

Obrascón Huarte Lain, S.A. and Subsidiaries

Consolidated Financial Statements
for the year ended 31 December 2016
and Consolidated Directors' Report,
together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 6). In the event of a discrepancy, the Spanish-language version prevails.

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 6). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Obrascón Huarte Lain, S.A.,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Obrascón Huarte Lain, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2016, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Directors' Responsibility for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the consolidated equity, consolidated financial position and consolidated results of Obrascón Huarte Lain, S.A. and Subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain (identified in Note 2.1 to the accompanying consolidated financial statements) and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation by the Parent's directors of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of Obrascón Huarte Lain, S.A. and Subsidiaries as at 31 December 2016, and their consolidated results and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Emphasis of Matter

We draw attention to Note 4.2 to the accompanying consolidated financial statements, which indicates that the Group has reached an agreement with a group of banks on financing terms and conditions that ensure that the future needs arising from its business plan are catered for, the definitive formalisation of which is subject to the usual terms and conditions in transactions of this nature and which includes the arrangement of a new guarantee, reverse factoring and revolving credit facility, all maturing at 18 months from the date of formalisation of this agreement and tied to a business plan that includes divestments that the Group must perform in the coming months.


In this context, the failure to formalise that agreement or to achieve a significant portion of the business plan would give rise to a material uncertainty that could cast doubt on the Group's ability to continue as a going concern and to realise its assets and settle its liabilities for the amounts and with the classification reflected in the accompanying consolidated financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' report for 2016 contains the explanations which the Parent's directors consider appropriate about the situation of Obrascón Huarte Lain, S.A. and Subsidiaries, the evolution of their business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2016. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Obrascón Huarte Lain, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in ROAC under no. S0692



Ignacio Alcaraz Elorrieta
27 February 2017



OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Consolidated financial statements and directors' report
for the year ended 31 December 2016

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Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 6). In the event of a discrepancy, the Spanish-language version prevails.

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Consolidated balance sheets as at 31 December 2016 and 2015

ASSETS	Notes	31/12/16	31/12/15
NON-CURRENT ASSETS			
Intangible assets	3.1.		
Intangible assets		486,162	468,986
Accumulated amortisation		(211,648)	(178,955)
		274,514	290,031
Concession infrastructure	3.2.		
Intangible asset model		1,199,054	1,157,965
Financial asset model		5,240,580	5,357,600
		6,439,634	6,515,565
Property, plant and equipment	3.3.		
Land and buildings		130,332	462,115
Machinery		437,571	479,202
Other fixtures, tools and furniture		116,587	150,508
Advances and property, plant and equipment in the course of construction		6,237	44,733
Other items of property, plant and equipment		74,135	106,462
Accumulated depreciation and impairment losses		(507,851)	(606,991)
		257,011	636,029
Investment property	3.4.	66,837	61,921
Goodwill	3.5.	12,515	26,335
Non-current financial assets	3.6.		
Investment securities		113,864	111,227
Other receivables		378,300	319,809
Deposits and guarantees given		157,039	219,006
Impairment losses		(246,372)	(238,549)
		402,831	411,493
Investments accounted for using the equity method	3.7.	513,611	1,668,246
Deferred tax assets	3.21.	622,114	624,062
TOTAL NON-CURRENT ASSETS		8,589,067	10,233,682
CURRENT ASSETS			
Non-current assets classified as held for sale	3.8.	491,963	833,272
Inventories			
Embodiment items, fungibles and replacement parts for machinery		63,971	95,496
Auxiliary shop projects and site installations		32,105	33,279
Advances to suppliers and subcontractors		117,804	144,231
Write-downs		(1,993)	(2,608)
		211,887	270,398
Trade and other receivables	3.9.		
Trade receivables for sales and services		1,806,382	2,177,241
Receivable from associates		254,050	274,483
Employee receivables		2,435	1,678
Tax receivables	3.21.	204,366	235,693
Sundry accounts receivable		142,253	197,490
Write-downs		(329,268)	(448,785)
		2,080,218	2,437,800
Current financial assets	3.6.		
Investment securities		396,168	36,912
Other receivables		271,412	305,950
Deposits and guarantees given		12,950	5,136
Write-downs		(17,082)	(13,409)
		663,448	334,589
Current income tax assets		23,089	24,481
Other current assets		42,802	56,834
Cash and cash equivalents	3.10.	817,872	1,097,870
TOTAL CURRENT ASSETS		4,331,279	5,055,244
TOTAL ASSETS		12,920,346	15,288,926

Note: the accompanying Notes 1 to 6 are an integral part of the consolidated balance sheet as at 31 December 2016.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 6). In the event of a discrepancy, the Spanish-language version prevails.

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Consolidated balance sheets as at 31 December 2016 and 2015

EQUITY AND LIABILITIES	Notes	31/12/16	31/12/15
EQUITY			
Share capital	3.11.	179,255	179,255
Share premium	3.12.	1,265,300	1,265,300
Treasury shares	3.13.	(46,145)	(3,908)
Reserves	3.14.	(173,645)	(118,676)
Reserves of consolidated companies	3.14.	2,235,397	2,116,334
Valuation adjustments	3.15.	(588,135)	(446,981)
Consolidated profit (loss) for the year attributable to the Parent	3.22.	(432,338)	55,632
TOTAL EQUITY ATTRIBUTABLE TO THE PARENT		2,439,689	3,046,956
Non-controlling interests	3.16.	1,603,204	1,764,718
TOTAL EQUITY		4,042,893	4,811,674
NON-CURRENT LIABILITIES			
Debt instruments and other marketable securities	3.17.		
Corporate bond issues		1,473,418	1,575,747
Bond issues of concession operators		539,994	575,571
		2,013,412	2,151,318
Bank borrowings	3.17.		
Mortgage and other loans		659,813	1,389,231
Loans of concession operators		1,103,840	1,182,620
		1,763,653	2,571,851
Other financial liabilities	3.18.	53,043	88,630
Deferred tax liabilities	3.21.	1,246,334	1,211,376
Provisions	3.19.	199,352	168,808
Deferred income		12,199	65,011
Other non-current liabilities	3.20.	165,913	326,460
TOTAL NON-CURRENT LIABILITIES		5,453,906	6,583,454
CURRENT LIABILITIES			
Liabilities associated with non-current assets classified as held for sale	3.8.	220,008	567,245
Debt instruments and other marketable securities	3.17.		
Corporate bond issues		31,332	204,595
Bond issues of concession operators		6,637	5,749
		37,969	210,344
Bank borrowings	3.17.		
Mortgage and other loans		499,660	433,047
Loans of concession operators		66,282	60,702
Unmatured accrued interest payable		4,618	3,949
Unmatured accrued interest payable of concession operators		6,672	8,270
		577,232	505,968
Other financial liabilities	3.18.	7,055	44,940
Trade and other payables	3.9.		
Customer advances		461,614	476,225
Accounts payable for purchases and services		1,405,193	1,283,951
Notes payable		19,256	52,934
		1,886,063	1,813,110
Provisions	3.19.	298,230	289,285
Current income tax liabilities		29,357	108,294
Other current liabilities	3.20.		
Payable to associates		97,511	111,536
Remuneration payable		25,940	26,777
Tax payables	3.21.	137,106	142,887
Other non-trade payables		101,841	65,679
Guarantees and deposits received		1,489	1,470
Other		3,746	6,263
		367,633	354,612
TOTAL CURRENT LIABILITIES		3,423,547	3,893,798
TOTAL EQUITY AND LIABILITIES		12,920,346	15,288,926

Note: the accompanying Notes 1 to 6 are an integral part of the consolidated balance sheet as at 31 December 2016.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 6).
In the event of a discrepancy, the Spanish-language version prevails.

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Consolidated statements of profit or loss for the years ended 31 December 2016 and 2015

	Notes	2016	2015
Revenue	3.22.	3,862,629	4,368,866
Other operating income		776,174	849,477
Total operating income		4,638,803	5,218,343
Procurements		(2,744,853)	(2,552,616)
Staff costs		(927,298)	(891,391)
Other operating expenses	3.22.	(743,782)	(807,302)
Depreciation and amortisation charge		(137,420)	(165,802)
Changes in provisions and allowances		(63,511)	(116,476)
PROFIT FROM OPERATIONS		21,939	684,756
Finance income	3.22.	55,521	46,096
Finance costs	3.22.	(462,286)	(494,917)
Net exchange differences		1,671	600
Net losses on remeasurement of financial instruments at fair value	3.22.	(24,219)	(14,100)
Result of companies accounted for using the equity method	3.7 & 3.22.	(35,255)	226,972
Impairment and gains or losses on disposals of financial instruments	3.22.	364,341	(15,394)
PROFIT (LOSS) BEFORE TAX		(78,288)	434,013
Income tax	3.21.	(157,028)	(175,460)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		(235,316)	258,553
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR		(235,316)	258,553
Profit from continuing operations attributable to non-controlling interests	3.16.	(197,022)	(202,921)
Profit from discontinued operations attributable to non-controlling interests		-	-
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE PARENT	3.22.	(432,338)	55,632
Earnings / (loss) per share			
Basic	1.5.	(1.47)	0.42
Diluted	1.5.	(1.47)	0.42

Note: the accompanying Notes 1 to 6 are an integral part of the consolidated statement of profit or loss for the year ended 31 December 2016.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 6).
In the event of a discrepancy, the Spanish-language version prevails.

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Consolidated statements of comprehensive income for the years ended 31 December 2016 and 2015

	2016	2015
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	(235,316)	258,553
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	(451,511)	(210,393)
Revaluation of financial instruments	(15,929)	-
Cash flow hedges	55,556	(17,646)
Translation differences	(485,813)	(198,236)
Companies accounted for using the equity method	9,205	(387)
Tax effect	(14,530)	5,876
TRANSFERS TO PROFIT OR LOSS	106,850	49,217
Revaluation of financial instruments	-	-
Cash flow hedges	35,778	52,136
Translation differences	(3,837)	83
Companies accounted for using the equity method	84,373	11,921
Tax effect	(9,464)	(14,923)
TOTAL COMPREHENSIVE INCOME	(579,977)	97,377
Attributable to the Parent	(573,492)	8,173
Attributable to non-controlling interests	(6,485)	89,204

Note: the accompanying Notes 1 to 6 are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2016.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 6).
In the event of a discrepancy, the Spanish-language version prevails.

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Consolidated statements of changes in equity for the years ended 31 December 2016 and 2015

	Equity attributable to the Parent						Non-controlling interests	Total equity
	Share capital	Share premium and reserves	Treasury shares	Consolidated profit (loss) for the year attributable to the Parent	Valuation adjustments	Total equity attributable to the Parent		
Ending balance at 31 December 2014	59,845	2,442,627	(5,104)	23,222	(399,522)	2,121,068	1,371,313	3,492,381
Total comprehensive income	-	-	-	55,632	(47,459)	8,173	89,204	97,377
Transactions with shareholders or owners	119,410	822,907	1,196	-	-	943,513	-	943,513
Capital increases	119,410	859,411	-	-	-	978,821	-	978,821
Dividends paid	-	(34,961)	-	-	-	(34,961)	-	(34,961)
Treasury share transactions	-	(1,543)	1,196	-	-	(347)	-	(347)
Other changes in equity	-	(2,576)	-	(23,222)	-	(25,798)	304,201	278,403
Transfers between equity items	-	23,222	-	(23,222)	-	-	-	-
Other changes	-	(25,798)	-	-	-	(25,798)	304,201	278,403
Ending balance at 31 December 2015	179,255	3,262,958	(3,908)	55,632	(446,981)	3,046,956	1,764,718	4,811,674
Total comprehensive income	-	-	-	(432,338)	(141,154)	(573,492)	(6,485)	(579,977)
Transactions with shareholders or owners	-	(14,367)	(42,237)	-	-	(56,604)	-	(56,604)
Capital increases	-	(231)	-	-	-	(231)	-	(231)
Dividends paid	-	(13,719)	-	-	-	(13,719)	-	(13,719)
Treasury share transactions	-	(417)	(42,237)	-	-	(42,654)	-	(42,654)
Other changes in equity	-	78,461	-	(55,632)	-	22,829	(155,029)	(132,200)
Transfers between equity items	-	55,632	-	(55,632)	-	-	-	-
Other changes	-	22,829	-	-	-	22,829	(155,029)	(132,200)
Ending balance at 31 December 2016	179,255	3,327,052	(46,145)	(432,338)	(588,135)	2,439,689	1,603,204	4,042,893

Note: the accompanying Notes 1 to 6 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2016.

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OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Consolidated statements of cash flows for the years ended 31 December 2016 and 2015

	2016	2015
A) CASH FLOWS FROM OPERATING ACTIVITIES	(240,303)	283,257
Profit (Loss) before tax	(78,288)	434,013
Adjustments for:	(276,419)	(40,960)
Depreciation and amortisation charge	137,420	165,802
Other adjustments to profit (loss)	(413,839)	(206,762)
Changes in working capital	328,837	(229,685)
Other cash flows from operating activities	(214,433)	119,889
Dividends received	66,766	87,614
Income tax recovered (paid)	(131,383)	(67,648)
Other amounts received (paid) relating to operating activities	(149,816)	99,923
B) CASH FLOWS FROM INVESTING ACTIVITIES	1,182,891	112,191
Payments due to investment	(523,317)	(543,768)
Group companies and associates	(98,580)	(33,566)
Property, plant and equipment, intangible assets and investment property	(132,775)	(295,617)
Other financial assets	(291,962)	(214,585)
Proceeds from disposal	1,659,605	609,863
Group companies, associates and business units	1,622,857	592,737
Property, plant and equipment, intangible assets and investment property	36,748	17,126
Other financial assets	-	-
Other cash flows from investing activities	46,603	46,096
Dividends received	-	-
Interest received	46,603	46,096
C) CASH FLOWS FROM FINANCING ACTIVITIES	(1,220,420)	(85,821)
Proceeds and (payments) relating to equity instruments	(42,655)	978,474
Issue	-	978,821
Acquisition	(155,566)	(182,257)
Disposal	112,911	181,910
Proceeds and (payments) relating to financial liability instruments	(684,084)	(455,523)
Issue	922,016	1,342,765
Repayment	(1,606,100)	(1,798,288)
Dividends and returns on other equity instruments paid	(13,719)	(34,961)
Other cash flows from financing activities	(479,962)	(573,811)
Interest paid	(463,215)	(511,037)
Other amounts received (paid) relating to financing activities	(16,747)	(62,774)
D) EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(2,166)	334
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(279,998)	309,961
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,097,870	787,909
G) CASH AND CASH EQUIVALENTS AT END OF YEAR (E+F)	817,872	1,097,870
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash on hand and at banks	756,729	830,869
Other financial assets	61,143	267,001
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	817,872	1,097,870

Note: the accompanying Notes 1 to 6 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2016.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 6). In the event of a discrepancy, the Spanish-language version prevails.

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1.- GENERAL INFORMATION

1.1.- Company name and registered office

Obrascón Huarte Lain, S.A., formerly Sociedad General de Obras y Construcciones Obrascón, S.A. ("the Parent"), was incorporated on 15 May 1911 and has its registered office in Madrid, at Paseo de la Castellana, 259 D.

1.2.- Business activities

The main business activities carried on by the companies composing the Obrascón Huarte Lain Group are as follows:

Concessions

Operation of administrative infrastructure concessions, relating mainly to transport, car parks, ports and airports.

Engineering and Construction

Construction

Construction of all manner of civil engineering works and building construction for public- and private-sector customers, both in Spain and abroad.

Industrial

Industrial engineering, particularly complete industrial plants and systems, including the design, construction, maintenance and operation thereof and any other activity related to oil and gas, energy, solids engineering and fire safety systems.

Services

Servicing of properties and infrastructure maintenance for all types of properties, housing and offices.

Development

Development and operation of top quality mixed-use hotel-related real estate projects.

1.3.- Profit for the year, changes in equity attributable to the Parent and changes in cash flows

Loss for the year

The consolidated loss for 2016 attributable to the Parent amounted to EUR 432,338 thousand, representing (11.2) % of revenue.

