, S.L.U.	{4}	-	{4}
SORINER, S.A.U.	942	-	942
SECADEROS DE BIOMASA, S.L.	{655}	-	{655}
SOMAGUE AMBIENTE, S.A.	13	-	13
SOMAGUE, SOPS, S.A.	3	-	3
SURGE AMBIENTAL, S.L.	{1}	-	{1}
TESTA INMUEBLES EN RENTA,SOCIMI, S.A.	-	{35}	{35}
TESTA RESIDENCIAL, S.L.U.	-	4	4
TTO. DE RESIDUOS LA RIOJA, S.L.	18	-	18
TUNGSTEN S. FINX, S.L.	11	-	11
VALLEHERMOSO DIV. PROMOCION, S.A.U.	{449}	-	{449}
VALORIZA AGUA, S.L.U.	{137}	-	{137}
VALORIZA CONSER.DE INFRA., S.A.U.	{114}	-	{114}
VALORIZA ENERGIA OPERACION Y MANT., S.L.U.	{7}	-	{7}
VALORIZA FACILITIES, S.A.U.	2	-	2
VALORIZA GESTION, S.A.U.	413	-	413
VALORIZA MINERIA, S.L.U.	10	-	10
VALORIZA SERVICIOS A LA DEPENDENCIA, S.A.U.	{151}	-	{151}
VALORIZA SERVICIOS MEDIOAMBIENTALES, S.A.	{1,618}	-	{1,618}
VALORIZA SERVICIOS SOCIO SANITARIOS, S.L.	{4}	-	{4}
<b>Trade payables/payable to suppliers</b>	<b>855,724</b>	<b>164</b>	<b>855,888</b>
ALAZOR INVERSIONES, S.A.	3	-	3
SACYR CHILE, S.A.	145,606	-	145,606
SACYR CONSTRUCCION, S.A.	362,030	-	362,030
SOMAGUE-ENGENHARIA, S.A.	38,150	-	38,150
TESTA INMUEBLES EN RENTA,SOCIMI, S.A.	-	164	164
VALORIZA FACILITIES, S.A.U.	318	-	318
VALORIZA GESTION, S.A.U.	9,610	-	9,610
VALORIZA SERVICIOS MEDIOAMBIENTALES, S.A.	1	-	1
OTROS	6	-	6
<b>TOTAL CURRENT PAYABLES BALANCES</b>	<b>824,962</b>	<b>164</b>	<b>825,126</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

The detail of the balances with related parties in the balance sheet at 31 December 2016 is as follows:

2016	Other Group companies	Associates	TOTAL
<b>NON-CURRENT RECEIVABLES</b>			
Equity Instruments (Note 8)	2,140,011	-	2,140,011
Loans to companies (Note 8)	544,252	-	544,252
Other financial assets (Note 8)	81,083	-	81,083
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<b>2,765,346</b>	<b>-</b>	<b>2,765,346</b>
<b>CURRENT RECEIVABLES</b>			
Trade receivables	62,054	174	62,228
Loans to companies (Note 8)	191,804	-	191,804
<b>TOTAL CURRENT RECEIVABLES</b>	<b>253,858</b>	<b>174</b>	<b>254,032</b>
<b>NON-CURRENT PAYABLES BALANCES</b>			
Non-current payables	83,851	-	83,851
<b>TOTAL NON-CURRENT PAYABLES BALANCES</b>	<b>83,851</b>	<b>-</b>	<b>83,851</b>
<b>CURRENT PAYABLES</b>			
Current interest-bearing loans and borrowings	592,988	31	593,019
Trade payables/payable to suppliers	242,946	-	242,946
<b>TOTAL CURRENT PAYABLES BALANCES</b>	<b>835,934</b>	<b>31</b>	<b>835,965</b>

The balance of equity instruments corresponds to Company holdings in Group companies, as detailed in Note 8 to these financial statements.

Current and non-current loans to companies comprise those granted to Group companies, as detailed in Note 8 to these financial statements. These loans accrue floating-rate interest tied to EURIBOR +4%.

"Other non-current financial assets" relates to a commercial balance with Valoriza Gestión, S.A.U.

The amount corresponding to non-current payables includes loans from Group companies received by the Company.