	Thousands of euros		
	2016	2015	(%) change
Revenue	3,862,629	4,368,866	(11.6)
EBITDA^(*)	222,870	967,034	(77.0)
EBIT	21,939	684,756	(96.8)
Financial and other results	(100,227)	(250,743)	(60.0)
Profit (Loss) before tax	(78,288)	434,013	(118.0)
Income tax	(157,028)	(175,460)	(10.5)
Profit (Loss) for the year from continuing operations	(235,316)	258,553	(191.0)
Profit attributable to non-controlling interests	(197,022)	(202,921)	(2.9)
Profit (Loss) attributable to the Parent	(432,338)	55,632	(877.1)

(*) EBITDA is calculated as profit from operations plus the depreciation and amortisation charge plus the change in provisions and allowances.

The aforementioned attributable results for the year were negatively affected by the impact of certain changes in estimates of final revenue from projects contracted in prior years and that have changed during the resolution in 2016 as described below.

Change in revenue estimates for 2016

Construction contract revenue is recognised in accordance with IAS 11, including, any claims, as indicated in section 11.b thereof.

Accordingly, the Group has been including certain amounts associated with the claims that are under negotiation with customers, since it was considered highly probable that they would ultimately be accepted; however, in cases where this situation gives rise to disputes (either in court or in arbitration), the recoverability thereof has been reassessed and, if necessary provisions were recognised to adjust the amounts to their estimated recoverable amount.

In 2016, following an updated analysis of the status of these claims, taking into account the current situation of each negotiation, the period for their possible resolution, the technical assessment, the assessment of internal and external legal advisers and the situation of each country in which the customers' activities are located, the final objectives of these projects were re-estimated.

This re-estimation led to construction project revenue being revised downwards from previously considered levels, and the Group estimates that it is now more in line with the projects' current situation, based on their performance and the scenario in which they have been operating up to the present. However, in cases where litigation proceedings are in process, the Group considers that it is entitled to recover the amounts claimed and will continue with these proceedings until their ultimate resolution.

The most significant effects on the consolidated statement of profit or loss for 2016 and the projects that gave rise to them are explained below:

- Reduced sales revenue amounting to approximately EUR 154.8 million from sales associated with the Annaba (Algeria) and Marmaray (Turkey) projects due to a reassessment of the projected earnings.
- Identification of higher final construction costs amounting to approximately EUR 321.4 million, relating primarily to the Harris County (US), Kuwait Bypass (Kuwait), Line 3 of the Chile metro (Chile), access to the Gibraltar airport and Marmaray projects. Also, costs amounting to approximately EUR 44.0 million, arising from the final construction stages of projects of the

engineering division, relating mainly to the construction of the Xacbal dam (Guatemala) and a CMR in Oman, were reassessed.

- Losses from projects carried out through joint ventures, which amounted to EUR 149.4 million, relating mainly to the construction of a hospital in Canada.

The main events in 2016 that led to the reassessment of the assumptions envisaged are detailed below:

- **Annaba Railway** (Installation of a double track and modernisation of the Annaba railway) (Algeria). The original budget took into consideration the success of certain claims for cost overruns incurred as a result of track clearance activities and services affected that were not accepted by the customer. In 2016, within a context of negotiations with the customer and as a result of an estimated medium- to long-term time horizon for resolution, the Group opted to not include these claims in the current budget.
- **UTE Marmaray** (66-km long railway infrastructure for suburban and long-distance trains between the Halkalı and Gebze stations) (Turkey). An agreement has been reached with the customer whereby the work will continue and will be partly performed by local subcontractors that assume the performance risk of the portion assigned to them, thereby limiting the risk assumed by OHL. In this connection, the future revenue targets have been re-estimated and in the context of the agreement signed in the second half of 2016, the claims in process filed by the Group and the customer against OHL were withdrawn, with the concomitant impact on the final revenue target, which had taken into consideration that certain claims would be successful.
- **Harris County US 290** - (Construction of two miles of the US 290 freeway) (US): the construction work is being carried out in sections without continuity due to the failure to make the related compulsory purchases, which is the customer's responsibility. This gave rise to claims for incurred cost overruns. In light of the latest developments in negotiations with the customer in 2016, which are expected to end over a medium-long term time horizon, the Group has re-estimated the current budget, the aforementioned claims having been withdrawn.
- **Kuwait Bypass** (11-km elevated bypass over Hamal Abdul Nasser Avenue) (Kuwait). This project, 50% of which was carried out by a local partner, gave rise to significant claims for cost overruns which were incurred due to customer delays and changes requested by them during the performance of the construction work. The rest of the project is currently being performed, and it is expected that, within a context of negotiations with the customer, the work not yet performed will be completed and resolution of the disputed amounts will be postponed until after completion of the project. In this context, the Group has opted to reassess the final revenue without considering the claims for cost overruns, given the long-term estimated time frame for their resolution.
- **Gibraltar Airport access** (United Kingdom). Following the court order issued on the proceedings open with the Government of Gibraltar, the Group reached an agreement in 2016 accepting responsibility for the completion of the contract work, estimating the final execution costs on the basis of the amounts to be received that were still outstanding envisaged in the original contract.
- **Montreal University Hospital** (Canada). As a result of the implementation of a series of measures to accelerate the rate of execution that would enable the contractual obligations to be fulfilled, certain costs were incurred, which at the reporting date, had not been recovered from the customer. Although these works were not recognised in the budget as costs to be recovered from the customer, once the Group has completed the first phase, it will exercise its right to claim these costs.

All the foregoing gave rise to an increase in the loss from operations for the Group totalling approximately EUR 520,200 thousand and an increase in the loss attributable to the Parent totalling EUR 669,600 thousand.

Note 3.9 on Trade and other receivables also refers to these changes.

Changes in equity attributable to the Parent

The changes in the equity attributable to the Parent in 2016 and 2015 were as follows:

	Thousands of euros
Balance at 1 January 2015	2,121,068
2015 profit attributable to the Parent	55,632
Valuation adjustments relating to hedges	30,656
Translation differences	(78,115)
Dividend paid out of 2014 profit	(34,961)
Treasury shares	1,196
Treasury share transactions	(1,543)
Other changes	(25,798)
Capital increase	978,821
Balance at 31 December 2015	3,046,956
2016 profit attributable to the Parent	(432,338)
Valuation adjustments relating to hedges	146,370
Translation differences	(272,513)
Adjustments due to changes in available-for-sale financial assets	(15,011)
Dividend paid out of 2015 profit	(13,719)
Treasury shares	(42,237)
Treasury share transactions	(418)
Other changes	22,830
Capital increase	(231)
Balance at 31 December 2016	2,439,689

Changes in cash flows

The cash flows in 2016 compared with those of 2015, classified on the basis of whether they arose from operating, investing or financing activities, are summarised as follows:

Cash flows	Thousands of euros		
	2016	2015	Difference
Operating activities	(240,303)	283,257	(523,560)
Investing activities	1,182,891	112,191	1,070,700
Financing activities	(1,220,420)	(85,821)	(1,134,599)
Effect of exchange rate changes on cash and cash equivalents	(2,166)	334	(2,500)
Net increase (decrease) in cash and cash equivalents	(279,998)	309,961	(589,959)
Cash and cash equivalents at beginning of year	1,097,870	787,909	309,961
Cash and cash equivalents at end of year	817,872	1,097,870	(279,998)

1.4.- Proposed allocation of loss and dividend

The allocation of the loss for 2016 that the directors of Obrascón Huarte Lain, S.A. will propose for approval by the shareholders at the Annual General Meeting is as follows:

	Thousands of euros
2016 loss	(425,659)
Allocation:	
To prior years' losses	(425,659)

1.5.- Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing the consolidated profit for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year.

Diluted earnings per share

Diluted earnings per share are calculated in a similar way to basic earnings per share; however, the weighted average number of shares outstanding is increased by share options, warrants and convertible debt.

In 2016 and 2015 there were no differences between the basic earnings per share and diluted earnings per share.

	Thousands of euros	
	2016	2015
Weighted average number of shares outstanding	293,341,703	133,746,092
Consolidated profit (loss) for the year attributable to the Parent	(432,338)	55,632
Basic earnings/(loss) per share = diluted earnings/(loss) per share	(1.47)	0.42

2.- BASIS OF PRESENTATION AND BASIS OF CONSOLIDATION

2.1.- Basis of presentation

The consolidated financial statements for 2016 of the Obrascón Huarte Lain Group were formally prepared:

- By the Parent's directors, at the Board of Directors Meeting held on 27 February 2017.
- In accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.
- Taking into account all the mandatory accounting principles and policies and measurement bases with a significant effect on the consolidated financial statements. The most significant accounting principles and policies and measurement bases applied in the preparation of the Group's 2016 consolidated financial statements are summarised in Note 2.6.
- So that they present fairly the Group's consolidated equity and consolidated financial position as at 31 December 2016, and the consolidated results of its operations, the consolidated comprehensive income, the changes in consolidated equity and the consolidated cash flows in 2016.
- On the basis of the accounting records kept by the Parent and by the other Group companies.

However, since the accounting principles and policies and measurement bases used in preparing the Group's consolidated financial statements for 2016 differ in many cases from those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the accounting principles and policies and measurement bases used and to make them compliant with IFRSs.

The Group's consolidated financial statements for 2015 were approved by the shareholders at the Annual General Meeting of the Parent held on 21 June 2016.

The 2016 consolidated financial statements of the Group and the 2016 financial statements of the Parent and of the Group companies have not yet been approved by their shareholders at the respective Annual General Meetings. However, the Parent's Board of Directors considers that they will be approved without any changes.

2.2.- International Financial Reporting Standards (IFRSs)

The accounting policies and methods used in preparing these consolidated financial statements are the same as those used in the consolidated financial statements for 2015, except for the following standards and interpretations which came into force in 2016:

New standards, amendments and interpretations:		Obligatory application in annual reporting periods beginning on or after:
Approved for use in the European Union		
Amendments to IAS 19, Defined Benefit Plans: Employee Contributions (issued in November 2013)	The amendments were issued to allow employee contributions to be deducted from the service cost in the same period in which they are paid, provided certain requirements are met.	1 February 2015 ⁽¹⁾
Improvements to IFRSs, 2010-2012 cycle (issued in December 2013)	Minor amendments to seven standards	
Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation (issued in May 2014)	Clarify the acceptable methods of depreciation and amortisation of property, plant and equipment and intangible assets, which do not include methods that are based on revenue.	1 January 2016
Amendments to IFRS 11, Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014)	Provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.	
Amendments to IASs 16 and 41, Bearer Plants (issued in June 2014)	Bearer plants shall be measured at cost rather than at fair value.	
Improvements to IFRSs, 2012-2014 cycle (issued in September 2014)	Minor amendments to four standards	
Amendments to IAS 27, Equity Method in Separate Financial Statements (issued in August 2014)	The amendments permit the use of the equity method in the separate financial statements of an investor.	
Amendments to IAS 1, Disclosure Initiative (issued in December 2014)	Various clarifications in relation to disclosures (materiality, aggregation, order of specific items within the notes to the financial statements, etc.).	
Amendments to IFRS 10, IFRS 12 and IAS 28, Investment Entities (issued in December 2014)	Clarifications on the consolidation exception for investment entities.	

(1) It was established that these amendments would come into force on or after 1 July 2014.

None of these standards affected significantly the consolidated financial statements for 2016.

Standards and interpretations issued but not yet in force

At the date of preparation of these consolidated financial statements, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the interim consolidated financial statements or because they had not yet been adopted by the European Union:

New standards, amendments and interpretations:		Obligatory application in annual reporting periods beginning on or after:
Approved for use in the European Union		
Clarifications to IFRS 15 Revenue from Contracts with Customers	New revenue recognition standard (supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31).	Not yet adopted in the European Union 1 January 2018
IFRS 9, Financial Instruments	Replaces the requirements in IAS 39 relating to the classification, measurement, recognition and derecognition of financial assets and financial liabilities, hedge accounting and impairment.	

New standards, amendments and interpretations:		Obligatory application in annual reporting periods beginning on or after:
Not yet approved for use in the European Union		
Amendments to IAS 7, Disclosure Initiative	Introduce additional disclosure requirements relating to the reconciliation of the changes in financial liabilities to the cash flows from financing activities.	Not yet adopted in the European Union 1 January 2017
Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses	Clarification of the principles established for recognition of deferred tax assets for unrealised losses	
Clarifications to IFRS 15 Revenue from Contracts with Customers	New revenue recognition standard (supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31).	Not yet adopted in the European Union 1 January 2018
IFRS 9, Financial Instruments	Replaces the requirements in IAS 39 relating to the classification, measurement, recognition and derecognition of financial assets and financial liabilities, hedge accounting and impairment.	
Amendments to IFRS 2, Classification and Measurement of Share-based Payment Transactions	These are limited amendments that clarify specific issues such as the effects of vesting conditions on cash-settled share-based payments, the classification of share-based payment transactions with a net settlement feature and certain issues relating to modifications of the type of share-based payment arrangement.	
Amendments to IAS 4, Insurance Contracts	Provide entities within the scope of IFRS 4 with the option of applying IFRS 9 (overlay approach) or the temporary exemption therefrom.	
Amendments to IAS 40, Reclassification of Investment Property	The amendments clarify that transfers to, or from, investment property will only be possible when there is evidence of a change in use.	
Improvements to IFRSs, 2014-2016 cycle	Minor amendments to a series of standards (various effective dates).	
IFRIC 22 Foreign Currency Transactions and Advance Consideration	This interpretation establishes "the date of the transaction" for the purpose of determining the exchange rate to use in transactions with advance consideration in a foreign currency.	Not yet adopted in the European Union 1 January 2019
IFRS 16, Leases	Supersedes IAS 17 and the related interpretations. The main development of the new standard is that it introduces a single lessee accounting model in which all leases will be recognised in the balance sheet.	
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Highly significant clarification of the result of such transactions, since there was a conflict between the requirements in IFRS 10 and IAS 28. A full gain or loss should be recognised on the loss of control of a business and a partial gain or loss is recognised in accounting for the loss of control of a subsidiary that does not constitute a business as a result of a transaction between an investor and its associate or joint venture.	

The new standards and amendments that could have an impact on the Group's consolidated financial statements are IFRS 15, Revenue from Contracts with Customers and IFRS 16, Leases.

Taking into account the proximity of IFRS 15 coming into force (1 January 2018), analysis of this Standard has been performed by creating work groups at each of the Group divisions most affected (Construction, Industrial and Services), which are analysing the different types of contracts that they execute.

In this phase of analysis, the possible impact on the Group's consolidated financial statements of both the amount and the timing of recognition must be assessed.

As regards IFRS 16, Leases, which will come into force on 1 January 2019, analysis of the impact of this Standard's application will begin in 2017.

All accounting policies and measurement bases with a material effect on the consolidated financial statements were applied in their preparation.

2.3.- Functional currency

These consolidated financial statements are presented in euros since this is the currency of the primary economic environment in which the Group operates. Foreign operations are accounted for in accordance with the policies established in Note 2.6.11.

2.4.- Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of the Parent's directors.

In the consolidated financial statements for 2016 estimates were occasionally made by the senior executives of the Group and of the Group companies, later ratified by their directors, in order to quantify certain of the assets, liabilities, income and expenses reported herein. These estimates relate basically to the following:

- The impairment losses on certain assets (see Notes 2.6.6., 3.2., 3.5. and 3.22.).
- The useful life of the intangible assets and property, plant and equipment (see Notes 2.6.1. and 2.6.3.).
- The recognition of construction contract revenue and costs (see Note 2.6.15., 3.9. and 3.22.).
- Future toll road traffic volumes for the purposes of the preparation of financial information pursuant to IFRIC 12 (see Notes 2.6.2., 2.6.6. and 3.2.).
- The amount of certain provisions (see Notes 2.6.14. and 3.19.).
- The fair value of the assets acquired in business combinations and goodwill (see Note 3.5.).
- The fair value of certain unquoted assets.
- The assessment of possible contingencies relating to employment and tax risks (see Notes 3.19. and 3.21.).
- Financial risk management (see Note 4.2.1.).

Although these estimates were made on the basis of the best information available at 31 December 2016, events that take place in the future might make it necessary to change these estimates in coming years. Changes in accounting estimates would be applied, pursuant to IAS 8, by recognising the effects of the change in estimates in the related consolidated statements of profit or loss.

As required by IAS 1, the information relating to 2015 is presented, for comparison purposes, with the information relating to 2016 and, accordingly, the latter does not constitute the Group's complete consolidated financial statements for 2016.

2.5.- Basis of consolidation

Subsidiaries

Subsidiaries are defined as companies over which the Parent has the capacity to exercise control; control is presumed to exist when the Parent has exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns.

Pursuant to IFRS 10, Consolidated Financial Statements, the Parent controls an investee if and only if it has all of the following:

- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of its returns.

The financial statements of the subsidiaries are fully consolidated with those of the Parent.

Additionally, the results on intra-Group transactions are eliminated and are deferred until they are realised vis-à-vis non-Group third parties, with the exception of those relating to construction work performed for concession operators which, in accordance with IFRIC 12, are identified as results outside the Group and, accordingly, are recognised by reference to the stage of completion.

Joint operations

A joint operation is a contractual arrangement whereby two or more entities that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The financial statements of the joint operations are proportionately consolidated (see Note 3.7.).

The assets and liabilities assigned by the Group to jointly controlled operations are recognised in the consolidated balance sheet classified according to their specific nature. Similarly, the Group's share of the income and expenses of joint ventures is recognised in the consolidated statement of profit or loss on the basis of the nature of the related items.

Joint ventures

A joint venture is an arrangement whereby two or more entities that have joint control of the arrangement do not have rights to the assets, or obligations for the liabilities, but rather have rights to the net assets relating to the arrangement.

In the consolidated financial statements, joint ventures are accounted for using the equity method.

Associates

Associates are companies over which the Parent is in a position to exercise significant influence, but not control or joint control with other shareholders.

In the consolidated financial statements, investments in associates are accounted for using the equity method.

Scope of consolidation

The most significant companies included in the scope of consolidation at 31 December 2016 are detailed in Appendix I.

The activities, registered offices and equity of, and the net cost of the investments in, the most significant companies included in the scope of consolidation are shown in Appendices II and III.

Changes in the scope of consolidation

The changes in the scope of consolidation in 2016 were as follows:

Inclusions	No. of companies
Full consolidation	15
Equity method	10
Total inclusions	25

Exclusions	
Full consolidation	8
Equity method	11
Total exclusions	19

The most significant exclusions were the following:

- 1) Abertis Infraestructuras S.A. which has ceased to be accounted for using the equity method and is now recognised as a financial investment, due to the loss of significant influence (see Note 3.6., 3.7. and 3.22).
- 2) The exclusion through sale of the Construction Division concession operators which at 31 December 2015 were recognised as held for sale (see Note 3.8).

All of the inclusions in the scope of consolidation relate to companies incorporated by the Group and therefore, did not have an impact on the consolidated financial statements.

The detail of the companies included in or excluded from the scope of consolidation and of the reasons therefor is disclosed in Appendix IV.

2.6.- Accounting principles and policies and measurement bases applied

The accounting principles and policies and measurement bases applied in preparing the Group's consolidated financial statements for 2016 were as follows:

2.6.1. Intangible assets

Intangible assets are recognised initially at acquisition or production cost.

They are subsequently measured at acquisition or production cost less any accumulated amortisation and any accumulated impairment losses.

"Intangible Assets" includes the costs arising from the installation and acquisition of computer software, which is amortised on a straight-line basis over a maximum period of five years.

It also includes development expenditure, which is capitalised if it meets the requirements of identifiability, reliability in the measurement of cost and high probability that the assets created will generate economic benefits. This expenditure is amortised on a straight-line basis over the useful life of the asset.

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

Also, under IFRS 3, all the assets of a business combination, including intangible assets, regardless of whether they had been previously recognised in the acquiree's balance sheet, are measured at fair value, provided that they meet certain identifiability and separability criteria. In this regard, this heading includes the amount relating to the measurement of the backlog and the customer portfolio of the acquirees at the date of acquisition, taking as a reference the projected margins after taxes, projected expenditure and the term of the contracts. The amount relating to the backlog will be amortised over the residual term of the contracts and the customer portfolio will be amortised over the estimated average useful life thereof.

2.6.2. Concession infrastructure

Concession infrastructure includes investments made by the Group companies that are infrastructure concession operators, which are recognised in accordance with IFRIC 12, Service Concession Arrangements.

IFRIC 12 relates to the accounting of private sector operators involved in providing infrastructure assets and services to the public sector. This Interpretation establishes that in concession arrangements, the operator must not recognise the infrastructure assets as property, plant and equipment but must instead classify the assets as intangible assets or financial assets.

2.6.2.1. Concession infrastructure classified as an intangible asset

An intangible asset arises when the operator provides construction or upgrade services and receives a right to operate the infrastructure for a fixed period of time after the construction has been completed, in which the operator's future cash flows have not been specified, since they may vary on the basis of the usage of the asset and for which reason they are considered to be contingent. In these cases, the demand risk is borne by the concession operator and, accordingly, the concession is classified as an intangible asset.

The intangible asset is measured at the fair value of the service provided, equal to the total payments made for its construction, including the construction costs incurred up to entry into service, such as studies and designs, compulsory purchases, costs of restoration of constructions, facilities and other similar items.

The intangible asset also includes third-party borrowing costs incurred prior to the entry into service of the concession.

The concession infrastructure recognised as an intangible asset is amortised on the basis of the pattern of consumption (traffic) of these concession assets during the term of the concession only.

The contractual obligations to restore the infrastructure to ensure a specified level of serviceability, pursuant to the terms and conditions of the licences or services, prior to handing over the infrastructure to the grantor in a specified condition at the end of the period of the concession arrangement, are covered by the recognition of provisions for major maintenance work. These provisions are recognised under "Long-Term Provisions" on the liability side of the consolidated balance sheet.

The grants financing the infrastructure are recognised as "Other Non-Current Financial Liabilities" until the conditions attaching to them have been fulfilled. At that time they are deducted from the cost of the infrastructure.

2.6.2.2. Concession infrastructure classified as a financial asset

Arrangements under the financial asset model

These are assets recognised by the concession operators, which represent the rights to operate administrative concessions and the unconditional contractual right to receive cash or another financial asset associated with certain concession arrangements where the demand risk is borne by the concession grantor.

The financial asset arises when an operator constructs or upgrades infrastructure and has an unconditional contractual right to receive a specified amount of cash or another financial asset over the term of the arrangement. This asset is subsequently measured at amortised cost, based on the best estimates of the flows to be received over the term of the concession, and the accrued interest, calculated using the effective interest rate method, on the expected cash inflows and outflows of the concession is recognised as "Other Operating Income" in the consolidated statement of profit or loss, since it is considered that these cash flows relate to the operating activities of the concessions.

All actions taken in relation to the concession infrastructure, such as maintenance and replacements, give rise to revenue from services which is recognised under "Other Operating Income" in the consolidated statement of profit or loss.

The operating expenses incurred by the companies are accounted for on an accrual basis in the consolidated statement of profit or loss, giving rise to revenue from services which is recognised under "Other Operating Income".

The value of the financial asset is increased by the construction services and the effective interest rate, and reduced by the associated net proceeds.

If there are significant changes in the estimates which are indicative of a material change in the effective interest rate applicable to the concession arrangement, the Group assesses the carrying amount of the financial asset and adjusts it prospectively, recognising the corresponding impairment loss if the net present value of the cash flows to be received over the concession term is lower than the carrying amount of the financial asset.

Arrangements with a guaranteed minimum revenue clause

In the case of certain Mexican concessions in which the Group holds interests (see Note 3.2.), the concession arrangements grant the operator an unconditional right to recover, as appropriate, either the equity invested or the total investment made, plus an annual guaranteed internal rate of return (IRR), expressed in real terms and net of tax ("guaranteed minimum revenue"), which would give rise to an unconditional right to collect cash if, at the end of the concession term, the guaranteed minimum revenue had not been obtained.

The difference between the actual revenue, net of tax, obtained from operating these concessions and the guaranteed minimum revenue is also recognised as a financial asset, with a balancing entry under "Other Operating Income" in the consolidated statement of profit or loss.

2.6.3. Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost (revalued, where appropriate, in accordance with the applicable legislation prior to the date of transition to IFRSs, including Royal Decree-Law 7/1996) less any accumulated depreciation and any recognised impairment losses.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

Repairs that do not lead to a lengthening of the useful life of the assets and maintenance costs are charged to the consolidated statement of profit or loss for the year in which they are incurred.


The Group capitalises interest during the non-current asset construction period as indicated in Note 2.6.18.

Group work on non-current assets is recognised at accumulated cost (external costs plus in-house costs, determined on the basis of in-house consumption of warehouse materials and manufacturing costs allocated using hourly absorption rates similar to those used for inventory measurement).

Depreciation is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value; the land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated.

The period property, plant and equipment depreciation charge is recognised in the consolidated statement of profit or loss at rates based on the following years of estimated useful life of the various assets:

Years of useful life	
Buildings	25-50
Machinery	6-16
Other fixtures, tools and furniture	10
Other items of property, plant and equipment	3-5



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

At the end of each reporting period, the consolidated companies assess whether there is any internal or external indication that the carrying amounts of their property, plant and equipment items exceed their recoverable amounts, i.e. the higher of the net amount which could be obtained if they were sold and the present value of the cash flows. If any such indication exists, the carrying amount of the assets is reduced to the recoverable amount and the future depreciation charges in the consolidated statement of profit or loss are adjusted in proportion to the adjusted carrying amounts and new useful lives.

Similarly, when there are indications that the value of the assets has recovered, the consolidated companies recognise the reversal of the impairment loss recognised in prior periods and adjust the depreciation charges in future consolidated statements of profit or loss up to a maximum of the original cost of the related asset.

2.6.4. Investment property

“Investment Property” in the accompanying consolidated balance sheet reflects the values of the land, buildings and other structures held either to earn rentals or for capital appreciation.

Land is measured at acquisition cost increased by site clearance and preparation costs. Construction projects are measured at the cost of the related progress billings plus contract costs, such as site management, levies, architects’ fees, etc. They are depreciated on a straight-line basis over their useful lives, which are the same as those used for similar items of property, plant and equipment.

Borrowing costs attributable to these investments are capitalised during the construction period until the properties are ready for sale and are treated as an addition to the value of the investment. Interest income obtained from the short-term investment of cash surpluses is deducted from the cost of the investment.

Revenue and gains or losses are recognised when the assets are sold and the sale to the buyer has been executed in a public deed, which is when the rights and obligations inherent thereto are transferred. Rental income is allocated to the consolidated statement of profit or loss on an accrual basis.

In leases, expenses are recognised on an accrual basis and all maintenance, management and impairment costs relating to the leased assets are charged to income.

At the end of each reporting period, the Group analyses whether the carrying amount of investment property exceeds fair value and, if so, it makes the appropriate valuation adjustment in the consolidated statement of profit or loss by recognising an impairment loss to reduce the carrying amount to fair value.

2.6.5. Goodwill

Any excess of the costs of acquisition of an investment in a company over its underlying carrying amount is allocated to certain assets and liabilities on consolidation.

This excess is allocated as follows:

1. If it is attributable to specific assets and liabilities of the company acquired, increasing the value of the assets acquired or reducing the value of the liabilities acquired.
2. If it is attributable to specific intangible assets, recognising it explicitly in the consolidated balance sheet.
3. Any remaining amount is recognised as goodwill on the asset side of the consolidated balance sheet.

At the end of each reporting period an analysis is conducted to ascertain whether this goodwill has suffered impairment and, if so, it is adjusted to its fair value with a charge to the consolidated statement of profit or loss.

These impairment losses recognised for goodwill are not reversed in subsequent periods.

2.6.6. Impairment of non-current assets

At the end of each reporting period, the consolidated companies assess whether there is any internal or external indication that the carrying amounts of their assets exceed their recoverable amounts, i.e. the higher of the net amount which could be obtained if they were sold and the present value of the cash flows. If any such indication exists, the carrying amount of the assets is reduced to the recoverable amount and the future depreciation charges in the consolidated statement of profit or loss are adjusted in proportion to the adjusted carrying amounts and new useful lives.

The indications of impairment considered for these purposes are, inter alia, the operating losses or negative cash flows during the period if they are combined with a track record or projections of losses, decline in value and amortisation taken to profit or loss, which, in percentage terms, in relation to revenue, are substantially higher than those from previous years, effects of obsolescence, reduction in the demand for the services provided, competition and other economic and legal factors.

The impairment, where applicable, is recognised where the carrying amount exceeds the recoverable amount, calculated as the present value of the cash flows.

Similarly, when there are indications that the value of the assets has recovered, the consolidated companies recognise the reversal of the impairment loss recognised in prior periods and adjust the depreciation charges in future consolidated statements of profit or loss up to a maximum of the original cost of the related asset.

The following criteria are applied for each non-current asset:

Concession infrastructure

The present value of the expected future cash flows is estimated using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks associated with the asset, both during the use of the asset and from the possible disposal of the asset at the end of its useful life.

The main variables taken into consideration are as follows:

Revenue

Revenue to be earned over the concession term is estimated on the basis of the combination of various elements:

- Firstly, a traffic study is conducted based on actual verification of the traffic, with a distinction made between categories of vehicles (cars, lorries, etc.). These studies are either conducted internally (by specialist Group staff) or through specialist external companies.
- The second phase consists of applying the estimated annual percentage of growth over the term of the concession to the traffic study. To this end, a forecast of expected growth in gross domestic product (GDP) for each country, estimated by non-Group sources, is commonly used.
- The third phase consists of applying the rates for each vehicle type and updating them over the term of the concession. For this purpose, the agreed-upon rates in the concession arrangement are initially applied and for subsequent years the consumer price index (CPI) for each country is generally used. In certain cases, an additional percentage is applied depending on whether covenants exist that are conditional upon the achievement of certain volumes of traffic, the opening of new sections, etc.

Costs

- Internal studies are conducted to determine/estimate the operating, maintenance and repair costs to be incurred over the term of the concession.

Once the projection of revenue and costs is made, the related discount rate is applied to the free cash flows in order to calculate the present value of the future flows. The discount rate takes into consideration, among other factors, the risk specific to the type of business and country risk.

The period used for discounting the cash flows is the number of years of remaining life of each concession.

For those concession operators with a guaranteed minimum revenue clause, investment recovery relies mainly on the guaranteed minimum revenue clause which is included in the concession arrangement.

When, due to the particular circumstances of a concession, the concession grantor is requested to restore the economic feasibility of the concession, the Group considers the value of the cash flows discounted over the concession term on the basis of the economic and financial model, as well as the minimum recoverable amount calculated as the contractual amount that would be received by the Group in the event of liquidation or termination.

When annulment of the concession arrangement has been requested, with the reimbursement of the amounts claimed from the public sector entity, the Group considers that the solution lies in the restoration of the economic feasibility of the concession or the early termination of the concession arrangement and, accordingly, used the early termination value, the formula for which is contractually defined in the administrative specifications of each concession.

Investment property

At the end of each reporting period, analyses are conducted to determine whether the carrying amount of investment property exceeds fair value and, if this is the case, the appropriate valuation adjustment is made in the consolidated statement of profit or loss by recognising an impairment loss to reduce the carrying amount to fair value.

Appraisals are commissioned from external valuers or the latest appraisals made are used as reference to determine market value.

An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

When an impairment loss subsequently reverses, income is recorded up to the amount of the impairment loss previously recognised.