Current trade receivables from Group companies relate to invoices issued by the Company to different Group companies, corporate income tax balances, tax inspection proceedings and VAT, as follows:

**SACYR, S.A.**  
**NOTES TO THE 2016 FINANCIAL STATEMENTS**

2016	Other Group companies	Associates	TOTAL
<b>CURRENT RECEIVABLES</b>			
<b>Trade receivables</b>	<b>62,054</b>	<b>174</b>	<b>62,228</b>
AU.NORO.CONCE.CDAD.AUTO.REG.MURCIA, S.A.U.	-	3	3
AUTOPISTA DE GUADALMEDINA, CONCESIONARIA ESPAÑOLA, S.A.	4	-	4
AUTOVIA DE BARBANZA, S.A.(CONCES.XUNTA GALICIA)	98	-	98
AUTOVIA DEL ARLANZON, S.A.	697	-	697
AUTOVIA DEL ERESMA, CONC. J.CASTILLA Y LEON, S.A.	281	-	281
AUTOVIA DEL TURIA CONCES.DE LA GENERALITAT VALENCIANA, S.A.	-	22	22
BIOMASAS DE PUENTE GENIL, S.L.	108	-	108
BURGUERSTORE, S.L.	2	-	2
CAFESTORE, S.A.U.	176	-	176
CAVOSA OBRAS Y PROYECTOS, S.A.	161	-	161
CIA. ENERGETICA DE LA RODA, S.L.	32	-	32
COMPAÑIA ENERGETICA DE PATA DE MULO, S.L.	115	-	115
COMPAÑIA ENERGETICA LAS VILLAS, S.L.	67	-	67
COMPAÑIA ENERGETICA PUENTE DEL OBISPO, S.L.	128	-	128
CTRA. PALMA-MANACOR, CONCES DEL CONSELL INSULAR DE MALLORCA, S.A.	-	12	12
EMPRESA MIXTA DE AGUAS DE STA.CRUIZ DE TENERIFE, S.A.	3	-	3
GESTION ENERGIA Y MERCADOS, S.L.	16	-	16
GRUPO SAINCA, S.A.C.	3	-	3
GRUPO UNIDOS POR EL CANAL, S.A.	37,284	-	37,284
HOSPITAL DE PARLA, S.A.	-	(1)	(1)
HOSPITAL DEL NORESTE, S.A.	-	3	3
IDEYCO, S.A.U.	8	-	8
INCHISACYR, S.A.	1	-	1
INTERCAMBIADOR DE TRANSPORTES DE MONCLOA, S.A.	-	90	90
INTERCAMBIADOR DE TRANSPORTES DE PLAZA ELIPTICA, S.A.	-	46	46
MYAH GULF OMAN DESALINATION COMPANY SAOC	1	-	1
PRINUR, S.A.U.	(13)	-	(13)
PROSACYR OCIO, S.L.U.	9	-	9
S.A.U. DEPURACION Y TRATAMIENTOS - SADYT	175	-	175
SACYR CHILE, S.A.	27	-	27
SACYR COLOMBIA, S.A.	11	-	11
SACYR CONCESIONES CHILE, S.A.	101	-	101
SACYR CONCESIONES, S.L.U.	745	-	745
SACYR CONCESIONES SERVICIOS S.A. DE C.V. (MEXICO)	1	-	1
SACYR CONSTRUCCION APARCAMIENTOS DAOIZ Y VELARDE, S.L.	(2)	-	(2)