Goodwill

The cash flow projections used to calculate goodwill were based on the following assumptions:

- The maintenance over time of a short-term backlog measured in months of sales.
- Projected cash flows for three years.
- Annual growth rate of approximately 2% for the coming years.
- Discount rate of approximately 8% in Spain, since substantially all of the goodwill is allocated to Spanish companies.

The impairment, where applicable, is recognised where the carrying amount exceeds the recoverable amount, calculated as the present value of the cash flows.

2.6.7. Financial assets

These are assets representing collection rights for the Group as a result of investments or loans. These rights are classified as current or non-current on the basis of whether they are due to be settled within less than or more than twelve months, respectively, and consist of:

Investment securities

These are financial assets represented by securities that can be classified as:

- Held-to-maturity investments: securities with fixed or determinable payments and fixed maturity. The Group has the positive intention to hold these securities from the date of purchase to the date of maturity.

These securities are recognised at acquisition cost, including transaction costs.

Any deficiency of the acquisition cost below the fair value of these assets at the end of the reporting period is taken to profit or loss.

- Available-for-sale financial assets: investments in financial assets from which the Group does not expect to obtain a significant gain.

If the fair value of these investments exceeds their carrying amounts, the value of the asset is increased and the increase is recognised in equity. On disposal, this amount is transferred to the consolidated statement of profit or loss.

In the event of impairment, the amount credited to equity is reduced and, if the amount of the impairment loss exceeds the amount previously credited to equity, the excess is charged to the consolidated statement of profit or loss.

Other receivables

These are loans and receivables originated in exchange for supplying cash, goods or services directly to a debtor. They are measured at the principal amount plus the accrued interest receivable.

Deposits and guarantees given

These are cash amounts securing project bids or contracts of another kind. These amounts are restricted as to their use while the specific terms and conditions of each project bid or contract continue to exist. Deposits and guarantees expiring within twelve months are classified as current items and those expiring within more than twelve months are classified as non-current items.

2.6.8. Transfers of financial assets and derecognition of financial assets and liabilities

The accounting treatment of the transfers of financial assets depends on the extent to which the risks and rewards associated with the transferred assets are contractually transferred to third parties.

Financial assets are only derecognised when they are realised or when the Group transfers substantially all the risks and rewards of ownership and control thereover to third parties.

Financial liabilities are only derecognised when the obligations giving rise to them cease to exist.

2.6.9. Non-current assets and liabilities classified as held for sale

In accordance with IFRS 5, Non-Current Assets Classified as Held for Sale and Discontinued Operations, assets and liabilities are classified as non-current assets and liabilities held for sale when their carrying amount is expected to be recovered basically through a sale transaction rather than through continuing use.

The asset must be available for immediate sale, subject only to terms that are usual and customary for sales of such assets and liabilities, and its sale must be highly probable. The sale is considered highly probable when there is a commitment to a plan to sell the asset and an active programme to

locate a buyer and complete the plan has been initiated. Also, the sale must be expected to qualify for full recognition within one year from the date of classification.

Non-current assets classified as held for sale are not depreciated, but rather are measured at the lower of consolidated carrying amount and fair value less costs to sell.

2.6.10. Inventories

"Inventories" in the consolidated balance sheet includes the assets that the consolidated companies:

- Hold for sale in the ordinary course of their business.
- Have in the process of production, construction or development for such sale; or
- Expect to consume in the production process or in the provision of services.

All inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price less all the costs required to complete the production of inventories and to sell them.

Goods and work in progress are measured at production cost, which includes the cost of materials, direct labour and production costs and the interest incurred during the construction period.

2.6.11. Foreign currency

The items included in the financial statements of each of the Group companies are measured in their respective functional currencies.

The consolidated financial statements are presented in euros, which is the Parent's functional and presentation currency.

In the separate financial statements of the Group companies, foreign currency balances and transactions are translated as follows:

- Transactions performed during the year in currencies other than the functional currency are translated at the exchange rates prevailing at the date of the transaction.
- Monetary asset and liability balances denominated in currencies other than the functional currency (cash and items with no loss of value when converted to cash) are translated at the year-end exchange rates.
- Non-monetary asset and liability balances denominated in currencies other than the functional currency are translated at the historical exchange rates.

Exchange gains and losses are recognised in the consolidated statement of profit or loss.

On consolidation, the balances of the financial statements of the consolidated companies whose functional currency is not the euro are translated to euros as follows:

- Assets and liabilities are translated at the exchange rates prevailing at the reporting date.
- Income and expense items are translated at the average exchange rates for the period.
- Equity is translated at the historical exchange rates.

Any exchange differences arising from the consolidation of companies with a functional currency other than the euro are classified in the consolidated balance sheet as translation differences under "Equity - Valuation Adjustments".

2.6.12. Bank borrowings, debt instruments and other marketable securities

Bank borrowings, debt instruments and other marketable securities are measured at the amount received, net of direct issue costs, plus the accrued interest payable at year-end. Borrowing costs are recognised on an accrual basis in the consolidated statement of profit or loss by modifying the nominal

rate, taking into account issue discounts, fees and expenses. This method is equivalent to using the effective interest rate, which is the rate that exactly matches the net value of the income received to the present value of future disbursements.

Debts due to be settled within twelve months of the consolidated balance sheet date are classified as current items and those due to be settled within more than twelve months as non-current items.

2.6.13. Derivative financial instruments and hedges

In order to mitigate the economic effects of exchange rate and interest rate fluctuations to which the Group is exposed as a result of its business activities, the Group uses derivative financial instruments, such as foreign currency hedges, interest rate swaps and interest rate options.

The foreign currency hedges and interest rate swaps are future exchange commitments, on the basis of which the Group and banks agree to exchange interest payments or currencies in the future. In the case of an interest rate derivative, the commitment is to pay a fixed interest rate in exchange for receiving a floating interest rate. In the case of a foreign currency derivative, the commitment is to pay or receive a given amount of euros in exchange for a given amount in another currency. In the case of the equity swap tied to the Group's share price, the commitment is to pay or receive the result of the change in the share price with respect to a reference price and to pay a floating interest rate. The Group acquires the right to receive interest on the interest rate options arranged if the interest rate exceeds the reference level initially established with the banks, in exchange for paying a given amount to these banks at the beginning of the transaction.

When the Group arranges a derivative, it does not do so with the intention of settling it early or trading with it. The Group does not use derivatives for speculative purposes, but rather to mitigate the economic effects that may arise from its foreign trade and financing activities due to exchange and interest rate fluctuations.

Derivatives are recognised in the consolidated balance sheet at their market value in the same way as any other financial asset or liability.

Fair value is the net amount that the Group would have to pay or receive if the derivative were settled at the measurement date, and is equal to the difference between the present value of the future collections and payments agreed on by the Group and the related banks under the terms of the derivative arranged. The market value of the options arranged is the same as the amount which the Group would receive in the event of settling them and is determined using a widely accepted pricing model (the Black-Scholes model).

IFRS 13, Fair Value Measurement has changed the definition of fair value and confirms that own credit risk must be taken into account when measuring fair value. Since 1 January 2013, this adjustment to the measurement of derivatives has been recognised in profit or loss, except when the derivatives qualify as effective hedges, in which case they are recognised in reserves.

The recognition of the fair value of derivatives as other financial assets and liabilities gives rise to a change in equity if the derivative qualifies for hedge accounting. The change in equity arises directly through "Equity - Valuation Adjustments" and indirectly through "Net Losses on Remeasurement of Financial Instruments at Fair Value" or "Result of Companies Accounted for Using the Equity Method", as appropriate, in the consolidated statement of profit or loss.

The fair value of a derivative changes during its term. Changes in fair value arise: as a result of the passage of time; as a result of changes in interest rate curves; in the case of foreign currency derivatives, as a result of changes in exchange rates; in the case of equity swaps, as a result of changes in the share price; and in the case of interest rate options, as a result of changes in the volatility of interest rates.

Only certain derivatives can be considered to qualify for hedge accounting.

The requirements that must be met for a derivative to be considered as a hedge are as follows:

- The underlying in relation to which the derivative is arranged to mitigate the economic effects that might arise therefrom as a result of fluctuations in exchange rates and interest rates must initially be identified.
- When the derivative is arranged, the reason for which it was arranged must be appropriately documented and the hedged risk must be identified.
- It must be demonstrated that the hedge is effective from the date of the arrangement of the derivative to the date of its settlement, i.e. that it meets the objective initially defined. In order to assess this, the effectiveness of the hedge is tested.

When the derivative does not qualify for hedge accounting, or the Group voluntarily decides not to apply hedge accounting, changes in fair value are recognised in the consolidated statement of profit or loss.

For derivatives that qualify for hedge accounting, under the relevant standards changes in fair value are recognised directly in equity or indirectly through profit or loss on the basis of the type of hedged risk concerned.

Cash flow hedges

A derivative arranged to hedge against exposure to future variability in the expected cash flows in a foreign currency transaction as a result of exchange rate fluctuations can be considered to be a cash flow hedge. The same is true of a derivative arranged to hedge against exposure to future variability in the expected cash flows in floating-rate financing as a result of interest rate fluctuations.

The portion of the gain or loss on hedging instruments whose purpose is to act as a cash flow hedge of an underlying and which is determined to be an effective hedge is recognised under “Equity - Valuation Adjustments”, and the ineffective portion of the gain or loss is recognised in the consolidated statement of profit or loss. The changes in the time value of the options are recognised directly in the consolidated statement of profit or loss.

The cumulative balance of “Equity - Valuation Adjustments” is transferred to profit or loss when, and to the extent that, the gains or losses on the hedged risk of the underlying also start to be reflected in profit or loss.

Hedges of net investments in foreign operations

When a derivative or another hedging instrument is used to hedge against exchange rate fluctuations that affect the carrying amount of net investments in foreign operations, it can be considered to be a hedge of a net investment in a foreign operation.

The gains or losses on this type of derivative or hedging item are recognised in the consolidated statement of profit or loss in a similar fashion to those on cash flow hedges. The only difference is that the accumulated amounts under “Equity - Valuation Adjustments” are not recognised in the consolidated statement of profit or loss until the investment is sold.

Fair value hedges

Fair value hedges arise when a derivative is arranged to convert financing at a fixed interest rate into financing at a floating interest rate in order to tie a portion of the financing to interest rate changes and, therefore, to the performance of the market.

Fair value hedges also arise when a derivative is arranged to hedge the possible future changes in the equivalent euro value of firm commitments to collect or pay certain amounts in foreign currency due to exchange rate fluctuations.

When the purpose of the hedging derivative is to act as a fair value hedge, gains or losses on the derivative and its underlying are recognised through profit or loss.

2.6.14. Provisions

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is probable that the obligation covered by them will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements, but rather are disclosed, as required by IAS 37 (see Note 4.6.2.).

Provisions are classified as short-term or long-term provisions based on the estimated period of time in which the obligations covered by them will have to be settled.

The most significant provisions are:

Provisions for major maintenance work, retirement or refurbishment of non-current assets

In accordance with IFRIC 12, provisions are recognised for the estimated expenditure required to carry out maintenance work spanning more than one year (mainly at concession operators) with a charge to the consolidated statement of profit or loss for each of the periods remaining until the work has been completed.

Provisions for taxes

These provisions reflect the estimate of tax debts whose payment is uncertain as to its exact amount or timing, since this depends on whether or not certain conditions are met.

Provisions for litigation and third-party liability

These provisions are recognised in order to cater for the possible adverse economic effects that might arise from the litigation and claims against the Group arising from the ordinary course of its operations (see Note 4.6.2.).

Provision for construction work completion

This provision is intended to cover the expenses arising from the completion of a project until its definitive settlement. The estimated costs in this connection are accrued over the construction period on the basis of production volumes.

Provision for management and other fees

This provision relates to the amount incurred in connection with project management and inspection fees, laboratory, layout and other fees payable at the consolidated balance sheet date. The amounts of these fees are established in the related project specifications and in current legislation. The estimated costs in this connection are accrued over the construction period on the basis of production volumes.

Other operating provisions

"Other Operating Provisions", which correspond primarily to the Group's construction companies, includes deferrals of expenses and costs and losses on construction projects. These amounts considered individually are of scant significance and correspond to numerous contracts.

2.6.15. Revenue recognition

Following is a detail of the main revenue recognition methods used for each of the segments in which the Group operates.

2.6.15.1. Concessions

Intangible assets

Revenue is recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting collections and payments are made.

Revenue from toll road services is recognised on an accrual basis, regardless of whether or not a portion of the contract has been collected in advance.

In accordance with IFRIC 12, the concession operators recognise sales relating to construction performed by parties outside the Group. In relation to infrastructure construction, the concession operators subcontract work to related parties or independent construction companies. The construction subcontractors do not exempt the concession operator from the obligations acquired by it in relation to the concession and therefore, they are responsible for the performance, completion and quality of the construction work. The concession operator does not recognise any margin in its statement of profit or loss on the performance of the aforementioned construction work.

Financial assets

Arrangements under the financial asset model

Interest income relating to concessions to which the financial asset model applies is recognised as "Other Operating Income", since it is considered that this income relates to the operating activities of the concessions.

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

Operation and maintenance revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.

Arrangements with a guaranteed minimum revenue clause

Revenue is recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting collections and payments are made.

The Group recognises under "Other Operating Income" the collection rights recognised in the year relating to the guaranteed minimum revenue yet to be collected under the terms of the concession arrangement. This profit is recognised because it relates to a service already provided and can be measured reliably, all the associated costs have been incurred and the economic benefits associated with the transaction will flow to the Group.

These rights are recognised and documented as follows:

- In the case of Concesionaria Mexiquense, S.A. de C.V. (Conmex) and Viaducto Bicentenario, S.A. de C.V., the right is calculated, externally reviewed, certified and periodically recognised by the Government of the State of Mexico, through the Mexican System of Highways, Airports, Related and Auxiliary Services (SAASCAEM), by means of a procedure that is documented as "total investment yet to be recovered", and is approved and signed by SAASCAEM itself and the legal representatives of the concession operators.

The Group considers that, based on these concession arrangements and the applicable legislation, the "total investment yet to be recovered", certified and recognised by SAASCAEM, is approximately equal to the adjusted carrying amount of the concession. In the case of Autopista Urbana Norte, S.A. de C.V. and Controladora Vía Rápida Poetas, S.A.P.I. de C.V. (associate), the Group follows a similar procedure to the foregoing but, in this case, with the Subsecretariat of Financial Planning of the Secretariat of Finance of the Government of Mexico City as the competent body.

Based on estimated annual returns calculated by the administrative bodies of each concession operator, it is estimated that the minimum guaranteed returns recognised will be recovered, in the most likely scenario, through the collection of tolls over the normal concession term.

2.6.15.2. Engineering and construction

Since the recognition of revenue from all engineering and construction contracts is subject to judgements and estimates, the Group relies on the project execution managers and each Division's organisational leaders in recognising such revenue, and has established internal controls to ensure the reasonableness of the criteria applied.

2.6.15.2.1. Construction

Revenue is calculated in accordance with IAS 11, Construction Contracts, using the percentage of completion method, whereby, in construction contracts from which a final profit is expected, the profit is calculated by applying to the expected profit the percentage resulting from comparison of the actual costs incurred with the projected total costs to be incurred. An expected loss on a construction contract is recognised as an expense immediately.

In accordance with standard practice, the estimates used to calculate the stage of completion include the possible effect of the margin on certain contract modifications, change orders, addenda and settlements which are being processed, and which the Group considers at that time to be reasonably realisable.

Additionally, as indicated in paragraph 14 (a) of IAS 11, claims are included in contract revenue only when negotiations with the customer have reached an advanced stage such that it is probable that the customer will accept the claim and when there are favourable technical and legal reports supporting such recognition. If litigation is initiated in relation to the claims, no additional revenue is recognised until the litigation is concluded. In these situations, and as general practice, once the appeals are identified as claims, the Group adjusts the recoverable amount and recognises, if appropriate, the necessary provisions.

"Trade Receivables for Sales and Services – Trade Receivables for Amounts to Be Billed for Work or Services Performed" on the asset side of the consolidated balance sheet represents the difference between the amount of the completed work recognised, including the adjustment to the margin recognised by application of the percentage of completion method, and the amount of billed completed work up to the reporting date.

If the amount of production from inception is lower than the amount billed, the difference is recognised under "Customer Advances" on the liability side of the consolidated balance sheet.

Late-payment interest which, pursuant to the contracts, may arise from delays in the collection of progress or final billings is recognised when it is probable that the interest will be collected and its amount can be measured reliably, at which time it is recognised as finance income.

2.6.15.2.2. Industrial

Revenue from turnkey (EPC) contracts and in fixed-price service contracts is recognised based on the percentage of completion method, in accordance with IAS 11.

Revenue from administration and operation and maintenance (O&M) contracts is recognised on an accrual basis based on the service provided.

2.6.15.2.3. Services

In the business of servicing properties and infrastructure maintenance of all types of housing and offices, revenue is recognised by reference to the stage of completion of the transaction, provided the outcome of the transaction can be estimated reliably.

Revenue in the case of infrastructure and urban equipment services is determined by measuring the completed units at the contract price, per the main contract with the owners or per approved addenda or amendments thereto. If these services have not been contractually approved, because the related contracts are being drawn up, the related revenue will only be recognised if technical approval has been secured.

2.6.15.3. Development

Revenue in the hotel complex business is recognised on an accrual basis based on the service provided.

If real estate products are sold, revenue is recognised when the properties are handed over and when the ownership thereof has been transferred.

Land sales are recognised when the risks and rewards of ownership are transferred, which usually occurs when the deed of sale is executed.

2.6.16. Share-based payment plans

These plans are measured when granted using a financial method based on a binomial pricing model which takes into account the exercise price, volatility, the option life, expected dividends, the risk-free interest rate and the assumptions made to incorporate the effects of expected early exercise.

In accordance with IFRS 2, the aforementioned amount is allocated to income under "Staff Costs" over the period in which the employee is required to remain as an employee in order to exercise the plan and is allocated to the consolidated statement of profit or loss on a straight-line basis over the period between the grant date and the exercise date.

The Parent may choose whether the plan will be cash-settled or equity-settled. Where the Parent's management considers that it does not have a present obligation to settle in cash, the balancing entry for the staff costs recognised is made in an equity account without making any adjustment to the amount initially recognised, in accordance with the provisions of IFRS 2 in relation to plans of this nature.

Lastly, in order to hedge the potential loss that might arise from these remuneration plans, the Parent arranges financial instruments intended to hedge the future cash flows required to settle this remuneration system. These financial instruments are considered to be derivatives and do not qualify for hedge accounting.

2.6.17. Leases

Leases are classified as finance or operating leases.

Finance leases are deemed to be those in which the risks and rewards relating to the leased asset are transferred to the lessee, which, habitually but not necessarily, has the option to purchase the asset at the end of the lease on the terms and conditions agreed on when the transaction was arranged. In leases of this nature:

- When the consolidated companies act as the lessor of an asset, the aggregate present values of the lease payments receivable from the lessee plus, where appropriate, the price of exercising the purchase option are recognised as accounts receivable (financial assets).
- When the consolidated companies act as the lessee, they present the cost of the leased assets in the consolidated balance sheet, based on the nature of the leased asset, and, simultaneously, recognise a liability for the same amount.

The assets are measured at the lower of fair value, i.e. at the price that would be set by two parties in an arm's length transaction, and the discounted present value of the amounts payable to the lessor plus the price of exercising the purchase option.

These assets are depreciated on the basis of their nature using similar criteria to those applied to the items of property, plant and equipment.

Operating leases are leases for rights of use that do not transfer the risks and rewards incidental to ownership of an asset and are accounted for on the basis of the contractual nature of each transaction. Income and expenses from these transactions are allocated to profit or loss on an accrual basis.

2.6.18. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale are added directly to the cost of those assets, until such time as the assets are ready for their intended use or sale.

Pursuant to IAS 23, investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the year in which they are incurred.

2.6.19. Income tax

The Group companies' income tax expense is calculated on the basis of accounting profit before tax, increased or decreased, as appropriate, by the permanent differences from taxable profit, net of tax relief and tax credits, excluding tax withholdings and prepayments made during the year.

Deferred tax assets and liabilities are the taxes expected to be recoverable or payable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases. They are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

At 31 December 2016, most of the Spanish Group companies were being taxed under the consolidated tax regime and, accordingly, the income tax expense recognised in the consolidated statement of profit or loss relates to the sum of the tax expense of the consolidated tax group companies and that of the companies not forming part of the consolidated tax group, which are mainly the foreign companies.

2.6.20. Consolidated statement of cash flows

Cash flows are inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

The consolidated statement of cash flows is prepared using the indirect method, i.e. on the basis of the changes in the consolidated statement of profit or loss and consolidated balance sheet, and is presented with comparable figures for two consecutive periods.

This statement reflects changes in consolidated cash flows in the year, classifying them as:


- Cash flows from operating activities: the principal revenue-producing activities of the Group companies and other activities that are not investing or financing activities. Interest received and paid, proceeds from the disposal of non-current assets, adjustments to profits generated by companies accounted for using the equity method and, in general, any results that do not generate cash flows are transferred to "Other Adjustments to Profit".

Dividends received may be classified as cash flows from operating activities or investing activities. The Group chose to classify them as cash flows from operating activities.

- Cash flows from investing activities: those arising from the acquisition and disposal of non-current assets.

Interest received may be classified as cash flows from operating activities or investing activities. The Group chose to classify it as cash flows from operating activities.

Cash flows from financing activities: those arising from changes in borrowings, payment of the dividend, interest paid and changes in non-controlling interests.



Interest paid may be classified as cash flows from operating activities or financing activities. The Group elected to classify interest paid as cash flows from financing activities.

2.6.21. Trade and other payables

The Group has arranged reverse factoring arrangements with various banks in order to enable advance payments to be made to suppliers, whereby the supplier may exercise its collection right from Group companies, obtaining the amount billed less finance costs relating to discounts and commission charged by those banks.

These arrangements do not change the principal terms and conditions of payment to suppliers, such as the term or amount and, accordingly, they retain their classification as trade payables.

At 31 December 2016, the reverse factoring balance under "Trade and Other Payables" was EUR 163,293 thousand (31 December 2015: EUR 125,818 thousand).

2.6.22. Termination and post-employment benefits

The termination benefits that have to be paid to employees pursuant to the legislation applicable to each Group company are charged to the consolidated statement of profit or loss in the year in which they are paid.

If the Group were to establish a collective redundancy procedure, provisions for the related costs would be recognised in the consolidated statement of profit or loss when the detailed formal plan for the restructuring were established and communicated to the parties concerned. There are no redundancy plans that meet the foregoing conditions for a provision to be recognised in this connection.

The Group does not have any post-employment benefit obligations in the form of pension plans or other benefits.

3.- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1.- Intangible assets

The changes in “Intangible Assets” in the consolidated balance sheets in 2016 and 2015 were as follows:

	Thousands of euros
Cost	
Balances at 1 January 2015	432,314
Additions and disposals due to changes in the scope of consolidation	(465)
Additions	12,050
Disposals	(6,342)
Transfers and other	90
Exchange differences	31,339
Balances at 31 December 2015	468,986
Additions and disposals due to changes in the scope of consolidation	-
Additions	8,168
Disposals	(828)
Transfers and other	(27)
Exchange differences	9,863
Balances at 31 December 2016	486,162
Accumulated amortisation	
Balances at 1 January 2015	147,987
Additions and disposals due to changes in the scope of consolidation	(352)
Additions	28,284
Disposals	(4,841)
Transfers and other	19
Exchange differences	7,858
Balances at 31 December 2015	178,955
Additions and disposals due to changes in the scope of consolidation	-
Additions	30,245
Disposals	(409)
Transfers and other	3
Exchange differences	2,854
Balances at 31 December 2016	211,648
Net balances at 31 December 2015	290,031
Net balances at 31 December 2016	274,514

“Intangible Assets” includes mainly the values assigned on consolidation to the customer portfolio and backlog of the acquirees. No indications of impairment on the customer portfolio or backlog of the acquirees had been identified and no impairment losses had been recognised at 31 December 2016 or 2015.

Intangible assets with a gross cost of EUR 35,791 thousand had been fully amortised and were still in use at 31 December 2016 (31 December 2015: EUR 30,199 thousand).

3.2.- Concession infrastructure

Concession arrangements are arrangements between the concession grantor, which is generally a public sector entity, and the Group companies to provide services to the public through the operation of certain assets required for the provision of the service.

The concession right generally entails a monopoly on the provision of the service granted for a specified period of time, after which, in general, the concession assets required to provide the service have to be handed over to the concession grantor.

Revenue from performing the service may be received directly from the users or, sometimes, through the concession grantor itself. The prices for providing the service are usually regulated by the grantor.

These projects are generally financed with long-term borrowings without recourse to the shareholder, secured mainly by the cash flows generated by the concession operator companies and their assets, accounts and contractual rights. Since cash flows constitute the main security for the repayment of the borrowings, there are restrictions on the use of the funds by the shareholders until certain conditions have been met, which is assessed each year.

Also, reserves are recognised and continue to exist throughout the term of the borrowings, relating generally to the six months following the servicing of the debt, which are restricted as to their use by the Group, and whose purpose is to cater for the servicing of the debt if the cash flows generated by the Group prove to be insufficient. These reserve accounts are classified under "Current Financial Assets – Other Receivables" in the consolidated balance sheet (see Note 3.6.).

Concession infrastructure is accounted for using either the intangible asset model or the financial asset model.

Intangible assets

An intangible asset arises when the operator provides construction or upgrade services and receives a right to operate the infrastructure for a specified period of time after the construction has been completed, in which the operator's future cash flows have not been specified, since they may vary on the basis of the extent that the asset is used, for which reason they are considered to be contingent. In these cases the demand risk is borne by the concession operator and, accordingly, the concession is considered to be an intangible asset.

Financial assets

In arrangements accounted for using the financial asset model, the assets recognised by the various concession operators represent the rights to operate administrative concessions and the unconditional contractual right to receive cash or another financial asset associated with certain concession arrangements where the demand risk is borne by the concession grantor.

The concession operators Autopista Urbana Norte, S.A. de C.V., Concesionaria Mexiquense, S.A. de C.V. and Viaducto Bicentenario, S.A. de C.V. are concessions with guaranteed minimum revenue whereby the concession operator has an unconditional right to recover, as the case may be, either the equity invested or the total investment made, plus an guaranteed annual internal rate of return (IRR) expressed in real terms and net of tax ("guaranteed revenue"), which implies the existence of an unconditional right to receive cash if such guaranteed revenue has not been received at the end of the concession term.

The changes in “Concession Infrastructure” in the consolidated balance sheets in 2016 and 2015 were as follows:

	Thousands of euros		
	Intangible asset model	Financial asset model	Total
Cost			
Balances at 1 January 2015	1,753,793	5,664,511	7,418,304
Additions and disposals due to changes in the scope of consolidation	(503,168)	-	(503,168)
Additions	136,085	578,685	714,770
Disposals	-	-	-
Transfers and other	(39,494)	(605,524)	(645,018)
Exchange differences	(18,319)	(280,072)	(298,391)
Balances at 31 December 2015	1,328,897	5,357,600	6,686,497
Additions and disposals due to changes in the scope of consolidation	-	-	-
Additions	84,026	575,512	659,538
Disposals	(7,399)	-	(7,399)
Transfers and other	(1,635)	(1,464)	(3,099)
Exchange differences	(5,874)	(691,068)	(696,942)
Balances at 31 December 2016	1,398,015	5,240,580	6,638,595
Accumulated amortisation			
Balances at 1 January 2015	216,267	-	216,267
Additions and disposals due to changes in the scope of consolidation	(59,356)	-	(59,356)
Additions	15,121	-	15,121
Disposals	-	-	-
Transfers and other	-	-	-
Exchange differences	(1,100)	-	(1,100)
Balances at 31 December 2015	170,932	-	170,932
Additions and disposals due to changes in the scope of consolidation	-	-	-
Additions	29,571	-	29,571
Disposals	-	-	-
Transfers and other	906	-	906
Exchange differences	(2,448)	-	(2,448)
Balances at 31 December 2016	198,961	-	198,961
Impairment losses			
Balance at 1 January 2015	48,000	-	48,000
Additions and disposals due to changes in the scope of consolidation	(48,000)	-	(48,000)
Balance at 31 December 2015	-	-	-
Balance at 31 December 2016	-	-	-
Net balances at 31 December 2015	1,157,965	5,357,600	6,515,565
Net balances at 31 December 2016	1,199,054	5,240,580	6,439,634

The Group's fully consolidated concession operators at 31 December 2016 were as follows:

Operator	Description of concession	Country	%	Total projected investment (thousands of euros)	Remaining period (in years)
Intangible asset model					
Autovía de Aragón-Tramo 1, S.A.	A-2 road, Madrid R-2 section	Spain	95.00	220,029	10
Cercanías Móstoles Navalcarnero, S.A. (3)	Railway line	Spain	100.00	266,923	11
Euroglosa 45 Concesionaria de la Comunidad de Madrid, S.A.	M-45 road, N-V to N-IV section	Spain	100.00	96,308	11
Terminal de Contenedores de Tenerife, S.A.	Terminal operation	Spain	100.00	71,369	25
Terminales Marítimas del Sureste, S.A.	Terminal operation	Spain	100.00	115,825	31
Marina Urola, S.A.	Marina	Spain	78.34	2,795	11
Sociedad Concesionaria Nuevo Camino Nogales-Puchucanví, S.A. (2)	Los Nogales - Puchucanví concession	Chile	100.00	217,550	38
Terminal Cerros de Valparaíso, S.A. (2)	Terminal operation	Chile	100.00	576,694	27
Concesionaria AT-AT, S.A. de C.V. (2)	Atizapán-Atlacomulco toll road	Mexico	56.85	477,613	30
Grupo Autopistas Nacionales, S.A.	Amozoc Perote toll road	Mexico	39.33	142,057	47
Autopista del Norte, S.A.C.	Red Vial 4 toll road	Peru	100.00	459,605	25
Financial asset model					
Sociedad Concesionaria Aguas de Navarra, S.A. (2)	Navarra canal	Spain	65.00	99,650	28
Autopista Río Magdalena, S.A.S. (2)	Río Magdalena toll road	Colombia	100.00	647,169	23
Sociedad Concesionaria Centro de Justicia de Santiago, S.A.	Law courts	Chile	100.00	78,645	9
Sociedad Concesionaria Puente Industrial, S.A. (2)	Puente Industrial concession	Chile	100.00	160,655	36
Autopista Urbana Norte, S.A. de C.V. (1)	Collector road	Mexico	56.85	564,216	26
Concesionaria Mexiquense, S.A. de C.V. (1)	Mexican outer loop	Mexico	42.64	1,160,820	35
Viaducto Bicentenario, S.A. de C.V. (1)	Elevated bypass	Mexico	56.85	532,930	21

(1) Concessions with guaranteed revenue.

(2) Under construction.

(3) Involved in voluntary insolvency proceedings (see Note 4.6.2.5.).

Under the related concession arrangements, the concession operators are required to make investments which must be completed within the periods specified below:

Period	Thousands of euros
Within five years	2,077,303
Between five and ten years	47,518
After ten years	84,473
Total	2,209,294

These investments and their timing were assessed using the best estimates available and, therefore, changes in terms of amount or timing could occur.

These investments will be financed through loans granted to, capital increases at, and cash flows generated by, the concession operators.

At 31 December 2016, "Concession Infrastructure" included EUR 86,737 thousand relating to borrowing costs capitalised during the construction period (31 December 2015: EUR 77,639 thousand).