SACYR CONSTRUCCION APARCAMIENTOS JUAN ESPLANDIU, S.L.	(7)	-	(7)
SACYR CONSTRUCCION APARCAMIENTOS PLAZA DEL MILENIO, S.L.	9	-	9
SACYR CONSTRUCCION APARCAMIENTOS VIRGEN DEL ROMERO, S.L.	(1)	-	(1)
SACYR CONSTRUCCION COLOMBIA, S.A.	6	-	6
SACYR CONSTRUCCION PLAZA DE LA ENCARNACIÓN, S.L.	48	-	48
SACYR CONSTRUCCION USA LLC	33	-	33
SACYR CONSTRUCCION, S.A.U.	1,137	-	1,137
SACYR ENVIRONMENT USA LLC	2	-	2
SACYR FINANCE, S.A.	(67)	-	(67)
SACYR FLUOR, S.A.	120	-	120
SACYR INDUSTRIAL MÉXICO, S.A. DE C.V.	7	-	7
SACYR INDUSTRIAL MONDISA MANTENIMIENTOS ELECTRICOS PANAMA, S.A.	2	-	2
SACYR INDUSTRIAL OPERACIÓN Y MANTENIMIENTO, S.L.	57	-	57
SACYR INDUSTRIAL PERU, S.A.S.	32	-	32
SACYR INDUSTRIAL PTY LTD	9	-	9
SACYR INDUSTRIAL, S.L.U.	2,057	-	2,057
SACYR INFRASTRUCTURE USA LLC	5	-	5
SACYR SECURITIES, S.A.	(37)	-	(37)
SACYR VALLEHERMOSO PARTIC.MOBILIARIAS, S.L.	567	-	567
SANTACRUCERA DE AGUAS, S.L.	6	-	6
SCRINSER, S.A.	(88)	-	(88)
SECADEROS DE BIOMASA, S.L.	(96)	-	(96)
SOC. CONC. AEROPUERTO DE MURCIA, S.A.	116	-	116
SOC.ECONOMIA MIXTA DE AGUAS DE SORIA, S.L.	-	(1)	(1)
SOHAR SWROCONSTRUCTION COMPANY LLC	4	-	4
SOLEVAL RENOVABLES, S.L.	1	-	1
SOMAGUE CONCESSIONS DE INFRAEST., S.A.	495	-	495
SOMAGUE IMOBILIÁRIA, S.A.	1,866	-	1,866
SOMAGUE-S.G.P.S., S.A.	247	-	247
SURGE AMBIENTAL, S.L.	7	-	7
TIO, DE RESIDUOS LA RIOJA, S.L.	(22)	-	(22)
TUNGSTEN SAN FINX, S.L.	(25)	-	(25)
VALLEHERMOSO DIVISION PROMOCION, S.A.U.	3,806	-	3,806
VALORIZA AGUA, S.L.U.	359	-	359
VALORIZA CONSERVACION DE INFRAEST., S.A.U.	1,315	-	1,315
VALORIZA FACILITES, S.A.U.	3,218	-	3,218
VALORIZA GESTION, S.A.U.	4,719	-	4,719
VALORIZA SERVICIOS A LA DEPENDENCIA, S.L.U.	27	-	27
VALORIZA SERVICIOS MEDIOAMBIENTALES, S.A.	1,547	-	1,547
VIASTUR, CONCESIONARIA DEL PRINCIPADO DE ASTURIAS, S.A.	334	-	334
<b>Loans to companies (Note 8)</b>	<b>191,804</b>	<b>-</b>	<b>191,804</b>
<b>TOTAL CURRENT RECEIVABLES</b>	<b>253,858</b>	<b>174</b>	<b>254,032</b>