The detail of the changes in borrowing costs capitalised at 31 December 2016 and 2015 is as follows:

	Thousands of euros
Balances at 1 January 2015	80,599
Additions and disposals due to changes in the scope of consolidation	(944)
Exchange differences	(2,016)
Balances at 31 December 2015	77,639
Additions	9,472
Exchange differences	(374)
Balances at 31 December 2016	86,737

The breakdown, by company, of the carrying amount of "Concession Infrastructure" is as follows:

Company	Thousands of euros	
	2016	2015
Autopista del Norte, S.A.C.	290,420	260,291
Autovía de Aragón-Tramo 1, S.A.	147,182	161,423
Cercanías Móstoles Navacarnero, S.A.	266,017	266,017
Concesionaria AT - AT, S.A. de C.V. (2)	97,042	69,859
Euroglosa 45 Concesionaria de la Comunidad de Madrid, S.A.	48,396	52,394
Grupo Autopistas Nacionales, S.A.	66,462	79,499
Sociedad Concesionaria Nuevo Camino Nogales - Puchucanví, S.A. (2)	463	-
Terminal Cerros de Valparaíso, S.A. (2)	59,472	35,970
Terminal de Contenedores de Tenerife, S.A.	105,569	110,417
Terminales Marítimas del Sureste, S.A.	117,390	121,780
Other	641	315
Total intangible asset model	1,199,054	1,157,965
Financial asset		
Autopista Río Magdalena, S.A.S. (2)	51,229	20,146
Autopista Urbana Norte, S.A. de C.V. (1)	1,136,687	1,136,237
Concesionaria Mexiquense, S.A. de C.V. (1)	2,897,225	3,018,659
Sociedad Concesionaria Aguas de Navarra, S.A. (2)	52,589	28,871
Sociedad Concesionaria Centro de Justicia Santiago, S.A.	36	32
Sociedad Concesionaria Puente Industrial, S.A. (2)	21,665	16,530
Viaducto Bicentenario, S.A. de C.V. (1)	1,081,149	1,137,125
Total financial asset model	5,240,580	5,357,600
Total	6,439,634	6,515,565

(1) Concessions with guaranteed revenue.

(2) Under construction.

(3) Involved in voluntary insolvency proceedings (see Note 4.6.2.5.).

The detail of the guaranteed revenue amounts recognised at 31 December 2016 and 2015 is as follows:

Company	Thousands of euros	
	2016	2015
Autopista Urbana Norte, S.A. de C.V.	630,646	548,846
Concesionaria Mexiquense, S.A. de C.V.	1,883,069	1,833,877
Viaducto Bicentenario, S.A. de C.V.	601,048	571,939
Total	3,114,763	2,954,662

The breakdown, by country, of the carrying amount of "Concession Infrastructure" is as follows:

Country and company	2016		
	Thousands of euros		
	Intangible asset model	Financial asset model	Total
Chile			
Sociedad Concesionaria Centro de Justicia de Santiago, S.A.	-	36	36
Sociedad Concesionaria Nuevo Camino Nogales - Puchucanví, S.A. (2)	463	-	463
Sociedad Concesionaria Puente Industrial, S.A. (2)	-	21,665	21,665
Terminal Cerros de Valparaíso, S.A. (2)	59,472	-	59,472
Total Chile	59,935	21,701	81,636
Colombia			
Autopista Río Magdalena, S.A.S. (2)	-	51,229	51,229
Total Colombia	-	51,229	51,229
Spain			
Autovía de Aragón - Tramo 1, S.A.	147,182	-	147,182
Cercanías Móstoles Navacarnero, S.A. (3)	266,017	-	266,017
Euroglosa 45 Concesionaria de la Comunidad de Madrid, S.A.	48,396	-	48,396
Sociedad Concesionaria Aguas de Navarra, S.A. (2)	-	52,589	52,589
Terminal de Contenedores de Tenerife, S.A.	105,569	-	105,569
Terminales Marítimas del Sureste, S.A.	117,390	-	117,390
Other	641	-	641
Total Spain	685,195	52,589	737,784
Mexico			
Autopista Urbana Norte, S.A. de C.V. (1)	-	1,136,687	1,136,687
Concesionaria AT - AT, S.A. de C.V. (2)	97,042	-	97,042
Concesionaria Mexiquense, S.A. de C.V. (1)	-	2,897,225	2,897,225
Grupo Autopistas Nacionales, S.A.	66,462	-	66,462
Viaducto Bicentenario, S.A. de C.V. (1)	-	1,081,149	1,081,149
Total Mexico	163,504	5,115,061	5,278,565
Peru			
Autopista del Norte, S.A.C.	290,420	-	290,420
Total Peru	290,420	-	290,420
Total	1,199,054	5,240,580	6,439,634

(1) Concessions with guaranteed revenue.

(2) Under construction.

(3) Involved in voluntary insolvency proceedings (see Note 4.6.2.5.).

Country and company	2015		
	Thousands of euros		
	Intangible asset model	Financial asset model	Total
Chile			
Sociedad Concesionaria Centro de Justicia Santiago, S.A.	-	32	32
Sociedad Concesionaria Puente Industrial, S.A. (2)	-	16,530	16,530
Terminal Cerros de Valparaíso, S.A. (2)	35,970	-	35,970
Total Chile	35,970	16,562	52,532
Colombia			
Autopista Río Magdalena, S.A.S. (2)	-	20,146	20,146
Total Colombia	-	20,146	20,146
Spain			
Autovía de Aragón - Tramo 1, S.A.	161,423	-	161,423
Cercanías Móstoles Navalcarnero, S.A. (3)	266,017	-	266,017
Euroglosa 45 Concesionaria de la Comunidad de Madrid, S.A.	52,394	-	52,394
Sociedad Concesionaria Aguas de Navarra, S.A. (2)	-	28,871	28,871
Terminal de Contenedores de Tenerife, S.A.	110,417	-	110,417
Terminales Marítimas del Sureste, S.A.	121,780	-	121,780
Other	315	-	315
Total Spain	712,346	28,871	741,217
Mexico			
Autopista Urbana Norte, S.A. de C.V. (1)	-	1,136,237	1,136,237
Concesionaria AT - AT, S.A. de C.V. (2)	69,859	-	69,859
Concesionaria Mexiquense, S.A. de C.V. (1)	-	3,018,659	3,018,659
Grupo Autopistas Nacionales, S.A.	79,499	-	79,499
Viaducto Bicentenario, S.A. de C.V. (1)	-	1,137,125	1,137,125
Total Mexico	149,358	5,292,021	5,441,379
Peru			
Autopista del Norte, S.A.C.	260,291	-	260,291
Total Peru	260,291	-	260,291
Total	1,157,965	5,357,600	6,515,565

(1) Concessions with guaranteed revenue.

(2) Under construction.

(3) Involved in voluntary insolvency proceedings (see Note 4.6.2.5.).

Following is a description of the main concessions operated by the Group:

Chile

Sociedad Concesionaria Nuevo Camino Nogales-Puchuncaví, S.A.

In 2016 the Chilean Ministry of Public Works granted OHL Concesiones Chile the re-tender of Camino Nogales - Puchuncaví, for the extension of the infrastructure and upgrade of the technical standard and levels of service of the existing road.

The new concession, which will total 43 km in length, envisages upgrade work on the existing 27-km two-way carriageway, as well as the construction of an additional 16 km for the Puchuncaví bypass and the Ventanas relief road, which will reduce journey times and increase road safety.

Sociedad Concesionaria Puente Industrial, S.A.

In 2014 the Chilean Ministry of Public Works granted OHL Concesiones Chile the design, construction, financing, operation and maintenance of the Concesión Vial Puente Industrial toll road, the main section of which is the bridge over the Bio river in the province of Concepción.

The toll road will be 6.5 km long, will have two lanes in each direction and will connect with Avenida Constanera in the town of Hualpén and Route 160 in the town of San Pedro de la Paz. The project includes the construction of the new industrial bridge, the fourth 2.5 km-long elevated bypass over the Biobío river, and includes various complementary projects such as junctions at different levels and a railway overpass.

Terminal Cerros de Valparaíso, S.A.

This company is responsible for the construction and operation of the Terminal 2 project in the Port of Valparaíso.

With a mooring line measuring 785 m (container terminal) and 613 m (general cargo) and a depth of 16 m, it will have the capacity to operate two super-post-panamax ships simultaneously and handle traffic of approximately 1,150,000 TEUs and 1,800,000 tonnes of general cargo each year.

Colombia

Autopista Río Magdalena, S.A.S.

In 2014 the concession for the design, financing, construction, operation and maintenance of the Río Magdalena 2 toll road was granted.

The infrastructure will be 144 km long, of which 82 km will be new and the other 62 km will consist of the restoration and upgrade of a stretch of the road currently in operation. The new section will have two tunnels and 79 bridges, the largest of which will be 1,480 m long in Puerto Berrío over the Magdalena river.

Spain

Autovía de Aragón Tramo 1, S.A.

The first 56 km of the Madrid - Barcelona A-2 road, which run between Madrid and the city of Guadalajara (at its junction with the R-2 access toll road), are operated under a concession in the framework of the First-Generation Road Outfitting Plan promoted by the Spanish Ministry of Public Works.

The infrastructure is operated under a shadow toll arrangement and the toll is established based on a set of indicators linked to road condition and the quality of service offered.

Euroglosa 45 Concesionaria de la Comunidad de Madrid, S.A.

This 8.3 km-long section of the M-45 road provides quick access to the A-4 (Madrid-Andalusia) and A-5 (Madrid-Extremadura) roads.

Terminal de Contenedores de Tenerife, S.A.

This company is responsible for the construction and operation of the new public container terminal in the eastern dock of the Port of Santa Cruz de Tenerife, which was designed to handle import, export and transshipment traffic in the Mediterranean, northern European and Far East trade routes with West African and South American routes.

The port has a 700 m-long mooring line, a depth of 16-18 m and capacity to operate at least two super-post-panamax ships and handle up to 620,000 TEUs each year.

Terminales Marítimas del Sureste, S.A.

Terminales Marítimas del Sureste (TMS) performed the southern extension of the Port of Alicante, which is a public-private partnership in which the concession operator, in addition to financing and building the docks, performs the functions specific to the port owner and commercially operates

various bulk cargo and passenger terminals with a mooring line of 1,670 m and a depth of 14 metres.

Mexico

Autopista Urbana Norte, S.A. de C.V.

The 9 km-long Autopista Urbana Norte is the northern section of the urban toll road that connects Mexico City to the Querétaro, Toluca and Cuernavaca roads. At its northern end it includes the connection of the second levels of the ring road in its link with the Viaducto Elevado Bicentenario and has a fully electronic toll collection system.

The concession arrangement includes a guaranteed revenue clause granting the concession operator the right to recover the total investment made plus an annual IRR in real terms after tax.

Concesionaria AT-AT, S.A. de C.V.

In 2014 OHL México was granted a contract for the financing, construction, operation, upkeep and maintenance of the Atizapán-Atlacomulco toll road, which is the company's seventh toll road in Mexico.

The toll road will be 74 km long and have four traffic lanes (two in each direction) and the project includes the construction of various tunnels and elevated bypasses.

Concesionaria Mexiquense, S.A. de C.V.

The Circuito Exterior Mexiquense, which is 155 km long, encircles the metropolitan area of Mexico City from north to south on the east, and from east to west at its northern end. The project is structured in four phases; phases I, II and III, which are currently in operation, add up to a total of 110 km.

The toll road runs through 18 municipalities in the state of Mexico and connects the Mexico City-Querétaro, Mexico City-Pachuca, Perón-Texcoco and Mexico City-Puebla access toll roads.

The concession arrangement includes a guaranteed revenue clause granting the concession operator the right to recover the total investment financed with equity plus a fixed annual IRR in real terms after tax.

Grupo Autopistas Nacionales, S.A.

The Amozoc-Perote toll road, which is 123 km long, is part of Corredor Carretero Altiplano and includes a 104.9 km toll road stretch between Amozoc, Puebla, Perote and Veracruz, and 17.6 km relating to the Perote bypass.

Viaducto Bicentenario, S.A. de C.V.

The Viaducto Bicentenario is an elevated toll road that runs along the northern periphery of the Metropolitan Area of the Valley of Mexico, up to kilometre 44 of the Mexico City-Querétaro toll road, and is 32 km long.

The project is structured in three phases; the first phase, which is currently in operation, is reversible and consists of a 22 km elevated bypass between ex Toreo and Tepalcapa. Phase II, with 5 km in operation, consists of an elevated bypass that runs parallel to the current reversible toll road. In phase III both elevated bypasses will be extended by 10 km.

The concession arrangement includes a guaranteed revenue clause granting the concession operator the right to recover the total investment financed with equity, including a return on the venture capital contributed for the construction plus a fixed annual IRR in real terms after tax.

Peru

Autopista del Norte, S.A.C.

Autopista del Norte, with a length of 356 km, connects the Peruvian cities of Pativilca and Trujillo and forms part of the Panamerican North toll road, the main traffic road that runs along the Peruvian coast. The main investments to be made include the construction of a second lane of approximately 284 km

and three bypasses in the cities of Huarmey, Casma and Virú-Chao.

In 2016 an addendum was signed for the construction of the Chimbote ring road (Vía de Evitamiento de Chimbote) forming part of the Autopista del Norte project in Peru, and for the extension to the concession term by an additional eight years. This project will require an investment of PEN 520 million and includes a 34 km two-lane toll road, two additional bridges and overpasses.

Impairment losses on concession infrastructure

At the end of each reporting period or whenever there are indications of impairment, the Group tests the assets for impairment to determine whether their recoverable amount has been reduced to below their carrying amount.

Recoverable amount is the higher of fair value and value in use.

Also, sensitivity analyses were performed in various growth scenarios, particularly in relation to toll revenue, operating margins and the discount rates applied. The Parent's directors consider that the tests are sensitive to their key assumptions, but that these indicators are within a reasonable degree of sensitivity, which meant that no impairment losses were identified in 2016.

Generally, in order to calculate any possible impairment, the projected cash flows to be generated by the concessions are discounted. The main variables used for each concession are: the remaining term of each concession, forecast growth in traffic, CPI growth and the tax rates of each country.

The discount rates used were:

Chile 7.36%, Colombia 10.0%, Spain 4.32%, Mexico 8.2% and Peru 9.0%.

Information on CPI growth was obtained for Latin America from Latin Focus and for the eurozone from the European Central Bank.

The financial information on the companies for 2016 does not differ significantly from that considered in the projections and tests of 2015.

Due to their importance for the Group, all the aggregates of these concession operators, and in particular, the evolution of traffic, which continues to grow significantly, are monitored especially closely.

The following was of note in this connection in 2016:

Mexican concession operators

The main variables used in the economic and financial models of these concession operators are as follows:

- The minimum discount rates used were 8.2%.
- CPI growth was obtained from Latin Focus.
- Revenue projections: revenue was projected using traffic volumes estimated by in-house and external experts and by applying toll increases when they become known.

Based on the current information of the aforementioned models, no impairment losses exist and the investment will be recovered.

For those companies with a guaranteed revenue clause (Autopista Urbana Norte, S.A. de C.V., Concesionaria Mexiquense, S.A. de C.V. and Viaducto Bicentenario, S.A. de C.V.), the main driver for the recovery of the investment is the guaranteed revenue clause included in the concession arrangement.

OHL México, S.A.B. de C.V.

The market price of the shares of OHL México, S.A.B de C.V. (OHL México) recovered in 2016 (MXN 20.39 per share at 30 December 2016, against MXN 18.04 per share at 31 December 2015); however, the Group performed an analysis of the recoverable amount (i.e. the higher of fair value and value in use) of its net investment in OHL México, amounting to EUR 1,782.5 million at 31 December 2016, in order to determine whether this market price might be an indication of possible impairment. The analysis was performed from two perspectives:

- The economic and financial models of the concession operators composing OHL México, which indicate that there is no impairment; and
- The valuations performed by independent analysts for OHL México, as well as the benchmark prices of transactions performed.

Based on the foregoing, it was concluded that there is no impairment.

Autopista Eje Aeropuerto Concesionaria Española, S.A.U.