**SACYR, S.A.**  
**NOTES TO THE 2016 FINANCIAL STATEMENTS**

Current payables to Group companies relates to income tax balances, additional tax assessments, non-current loans and intra-Group transactions. Current trade payables corresponds to invoices issued by Group companies to Sacyr, S.A. Details are as follows:

2016	Other Group companies	Associates	TOTAL
<b>CURRENT PAYABLES</b>			
<b>Current interest-bearing loans and borrowings</b>	<b>672,988</b>	<b>31</b>	<b>573,019</b>
AUTOV.DEL ERESMA,CONC.J.CAST.LEON, S.A.	(309)	*	(309)
AUTOV.A DE BARBANZA, S.A.(CONCES.XUNTA GALICIA)	(30)	*	(30)
BIOELECTRICA DE LINARES, S.L.	102	*	102
BIOELECTRICA DE VALLADOLID, S.L.	2	*	2
BIOMASAS DE PUENTE GENIL, S.L.	(104)	*	(104)
BIPUGE II, S.L.	1	*	1
BURGUERSTORE, S.L.U.	(8)	*	(8)
CAFESTORE, S.A.U.	58	*	58
CAPACE S.L.	(2)	*	(2)
CAVOSA OBRAS Y PROYECTOS, S.A.	(357)	*	(357)
CIA. ENERGETICA DE LA RODA, S.L.	(14)	*	(14)
CIA.ENERG.PUENTE DEL OBISPO, S.L.	(119)	*	(119)
COMP.ENERGETICA DE PATA DE MULO, S.L.	(63)	*	(63)
COMPANIA ENERG. LAS VILLAS, S.L.	21	*	21
EMP.MIXTA AGUAS STA.CRUZ DE TENERIFE, S.A.	141	*	141
EUROCOMERCIAL, S.A.	4	*	4
GESTIÓN DE ENERGÍA Y MERCADOS, S.L.	(29)	*	(29)
HIDROANDALUZA, S.A.	(4)	*	(4)
HOSPITAL DE. NORESTE. S.A.	*	*	*
IDEYCO, S.A.U.	16	*	16
INCHISACYR, S.A.	684	*	684
INTERCAM. TRANSPOR. PZA ELIPTICA, S.A.	*	6	6
ITINERE INFRAESTRUCTURAS, S.A.	*	16	16
INTERCAMB. DE TES. DE MONCLOA, S.A.	*	5	5
OBR.Y SERV. DE GALICIA Y ASTURIAS, S.A.	5	*	5
PRINUR, S.A.U.	(138)	*	(138)
PROGACYR OCIO, S.L.U.	61	*	61
S.A.U. DEPURACION Y TRATAMIENTOS - SADYT	(1,122)	*	(1,122)
SACYR CONCESIONES, S.L.U.	2,851	*	2,851
SACYR CONSTRUCCION APARCAMIENTOS DAOIZ Y VELARDE, S.L.	26	*	26
SACYR CONSTRUCCION APARCAMIENTOS PLAZA DEL MILENIO, S.L.	6	*	6
SACYR CONSTRUCCION APARCAMIENTOS VIRGEN DEL ROMERO, S.L.	24	*	24
SACYR CONSTRUCCION APARCAMIENTOS JUAN ESPLANDIU, S.L.	30	*	30
SACYR CONSTRUCCION PLAZA DE LA ENCARNACION, S.L.	1	*	1
SACYR CONSTRUCCION, S.A.	468,052	*	468,052
SACYR GESTION DE ACTIVOS, S.L.	2	*	2
SACYR INDUSTRIAL OPERACION Y MANT., S.L.	75	*	75
SACYR INDUSTRIAL, S.L.U.	(4)	*	(4)
SACYR INVESTMENTS, S.A.	25	*	25
SACYR SECURITIES, S.A.	12	*	12
SACYR VALLEHERMOSO PART. MOB. S.L.U.	55,108	*	55,108
SANTACRUCERA DE AGUAS, S.L.U.	(7)	*	(7)
SCRINSER, S.A.	398	*	398
SECADEROS DE BIOMASA, S.L.	17	*	17
SOMAGUE AMBIENTE, S.A.	16	*	16
SOMAGUE- S.G.P.S., S.A.	3	*	3
TTO. DE RESIDUOS LA RIOJA, S.L.	176	*	176
TUNGSTEN S. FINX, S.L.	10	*	10
VALLEHERMOSO DIV. PROMOCION, S.A.U.	(1)	*	(1)
VALORIZA AGUA, S.L.	567	*	567
VALORIZA CENTRO ESPECIAL DE EMPLEO, S.L.U.	1	*	1
VALORIZA CONSER.DE INFRA., S.A.U.	167	*	167
VALORIZA FACILITIES, S.A.U.	(165)	*	(165)
VALORIZA GESTIÓN, S.A.U.	66,899	*	66,899
VALORIZA MINERIA, S.L.U.	71	*	71
VALORIZA RENOVABLES, S.L.	9	*	9
VALORIZA SERVICIOS A LA DEPENDENCIA, S.L.	(121)	*	(121)
VALORIZA SERVICIOS MEDIOAMBIENTALES, S.A.	(52)	*	(52)
VALORIZA SERVICIOS SOCIO SANITARIOS, S.L.	(4)	*	(4)
<b>Trade payables/payable to suppliers</b>	<b>242,944</b>	<b>*</b>	<b>242,944</b>
S.A.U. DEPURACION Y TRATAMIENTOS - SADYT	10	*	10
SACYR CHILE, S.A.	194,062	*	194,062
SACYR CONSTRUCCION, S.A.U.	48,560	*	48,560
SOMAGUE, S.G.P.S., S.A.	145	*	145
VALORIZA FACILITIES, S.A.	166	*	166
VALORIZA GESTIÓN, S.A.	2	*	2
VALORIZA AGUA, S.L.	1	*	1
<b>TOTAL CURRENT PAYABLES BALANCES</b>	<b>835,934</b>	<b>31</b>	<b>835,965</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

## 18. Remuneration and other benefits of directors and senior management

### 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.

The remuneration agreed by the Board for 2015 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					
	By-law stipulated emoluments	Board of Directors	Committee Audit	Executive Committee	App. and Remun. Comm.	Total allowances 2015
Manuel Manrique Cecilia	59,940.00			39,960.00		99,900.00
Demetrio Carceller Arce	59,940.00			39,960.00	19,980.00	119,880.00
Matias Cortés Domínguez	59,940.00				9,990.00	69,930.00
Francisco Javier Adroner Biosca	59,940.00					59,940.00
Isabel Martín Castellá	29,970.00		9,990.00		9,990.00	49,950.00
Juan M <sup>o</sup> Aguirre Gonzalo	59,940.00		19,980.00			79,920.00
Augusto Delkader Teig	59,940.00		9,990.00		9,990.00	79,920.00
Raimundo Baroja Rieu	59,940.00		9,990.00			69,930.00
Diogo Alves Diniz Vaz Guedes	29,970.00		9,990.00			39,960.00
Prilou, S.L. (J.M. Loureda Mantilián)	59,940.00			39,960.00	19,980.00	119,880.00
For Prilou, S.L. J.M. Loureda López	59,940.00					59,940.00
Grupo Sotocán Desarrollos, S.L. (Juan Miguel San Juan Jover)	59,940.00		19,980.00			79,920.00
Beta Asociados, S.L. (José del Pilar Moreno Carretero)	59,940.00					59,940.00
Grupo Corporativo Fuertes, S.L. (Tomás Fuertes Fernández)	59,940.00				19,980.00	79,920.00
Cymofag, S.L. (Gonzalo Manrique Sabatell)	59,940.00					59,940.00
<b>TOTAL</b>	<b>839,160.00</b>	<b>79,920.00</b>	<b>119,880.00</b>	<b>89,910.00</b>	<b>1,128,870.00</b>	

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	1,404,200.00	1,390,158.00	8,210.16	371,423.00	3,173,991.16
Senior management	2,306,692.62	868,588.05	50,525.88	0.00	3,225,806.55
<b>TOTAL</b>	<b>3,710,892.62</b>	<b>2,258,746.05</b>	<b>58,736.04</b>	<b>371,423.00</b>	<b>6,399,797.71</b>

In 2015 there were changes to the number of members and persons forming part of senior management, 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 euros.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

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 2015, one member of senior management 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 was as follows:

LOANS:	Annual outstanding 31/12/2015	Interest rate	Characteristics	Amount repaid
Senior management	23	Euro/3m+1	5 years	427

## 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:

Euros	REMUNERATION 2016					
	By-law stipulated emoluments	Board of Directors	Audit Committee	Executive Committee	App. and Remun. Comm.	Total 2016 allowances
Manuel Marique Cecilia	93,600.00			58,500.00		152,100.00
Demetrio Carceller Arce	82,800.00			45,000.00	20,000.00	147,800.00
Mafias Cortés Domínguez	72,000.00					72,000.00
Francisco Javier Adroher Biosca	72,000.00					72,000.00
Juan M <sup>o</sup> Aguirre Gonzalo	72,000.00		28,600.00			100,600.00
Augusto Delkader Teig	72,000.00		22,000.00		26,000.00	120,000.00
Raimunda Baroja Rieju	72,000.00		22,000.00			94,000.00
Isabel Martín Castilla	72,000.00		22,000.00		20,000.00	114,000.00
Prilou, S.L. (J.M. Laureda Mantihán)	72,000.00			45,000.00	20,000.00	137,000.00
For Prilou, S.L. J M Laureda López	72,000.00					72,000.00
Grupo Satocán Desarrollos, S.L. (Juan Miguel Sanjuan Jover) Start date 27/6/13	72,000.00		22,000.00			94,000.00
Beta Asociados, S.L. (José del Pilar Moreno Carretero)	72,000.00					72,000.00
Grupo Corporativo Fuertes, S.L. (Tomás Fuertes Fernández)	72,000.00				20,000.00	92,000.00
Cymotag, S.L. (Gonzalo Marique Sabatel)	72,000.00					72,000.00
<b>TOTAL</b>	<b>1,040,400.00</b>		<b>116,600.00</b>	<b>148,500.00</b>	<b>106,000.00</b>	<b>1,411,500.00</b>