This company and its parent, Aeropistas S.L., entered into the liquidation phase in October 2015 (see Note 4.6.2.5.), and the directors ceased to discharge their functions and were replaced by the insolvency managers. This gave rise to the loss of control and, accordingly, the exclusion of these companies from the scope of consolidation of the Group as from October 2015.

The consolidated carrying amount at 31 December 2016 amounted to EUR 18.6 million (31 December 2015: EUR 18.6 million), and this amount was recognised under "Investment Securities" (see Note 3.6.).

The Group does not expect that the liquidation of the two companies (Aeropistas, S.L. and Autopista Eje Aeropuerto Concesionaria Española, S.A.U.) will have an impact for accounting purposes on the consolidated carrying amount and, accordingly, it is considered that the value thereof will be recovered, as well as the balance receivable relating to the construction of the infrastructure.

Cercanías Móstoles Navalcarnero, S.A.

This company is involved in insolvency proceedings (see Note 4.6.2.5.) and the termination of the concession arrangement was requested for reasons attributable to the grantor and, secondarily, owing to the inability to perform the contract due to the occurrence of unforeseeable circumstances.

Based on the foregoing, for the purposes of performing the impairment test, and in view of the uncertainty of the variables used to make any economic and financial projection in relation to the concession, the minimum recoverable amount was considered to be the early termination value, which exceeds the carrying amount.

The Autonomous Community of Madrid Government Department of Transport, Housing and Infrastructure imposed a penalty of EUR 34.1 million for what it considered to be a breach of the concession arrangement. This penalty was appealed against in a timely and well-founded manner by the concession operator. However, in accordance with the accounting principle of prudence, the Group recognised a provision for this amount, which it expects to recover in the future.

Other concession operators

As regards the other concessions, either indications of impairment were not identified or the analyses performed did not disclose any impairment. These analyses were conducted based on the aforementioned discounted cash flow method.

Also, the concessions accounted for using the financial asset model did not suffer changes in the consideration received that would give rise to significant changes in the effective interest rate applied to the aforementioned concession infrastructure.

3.3.- Property, plant and equipment

The changes in "Property, Plant and Equipment" in the consolidated balance sheets in 2016 and 2015 were as follows:

	Thousands of euros					
	Land and buildings	Machinery	Other fixtures, tools and furniture	Advances and property, plant and equipment in the course of construction	Other items of property, plant and equipment	Total
Cost						
Balances at 1 January 2015	429,306	416,129	142,920	29,479	98,608	1,116,442
Additions and disposals due to changes in the scope of consolidation	(4,186)	(1,833)	(1,054)	-	(163)	(7,236)
Additions	7,219	66,049	11,397	45,498	10,749	140,912
Disposals	(4,942)	(28,507)	(5,727)	(14,683)	(5,637)	(59,496)
Transfers and other	434	15,631	1,499	(15,256)	431	2,739
Exchange differences	34,284	11,733	1,473	(305)	2,474	49,659
Balances at 31 December 2015	462,115	479,202	150,508	44,733	106,462	1,243,020
Additions and disposals due to changes in the scope of consolidation	46,257	-	25	569	66	46,917
Additions	7,335	13,436	14,412	39,074	7,764	82,021
Disposals	(38,636)	(44,642)	(14,454)	(4,380)	(10,970)	(113,082)
Transfers and other	(354,771)	(20,631)	(36,755)	(68,634)	(29,452)	(510,243)
Exchange differences	8,032	10,206	2,851	(5,125)	265	16,229
Balances at 31 December 2016	130,332	437,571	116,587	6,237	74,135	764,862
Accumulated depreciation						
Balances at 1 January 2015	98,129	273,290	99,784	-	51,691	522,894
Additions and disposals due to changes in the scope of consolidation	(735)	(831)	(679)	-	(143)	(2,388)
Additions	9,964	62,969	14,102	-	10,904	97,939
Disposals	(1,924)	(15,902)	(4,064)	-	(5,022)	(26,912)
Transfers and other	-	183	1,071	-	(9)	1,245
Exchange differences	6,480	7,015	79	-	639	14,213
Balances at 31 December 2015	111,914	326,724	110,293	-	58,060	606,991
Additions and disposals due to changes in the scope of consolidation	-	-	-	-	10	10
Additions	7,924	47,698	10,721	-	8,744	75,087
Disposals	(10,107)	(38,396)	(13,295)	-	(5,056)	(66,854)
Transfers and other	(75,768)	(8,739)	(18,568)	-	(15,426)	(118,501)
Exchange differences	1,895	6,419	1,845	-	959	11,118
Balances at 31 December 2016	35,858	333,706	90,996	-	47,291	507,851
Net balances at 31 December 2015	350,201	152,478	40,215	44,733	48,402	636,029
Net balances at 31 December 2016	94,474	103,865	25,591	6,237	26,844	257,011

The net balance at 31 December 2016 in the table above includes most notably the following items:

- "Transfers and Other" includes most notably the hotels and golf course of the Mayakoba complex in Mexico, with a net total of EUR 384,998 thousand, classified under "Non-Current Assets Classified as Held for Sale" (see Note 3.8.), as they belonged to companies in the process of being sold.
- EUR 197 thousand relating to property, plant and equipment held by the consolidated companies under finance leases at 31 December 2016 (31 December 2015: EUR 4,998 thousand).
- Certain items of property, plant and equipment with a carrying amount of EUR 402 thousand (31 December 2015: EUR 294,941 thousand) mortgaged as security for loans against which EUR 185 thousand had been drawn down (31 December 2015: EUR 110,675 thousand) (see Note 3.17.1.).

At 31 December 2016 and 2015, there were no material amounts relating to items of property, plant and equipment that were temporarily idle or retired from active use.

The Group takes out the insurance policies required to cover the possible risks to which its property, plant and equipment are subject.

Property, plant and equipment with a gross cost of EUR 198,895 thousand had been fully depreciated and were still in use at 31 December 2016 (31 December 2015: EUR 161,287 thousand).

At 31 December 2016, "Property, Plant and Equipment" included EUR 2,204 thousand relating to borrowing costs capitalised during the construction period (31 December 2015: EUR 13,790 thousand).

The detail of the changes in borrowing costs capitalised at 31 December 2016 and 2015 is as follows:

	Thousands of euros
Balances at 1 January 2015	11,860
Additions	715
Exchange differences	1,215
Balances at 31 December 2015	13,790
Additions	446
Transfers	(12,180)
Exchange differences	148
Balances at 31 December 2016	2,204

3.4.- Investment property

The changes in "Investment Property" in the consolidated balance sheets in 2016 and 2015 were as follows:

	Thousands of euros
Balances at 1 January 2015	59,325
Additions	7,392
Disposals	(2,252)
Exchange differences	(2,541)
Transfers	(3)
Balances at 31 December 2015	61,921
Additions and disposals due to changes in the scope of consolidation	10,739
Additions	7,243
Disposals	(3,401)
Exchange differences	(7,342)
Transfers	(2,323)
Balances at 31 December 2016	66,837

At 31 December 2016, certain items of investment property with a carrying amount of EUR 175 thousand (31 December 2015: EUR 4,155 thousand) had been mortgaged as security for loans against which EUR 119 thousand had been drawn down (31 December 2015: EUR 4,043 thousand) (see Note 3.17.1.).

At 31 December 2016, the main investment property was the Mayakoba tourism development in the Riviera Maya area of Mexico, amounting to EUR 56,789 thousand (31 December 2015: EUR 56,652 thousand).

At 31 December 2016, EUR 13,318 thousand relating to investment property pertaining to the Mayakoba tourism development in the Riviera Maya area of Mexico were classified under "Non-Current Assets Classified as Held for Sale" (see Note 3.8.), as they belonged to companies in the process of being sold.

The tourism development in Mayakoba includes land awaiting development, and this "Investment Property" item includes only land awaiting development, including most notably one plot of land.

277 hectares of the original 409 hectares of this plot, with beach access, have not yet been sold. The land not yet sold has development permits for up to a maximum of 10,000 housing units.

The fair value of the Group's investment property at 31 December 2016, calculated mainly by reference to third-party appraisals and in-house estimates, amounted to EUR 103,457 thousand (31 December 2015: EUR 130,161 thousand).

3.5.- Goodwill

The detail, by company, of "Goodwill" in the consolidated balance sheets as at 31 December 2016 and 2015 is as follows:

Companies giving rise to goodwill	Thousands of euros	
	2016	2015
Agrupación Guinovart Obras y Servicios Hispania, S.A.	2,492	2,492
Avalora Tecnologías de la Información, S.A.	4,918	4,918
Chemtrol Proyectos y Sistemas, S.A.	-	8,612
Construcciones Adolfo Sobrino, S.A.	3,408	3,408
Constructora Mayalum, S.A. de C.V.	350	350
Constructora TP, S.A.C.	849	849
EyM Instalaciones, S.A.	99	99
OHL Servicios - Ingesan, S.A.U.	399	399
IEPI México, S.A. de C.V.	-	132
OHL Industrial Mining & Cement, S.A.	-	5,076
Total	12,515	26,335

In 2015 impairment losses of EUR 14,493 thousand were recognised in relation to companies in the Industrial Division.

In 2016 the Group analysed the recoverability of this goodwill based on the estimates and projections available by applying the discounted cash flow method indicated in Note 3.2. above. As a result, it was concluded that impairment losses existed amounting to EUR 13,820 thousand which were recognised under "Changes in Provisions and Allowances" in the consolidated statement of profit or loss, the detail being as follows:

Companies giving rise to goodwill	Thousands of euros
Chemtrol Proyectos y Sistemas, S.A.	8,612
IEPI México, S.A. de C.V.	132
OHL Industrial Mining & Cement, S.A.	5,076
Total	13,820

For the other companies and based on the financial information available, an analysis was conducted of the recoverability of this goodwill and no impairment was found to exist.

3.6.- Financial assets

Investment securities

The detail of "Investment Securities" at 31 December 2016 and 2015 is as follows:

	Thousands of euros			
	2016		2015	
	Non-current	Current	Non-current	Current
Held-to-maturity securities	1,443	56,988	1,162	36,909
Available-for-sale securities	112,421	339,180	110,065	3
Subtotal	113,864	396,168	111,227	36,912
Impairment losses	(112,549)	(3,673)	(108,862)	-
Total	1,315	392,495	2,365	36,912

The amounts of investment securities classified as current relate in full to securities maturing at over three months and at under twelve months.

"Impairment Losses" includes the estimated impairment losses that had to be recognised to write down the carrying amount of the investment securities to their fair value.

In 2015 the non-current available-for-sale securities included most notably the transferred ownership interests in Aeropistas, S.L. and Autopista Eje Aeropuerto Concesionaria Española, S.A. with a net total of EUR 18,587 thousand, as they were excluded from the scope of consolidation in 2015 due to the liquidation of these companies (see Note 4.6.2.5.).

The current available-for-sale securities at 31 December 2016 include EUR 329,178 thousand relating to the fair value, at that date, of 24,759,520 shares of Abertis Infraestructuras, S.A., equal to 2.5% of its share capital, disposed of after 2016 year-end (see Note 5). The Group's ownership interest of 13.925% in Abertis Infraestructuras, S.A. at 31 December 2015 was recognised under "Investments Accounted for Using the Equity Method". In June and October 2016 7.0% and 4.425%, respectively, of the shares were sold (see Notes 3.7. and 3.22.), leaving the Group's ownership interest in Abertis Infraestructuras, S.A. at 2.5%, resulting in the loss of the significant influence that the Group had until then. For that reason, in October 2016 the investment was transferred to "Investment Securities" and was recognised at fair value (EUR 13.790 per share), and since that time its value has fluctuated on the basis of its stock market price with a balancing entry in equity. The impact of recognising the investment at fair value, amounting to EUR 90,161 thousand, is included under "Net Losses on Remeasurement of Financial Instruments at Fair Value". The fluctuation had an effect on equity of EUR (12,256) thousand from the date of transfer to 31 December 2016.

Other receivables and deposits and guarantees given

The detail is as follows:

	Thousands of euros			
	2016		2015	
	Non-current	Current	Non-current	Current
Other receivables	378,300	271,412	319,809	305,950
Deposits and guarantees given	157,039	12,950	219,006	5,136
Impairment losses and write-downs	(133,823)	(13,409)	(129,687)	(13,409)
Total, net	401,516	270,953	409,128	297,677

If the loans granted to other companies pose any collection risk an impairment loss is recognised.

All the initial amounts are increased by accrued interest receivable.

At 31 December 2016, the non-current "Other Receivables" include a participating loan of EUR 148,241 relating to Aeropistas, S.L. and Autopista Eje Aeropuerto Concesionaria Española, S.A. An impairment loss of EUR 129,654 thousand was recognised on this loan and, therefore, it has a carrying amount of EUR 18,587 thousand.

At 31 December 2016, the non-current "Other Receivables" include loans to associates amounting to EUR 102,121 thousand (31 December 2015: EUR 127,547 thousand), which earn interest at market rates.

The non-current "Other Receivables" also include EUR 75,609 thousand relating to loans granted to related parties, which earn interest at market rates (see Note 4.4.).

At 31 December 2016, "Deposits and Guarantees Given" includes EUR 111,835 thousand (31 December 2015: EUR 108,267 thousand) corresponding to guarantees unduly enforced by Qatar Foundation arising from the lawsuit with this customer in connection with the design and construction of the Sidra Medical Research Centre (Doha, Qatar) contract (see Note 4.6.2.5.), which the Group considers, based on the opinion of its legal advisers, to be recoverable in full.

At 31 December 2016, the current "Other Receivables" includes restricted reserve accounts of certain concession operators, amounting to EUR 211,467 thousand, earmarked for servicing debt (31 December 2015: EUR 251,257 thousand).

3.7.- Joint arrangements

3.7.1. Investments accounted for using the equity method

The investments accounted for using the equity method at 31 December 2016 and 2015 were as follows:

Companies	Thousands of euros	
	2016	2015
Joint ventures		
Constructora Libramiento Elevado de Puebla, S.A. de C.V.	6,467	11,990
Controladora Vía Rápida Poetas, S.A.P.I. de C.V.	90,470	85,783
Coordinadora Vía Rápida Poniente, S.A.P.I. de C.V.	754	1,339
Desarrollo Vivienda MK1, S.A.P.I. de C.V.	-	4,266
FHP Villas Lote 2, S.A. de C.V.	1,238	2,438
Fideicomiso Desarrollo OV CIB/2185	2,568	3,157
Libramiento Elevado de Puebla, S.A. de C.V.	44,098	39,835
Nova Dársena Esportiva de Bara, S.A.	14,461	6,826
Novaterra Caribe, S.A.P.I. de C.V.	2,354	3,571
OHL Construction Canada and FCC Canada Limited Partnership	7,244	6,242
OHL FCC North Tunnels Canada, Inc.	9,013	8,460
Proyecto CCC Empalme I, S.A.P.I. de C.V.	6,513	1,119
Sociedad Concesionaria Vespucio Oriente, S.A.	25,780	12,248
Other	1,152	1,107
Associates		
Abertis Infraestructuras, S.A.	-	1,355,973
Administradora Mexiquense del Aeropuerto Internacional de Toluca, S.A. de C.V.	43,209	50,117
Alse Park, S.L.	5,638	3,328
Arenales Solar PS, S.L.	18,546	19,014
Centro Canalejas Madrid, S.L.	79,590	42,210
E.M.V. Alcalá de Henares, S.A.	1,975	1,975
Health Montreal Collective Limited Partnership	6,974	3,006
Metro Liger Oeste, S.A.	84,879	-
Nuevo Hospital de Toledo, S.A.	2,040	1,990
Port Torredembarra, S.A.	334	334
Urbs Institia Commodo Opera, S.A.	-	520
57 Whitehall Holdings S.A.R.L.	57,113	-
Other	1,201	1,398
Total	513,611	1,668,246

The changes in "Investments Accounted for Using the Equity Method" in the consolidated balance sheets in 2016 and 2015 were as follows:

	Thousands of euros	
	2016	2015
Beginning balance	1,668,246	1,556,981
Increases	280,545	64,844
Share of profit or loss for the year	(35,255)	226,972
Decreases	(27,240)	(138,553)
Additions and disposals due to changes in the scope of consolidation	(1,372,685)	(2,227)
Transfers to non-current assets classified as held for sale	-	(39,771)
Ending balance	513,611	1,668,246

"Additions and Disposals due to Changes in the Scope of Consolidation" includes most notably the exclusion of Abertis Infraestructuras, S.A. from the scope of consolidation, following the sales in June and October 2016 of a total percentage of 11.425%.