**SACYR, S.A.**  
**NOTES TO THE 2016 FINANCIAL STATEMENTS**

The remuneration, by type, received by the Company's directors and senior management in 2016 is as follows:

<b>Euros</b>	<b>Fixed</b>	<b>Floating rate</b>	<b>Other</b>	<b>Life insurance</b>	<b>Pension savings plan</b>	<b>Total</b>
Manuel Manrique Cecilia	1,500,000.00	1,485,000.00	1,000,000.00	382.01	378,851.00	4,364,233.01
Senior management	2,260,523.00	864,822.00	-	53,492.00	136,733.00	3,315,570.00
<b>TOTAL</b>	<b>3,760,523.00</b>	<b>2,349,822.00</b>	<b>1,000,000.00</b>	<b>53,874.01</b>	<b>515,584.00</b>	<b>7,679,803.01</b>

"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 amount paid in 2016 for third-party liability insurance premiums for damages caused by acts or omissions by directors in exercising their position amounted to 652 thousand 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.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

- 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.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

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 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.

## 19. Environmental information

In 2015 and 2016, no expenses were incurred to protect and improve the environment. Likewise, no contingencies or expenses arose requiring provisions for environmental costs, and there were no contingencies in relation to environmental protection and improvement.

## 20. Other information

### a) Personnel

The following was the average headcount in 2015 and 2016, by category:

Category	2016	2015
CEOs and executive chairmen	5	6
Other directors and managers	19	19
Scientific, intellectual and support technical staff and professionals	131	117
Accounting, administrative and other office employees	55	65
Elementary occupations	4	2
<b>Total</b>	<b>214</b>	<b>209</b>

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

Also, the distribution by gender at the end of 2015 and 2016, broken down by category, is as follows:

Category	2016		2015	
	Men	Women	Men	Women
Directors	1	-	1	-
CEOs and executive chairmen (non-director)	3	1	3	2
Other directors and managers	14	4	14	5
Scientific, intellectual and support technical staff and professionals	64	77	52	58
Accounting, administrative and other office employees	24	29	27	33
Elementary occupations	5	-	1	1
<b>Total</b>	<b>111</b>	<b>111</b>	<b>98</b>	<b>99</b>

The average number of employees in 2015 and 2016, by category, with a disability equal to or greater than 33% is as follows:

Category	2016	2015
Scientific, intellectual and support technical staff and professionals	1	1
Accounting, administrative and other office employees	1	2
<b>Total</b>	<b>2</b>	<b>3</b>

b) Fees paid to auditors

In 2016, fees for audit services rendered by the Company's auditor or by a firm or group related thereto, amounted to 56,181 euros (56,181 euros in 2015).

The Company's auditors also performed other work unrelated to audit services amounting to 288 thousand euros and 239 thousand euros in 2015 and 2016, respectively.

21. Events after the reporting period

- On 10 January 2017, Sacyr, via its investee Sacyr Vallehermoso Participaciones Mobiliarias, S.L., received a 0.335 euros per share gross dividend from the REPSOL "Flexible Dividend" programme, generating total receivable 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.

22. Additional note for English translation

These financial statements were originally prepared in Spanish. In the event of a discrepancy, the Spanish language prevails. These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

**Sacyr, S.A.**

**MANAGEMENT REPORT**

**AT 31 DECEMBER 2016**



## 1. ECONOMIC ENVIRONMENT

### 1.1. 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 from 5% in 2015 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

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

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.

## 1.2.- 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 (20.3% 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.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

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 budgets 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 euros 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.

## 2. PERFORMANCE OF SACYR, S.A.

Some of the most significant events that took place during the year are as follows:

### a) Panama Canal

**SACYR, S.A.**  
**NOTES TO THE 2016 FINANCIAL STATEMENTS**

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, its investee, Sacyr Vallehermoso Participaciones Mobiliarias, S.L.U., made an early repayment of 885 million euros on the debt associated with its stake in the oil company, reducing, at that date, 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.

The financial derivatives consist of prepaid forward contracts with an underlying asset 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 balance sheet. 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, respectively.

Also, these financial instruments make it possible to remove risks derived from market price variations in the shares and will allow Sacyr to benefit from the potential for increase of Repsol shares.

In 2016, the Company, through its investee, Sacyr Vallehermoso Participaciones Mobiliarias, S.L., received dividends from Repsol for 92.63 million euros (a dividend on account of 2015 profit, 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, the Company fully redeemed the issue of convertible and exchangeable bonds for an initial nominal amount of 200 million euros, issued on 31 March 2011 and maturing on 1 May 2016.

#### **d) Testa**

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

As envisaged in the investment agreement of 8 June 2015 between the Company and Merlin Properties, the final transfer of shares of Testa Inmuebles en Renta, Socimi, S.A. took place on 20 June 2016. 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, the Company registered an ECP programme at the Irish Stock Exchange, pursuant to the authorisation given thereto by the General Shareholders' Meeting held on 12 June 2014. Through this programme, the Company intends to carry out, for one year from the current date, partial issues 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.- REPSOL, S.A.

In 2016, the Company 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. RISKS AND UNCERTAINTIES

The Company is exposed to a number of risks and uncertainties. The main financial risks are as follows:

- **Credit risk:** Note 7 to the financial statements details the breakdown of Company debt, together with the applicable interest rate and maturity dates. The Company's accounts receivables relate mainly to accounts refundable from the tax authorities and transactions with Group companies. Most of Group company income is received directly from State, autonomous community and local governments in Spain. Therefore, the credit risk is practically non-existent, and on occasions in which delays or default are incurred, they are compensated with the respective late-payment interest, in accordance with the Public Authority Contracts Law. Each business unit performs an assessment prior to arrangement which includes a solvency study. During the life of its contracts, it monitors its receivables on an ongoing basis, reviewing recoverable amounts and recognising impairments as required.

The credit risk of the balances with banks and financial institutions is managed by the holding company's Cash department. Cash surpluses are invested in low-risk liquid instruments at highly solvent entities.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

- **Liquidity risk:** The Company draws up annual cash budgets and monthly forecasts (with breakdowns and daily updates) to manage its liquidity risk and meet its funding needs. Liquidity risk derives from investment commitments for 2017 based on business plans that require additional financing, and refinancing of short-term borrowings. However, all these risks are mitigated by the following factors:
  - (i) The generation of recurring cash from businesses in which the Group bases its activity;
  - (ii) The obtainment of new external financing lines, be it via the banks or through the issuance of marketable securities, based on long-term business plans of the Company continuing to be the natural vehicle to obtain liquidity, but both access and the financial conditions have been severely tightened as a result of the crisis;
  - (iii) The simple bond issue for 30 million euros and maturing in 2023;
  - (iv) Renewal of current borrowings or the repayment thereof with cash surpluses generated;
  - (v) The ECP promissory note issue programme for up to 300 million euros and maturing within one year.
  - (vi) For remaining maturities in 2017 and subsequent years, based on negotiations with the financial institutions, the Company's directors are convinced that the loans and credit facilities will be renewed at longer term.
  - (vii) Sale of non-strategic assets.

At the date of authorisation for issue of these financial statements and on the basis of the 2017 cash flow projections, the Company considers it will be fully able to meet its commitments with suppliers, employees and public administrations, taking into account that indicated above.

- **Interest rate risk:** At 2016 year-end, based on the yield curve projections, the Company does not expect significant fluctuations in interest rates that may affect its financial obligations.

Occasional short-term cash surpluses in all subsidiaries are invested in highly liquid risk-free deposits, provided this is in line with best financial management practices.

Other market risks to which the Company is exposed through its investees 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 Company is exposed through its investees include:

- Environmental risks
- Risks of damages caused by construction work
- Risks associated with workplace health and safety;
- Risks of loss of assets.

The Company has implemented control systems to adequately identify, quantify, evaluate and remedy all these risks, so as to minimise or eliminate the consequences.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

## 5. EVENTS AFTER THE BALANCE-SHEET DATE

Events after the reporting date are detailed in the notes to these separate financial statements.

## 6. R&D ACTIVITIES

Innovation, technology, research and development are key factors that have contributed to the business success of the Company and its investees. 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 innovation departments of the Group companies germinate in this environment, thereby allowing them to subsequently improve their materials, systems, processes and, therefore, their 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 activities involved all business areas: Construction, Concessions, Services and Industrial.

## 7. ACQUISITION AND DISPOSAL OF TREASURY SHARES

At 31 December 2016, the share capital of Sacyr, S.A. 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, the Company's market capitalisation stood at 1,148.7 million euros. Share performance on the continuous market is as follows:

SHARE PRICE IN 2016	
Nº 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. (nº of shares)	5,097,246
Liquidity (shares traded/capital)	2.53

At year-end 2016, the share price of Sacyr, S.A. 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.A.'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.



SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

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 31 December 2016, the 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, the Company maintained the liquidity agreement it entered into on 29 March 2012 with GVC Gaesco Bolsa, S.V., S.A. pursuant to CNMV Circular 3/2007, of 19 December.

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).

#### 8. AVERAGE PERIOD OF PAYMENT TO SUPPLIERS

In 2016, the average period of payment to suppliers for Sacyr, S.A. was 65.20 days. The Company is working together with its suppliers to optimise the issuing and receipt of invoices in due time and form.

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

**STATEMENT CERTIFYING SIGNATURES:**

In certification that the Board of Directors of Sacyr, S.A., at its meeting on 30 March 2017, authorised for issue, in accordance with Article 253 of the Spanish Corporate Enterprises Act, the Company's 2016 financial statements (balance sheet, income statement, statement of changes in equity, statement of cash flows, and notes to the financial statements) and the Company's management report, which will be submitted for approval at the Company'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 Company's financial position and earnings, and that the management report provides a true and fair analysis of the performance and earnings obtained, as well as of the Company's position, 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 the Company's financial statements and management report for 2016, the directors of Sacyr, S.A. hereby lend their signatures below.

**ENVIRONMENTAL STATEMENT:**

Also, the undersigned, as directors of the Company, state that the accounts underlying these financial statements contain no items of environmental significance that should be included in the notes to the financial statements under the third part of the Spanish General Accounting Plan (Royal Decree 1514/2007, of 16 November).

In Madrid, at 30 March 2017.

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Manuel Manrique Cecilia  
*Chairman and CEO*

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Demetrio Carceller Arce  
*Vice-Chairman*

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Jose Manuel Loureda Mantivián  
*Prilou, S.L.*  
*Director*

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Isabel Martín Castellá  
*Director*

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Matías Cortes Domínguez  
*Director*

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Jose Manuel Loureda López  
*Prilomi, S.L.*  
*Director*

SACYR, S.A.  
NOTES TO THE 2016 FINANCIAL STATEMENTS

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Gonzalo Manrique Sabatel  
Cymofag, S.L.  
*Director*

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Javier Adroher Biosca  
*Director*

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Juan Miguel Sanjuan Jover  
Grupo Safocán Desarrollos, S.A.  
*Director*

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Tomás Fuertes Fernández  
Grupo Corporativo Fuertes, S.L.  
*Director*

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José Moreno Carretero  
Beta Asociados, S.L.  
*Director*

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Raimundo Baroja Rieu  
*Director*

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Juan María Aguirre Gonzalo  
*Director*

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Augusto Delkader Teig  
*Director*

As **Secretary**, I hereby certify, in Madrid, and pursuant to article 11.3 y 3 of RD 1362/07, of 19 October, the transparency of the above information.

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Elena Otero-Novas Miranda  
*Secretary of the Board*