Appendices I, II and III include a list of the main investments accounted for using the equity method, showing the name, registered office, percentage of ownership and equity of the related companies and the net cost of the investment.

Following are the main aggregates of the joint ventures at 31 December 2016, in proportion to the percentage of ownership:

	Thousands of euros
Profit for the year from continuing operations	(128,766)
Profit/Loss after tax from discontinued operations	-
Other comprehensive income	-
Total comprehensive income	(128,766)

Abertis Infraestructuras, S.A.

An ownership interest of 18.925% in Abertis Infraestructuras S.A. was acquired in 2012 for EUR 1,863,234 thousand, the detail being as follows:

	Thousands of euros
Equity of Abertis at 31/12/12	3,839,945
18.925% of the equity of Abertis at 31/12/12	726,710
PPA	568,486
Goodwill	568,038
Purchase price	1,863,234

The changes in the balance of the ownership interest in Abertis Infraestructuras, S.A. recognised under "Investments Accounted for Using the Equity Method" were as follows:

	Thousands of euros
Investments accounted for using the equity method at 31/12/13	1,778,083
Changes in the equity of Abertis	(158,195)
Profit of Abertis	122,402
Depreciation and amortisation of PPA	(26,130)
Sale of 5.0% ownership interest	(479,834)
Investments accounted for using the equity method at 31/12/14	1,236,326
Changes in the equity of Abertis	(96,720)
Profit of Abertis	261,792
Depreciation and amortisation of PPA	(45,425)
Investments accounted for using the equity method at 31/12/15	1,355,973
Changes in the equity of Abertis	68,891
Profit of Abertis	85,429
Depreciation and amortisation of PPA	(38,242)
Sale of 7.0% ownership interest	(685,841)
Sale of 4.425% ownership interest	(444,776)
Transfer to current investment securities	(341,434)
Investments accounted for using the equity method at 31/12/16	-

The dividends received from Abertis Infraestructuras, S.A. in 2016 amounted to EUR 56,198 thousand.

In June 2016 OHL Emisiones, S.A.U. sold 69,326,692 shares of Abertis Infraestructuras, S.A., representing 7.0% of its share capital, for EUR 814,589 thousand, at a price of EUR 11.75 per share.

In October 2016 OHL Emisiones, S.A.U. sold 43,826,542 shares of Abertis Infraestructuras, S.A., representing 4.425% of its share capital, for EUR 598,232 thousand, at a price of EUR 13.65 per share.

Following is a summary of the two transactions:

	Thousands of euros			
	Amount of sales	Expenses	Carrying amount	Total gain
Sale of 7%	814,589	(14,080)	(685,841)	114,668
Sale of 4.425%	598,232	(19,173)	(444,776)	134,283
Total	1,412,821	(33,253)	(1,130,617)	248,951

These sales reduced the Group's ownership interest to 2.5% and the significant influence over Abertis Infraestructuras, S.A. was lost. Accordingly, the investment was transferred to current investment securities (see Note 3.6.). A portion of the funds from these sales was used to repay loans secured by the shares of Abertis Infraestructuras, S.A. sold (see Note 3.17.).

Following are the main aggregates at 31 December 2016 of the other associates, in proportion to the percentage of ownership:

	Thousands of euros
Profit for the year from continuing operations	46,324
Profit/Loss after tax from discontinued operations	-
Other comprehensive income	70,252
Total comprehensive income	116,576

3.7.2 Joint operations

The Group undertakes certain of its business activities by participating in contracts that are executed jointly with other non-Group venturers, mainly through unincorporated temporary joint ventures ("UTEs") and other similar entities, which are proportionately consolidated in the Group's consolidated financial statements.

Following are the main aggregates at 31 December 2016 of the joint operations, in proportion to the percentage of ownership, which the Group considers not to be material taken individually:

	Thousands of euros
Non-current assets	127,998
Current assets	911,449
Non-current liabilities	7,270
Current liabilities	1,458,872
Revenue	540,460
Loss from operations	(490,574)
Loss before tax	(498,642)

There is no individual joint operation that is material with respect to the Group's assets, liabilities and results.

3.8.- Non-current assets and liabilities classified as held for sale

In accordance with IFRS 5, in 2016 "Non-Current Assets Classified as Held for Sale" and "Liabilities Associated with Non-Current Assets Classified as Held for Sale" include the assets and liabilities of: Lagunas de Mayakoba, S.A. de C.V., Operadora Mayakoba, S.A. de C.V., Operadora Hotelera del Corredor de Mayakoba, S.A. de C.V., Servicios Hoteleros del Corredor de Mayakoba, S.A. de C.V., Islas de Mayakoba, S.A. de C.V., Islas de Mayakoba Servicios, S.A. de C.V., Desarrollos RBK en la Riviera, S.A. de C.V., Aqua Mayakoba, S.A. de C.V., Lote 3 Servicios, S.A. de C.V., Mayakoba Thai, S.A. de C.V., Controladora Hoyo 1, S.A. de C.V., Hotel Hoyo Uno, S. de R.L. de C.V., HH1 Servicios, S. de R.L. de C.V., Golf de Mayakoba, S.A. de C.V. and Golf Mayakoba Servicios, S.A. de C.V., which were being sold.

The effect in 2016, by balance sheet heading, of the classification of these investments as held for sale is as follows:

ASSETS	Thousands of euros
Non-current assets	
Property, plant and equipment	(384,998)
Investment property	(13,318)
Non-current financial assets	(1,332)
Deferred tax assets	(32,961)
Total non-current assets	(432,609)
Current assets	
Non-current assets classified as held for sale	491,963
Inventories	(2,334)
Trade and other receivables	(20,808)
Current financial assets	(30,768)
Other current assets	(1,244)
Cash and cash equivalents	(4,200)
Total current assets	432,609
Total assets	-
LIABILITIES	
Non-current liabilities	
Bank borrowings	(149,884)
Other financial liabilities	(1,416)
Deferred tax liabilities	(8,918)
Deferred income	(3)
Total non-current liabilities	(160,221)
Current liabilities	
Liabilities associated with non-current assets classified as held for sale	220,008
Bank borrowings	(14,594)
Other financial liabilities	(30)
Trade and other payables	(31,369)
Provisions	(1,426)
Other current liabilities	(12,368)
Total current liabilities	160,221
Total liabilities	-

In accordance with IFRS 5, in 2015 the assets and liabilities of Superficialia los Bermejales, S.A., Concessió Estacions Aeroport L-9, S.A., Phunciona Gestión Hospitalaria, S.A., Urbs Iudex et Causidicus, S.A. and Metro Liger Oeste, S.A., which were being sold, were recognised under these headings.

The effect in 2015, by balance sheet heading, of the classification of these investments as held for sale is as follows:

ASSETS	Thousands of euros
Non-current assets	
Concession infrastructure	(605,024)
Non-current financial assets	(51)
Investments accounted for using the equity method	(39,771)
Deferred tax assets	(17,622)
Total non-current assets	(662,468)
Current assets	
Non-current assets classified as held for sale	833,272
Trade and other receivables	(108,603)
Current financial assets	(33,198)
Other current assets	(1)
Cash and cash equivalents	(29,002)
Total current assets	662,468
Total assets	-
LIABILITIES	
Non-current liabilities	
Bank borrowings	(460,928)
Other financial liabilities	(70,479)
Total non-current liabilities	(531,407)
Current liabilities	
Liabilities associated with non-current assets classified as held for sale	567,245
Bank borrowings	(28,425)
Trade and other payables	(4,258)
Current income tax liabilities	(1,678)
Other current liabilities	(1,477)
Total current liabilities	531,407
Total liabilities	-

In the first six months of 2016 Superficialia los Bermejales, S.A., Concessió Estacions Aeroport L-9, S.A., Phunciona Gestión Hospitalaria, S.A. and Urbs Iudex et Causidicus, S.A. were sold for EUR 142,045 thousand, and a gain of EUR 90,911 thousand was recognised under “Impairment and Gains or Losses on Disposals of Financial Instruments” (see Note 3.22.). This gain was reduced by the losses of EUR (77,930) thousand recognised under “Net Losses on Remeasurement of Financial Instruments at Fair Value” as a result of the remeasurement of the derivatives associated with these companies, which had previously been included in equity (see Note 3.22.).

28.0% of Metro Ligero Oeste, S.A. was sold in 2016 for EUR 101,701 thousand, and a gain of EUR 16,279 thousand was recognised under “Impairment and Gains or Losses on Disposals of Financial Instruments” (see Note 3.22.). This gain was reduced by the losses of EUR 24,920 thousand recognised under “Net Losses on Remeasurement of Financial Instruments at Fair Value” as a result of the remeasurement of a derivative associated with these companies, which had previously been included in equity. Following this sale, the Group's ownership interest of 23.3% is now accounted for using the equity method and was remeasured, as a result of which a fair value gain of EUR 49,568 thousand was recognised under “Results of Companies Accounted for Using the Equity Method” (see Notes 3.7. and 3.22.).

3.9.- Trade and other receivables

Trade receivables for sales and services

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

	Thousands of euros	
	2016	2015
Trade receivables for sales and services		
Amounts to be billed for work or services performed	1,031,550	1,327,778
Progress billings receivable	631,841	705,386
Retentions	134,705	129,821
Trade notes receivable	8,286	14,256
Subtotal	1,806,382	2,177,241
Customer advances	(461,614)	(476,225)
Total net of advances	1,344,768	1,701,016
Write-downs and provisions	(313,085)	(432,806)
Total, net	1,031,683	1,268,210

At 31 December 2016, the balance of “Trade Receivables for Sales and Services” had been reduced by EUR 53,108 thousand (31 December 2015: EUR 123,982 thousand) relating to the accounts receivable from customers assigned without recourse to banks. Since these factoring arrangements are without recourse in the event of non-payment, they are treated as a reduction of trade receivables.

The detail of “Trade Receivables for Sales and Services” by type of customer is as follows:

	Thousands of euros	
	2016	2015
Spain	391,293	389,070
Public sector	162,516	168,875
Central government	42,363	36,334
Autonomous community governments	52,647	61,332
Local governments	35,455	30,671
Other agencies	32,051	40,538
Private sector	228,777	220,195
Abroad	1,415,089	1,788,171
Total	1,806,382	2,177,241

At 31 December 2016, 61.5% (EUR 870,014 thousand) of the balance of "Trade Receivables for Sales and Services - Abroad" related to the public sector and 38.5% (EUR 545,075 thousand) to the private sector.

Of the balance of "Progress Billings Receivable" and "Trade Notes Receivable", totalling EUR 640,127 thousand, 59.7% (EUR 382,419 thousand) relate to the public sector and 40.3% (EUR 257,708 thousand) to the private sector.

The detail of the age of this balance is as follows:

	Thousands of euros		
	Type of customer		
	Public sector	Private sector	Total
0 to 90 days	331,932	117,372	449,304
91 to 180 days	16,598	10,811	27,409
181 to 360 days	11,017	11,756	22,773
More than 360 days	22,872	117,769	140,641
Total	382,419	257,708	640,127

"Trade Receivables for Sales and Services - Amounts to Be Billed for Work or Services Performed" includes the amount of the claims which are under negotiation with customers or in dispute (either in court or in arbitration) and are expected to be obtained, as indicated in Note 2.6.15.2.1. All the amounts recognised as a result of legal claims or requests for arbitration relate to projects that have already been completed.

The Group has lodged claims with customers totalling approximately EUR 693,100 thousand (2015: EUR 844,300 thousand).

The change with respect to 2015 is due mainly to the court decision in relation to the Santiago Military Hospital in Chile, which rejected the Group's claim, and to the reduction of the amount at UTE Marmaray as a result of agreements with the customer.

Additionally, and as a result of a reassessment of the situation of all the claims filed, assessing the status of the negotiations with customers and the probability of success of the claims at short term, together with other circumstances, the Group performed new estimates of the revenue from the projects, significantly reducing the amounts recognised in the consolidated financial statements (see Note 3.22.).

Based on the foregoing, the Group recognised under "Trade Receivables for Sales and Services" EUR 425,200 thousand relating to these claims (2015: EUR 663,500 thousand), of which EUR 355,600 thousand were in dispute (either in court or in arbitration), representing 83.6% of the total amount (2015: EUR 374,600 thousand, representing 56.5% of the total amount).

However, since the Group fully retains the legitimate right to collect all of the related amounts, it will continue to take all the actions required to recover them.

In 2016 none of the claims under negotiation with customers became subject to court proceedings or arbitration and no income was recognised in relation to claims in dispute (either in court or in arbitration) in that year.

The changes in the related provisions in 2016 and 2015 were as follows:

	Thousands of euros	
	2016	2015
Balance at 1 January	(432,806)	(576,878)
Provisions recognised	(65,825)	(50,612)
Provisions used	185,546	194,684
Balance at 31 December	(313,085)	(432,806)

At 1 January 2015, the total balance of provisions included under "Trade Receivables for Sales and Services" amounted to EUR 576,878 thousand, including the amounts recognised in 2014.

In 2015 the amounts recognised were not material. The provisions used included mainly those relating to claims already resolved (Oran Convention Centre and Gibraltar Airport border access road).

Of the total balance of provisions at 31 December 2015, EUR 322,798 thousand covered possible losses arising from claims recognised and the remaining EUR 110,008 thousand related to doubtful debts associated with other receivables.

In 2016 provisions amounting to EUR 185,546 thousand were used, mainly in relation to completed projects, as the Group considered that it would be difficult to recover such balances.

Of the total provisions at 31 December 2016, EUR 204,680 thousand covered possible losses arising from court claims and arbitration recognised and the remaining EUR 108,405 thousand related to doubtful debts associated with other receivables.

In order to determine the amount of the provisions for possible losses arising from claims recognised, estimates are made which take the following into account for each project on a case-by-case basis:

- The status of the negotiations with each customer.
- The technical assessment of the work performed and of the conformity thereof with the contract with the customer, performed by the project managers and taking into account, if appropriate, any expert reports.
- Assessments made by the Group's internal and external legal advisers to estimate the feasibility and chances of success of the claim filed, based on the knowledge of the project and the related stage of completion; the status is updated on the basis of any new milestone or change.

For other provisions, mainly for doubtful debts, estimates are made considering any failure to meet payment obligations under the contracts and the probability of default, which are analysed for each contract and customer.

At each reporting date the information is updated to determine the recoverable amount.

[Other supplementary information on construction contracts and other contracts under which the related revenue and costs are recognised by reference to the stage of completion](#)

Contract revenue associated with construction contracts and certain services contracts is recognised by reference to the stage of completion pursuant to IAS 11 (see Note 2.6.15.2.1.).

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

Also, in certain construction contracts advances are agreed upon that are paid by the customer when work commences on the contract, the balance of which is offset against the various progress billings as the contract work is performed. This balance is recognised under "Trade and Other Payables" on the liability side of the consolidated balance sheet.

Also, in certain contracts the customer retains a portion of the price to be paid in each progress billing to guarantee the fulfilment of certain obligations under the contract. These retentions are not reimbursed until the contract is definitively settled. These balances are recognised under "Trade and Other Receivables" on the asset side of the consolidated balance sheet.

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

	Thousands of euros			
	2016	2015	Difference	(%) %
Amounts to be billed for work performed	1,024,678	1,323,701	(299,023)	(22.6)
Customer advances	(442,570)	(442,828)	258	(0.1)
Construction contracts, net	582,108	880,873	(298,765)	(33.9)
Retentions	134,705	128,882	5,823	4.5
Amount net of advances and retentions	716,813	1,009,755	(292,942)	(29.0)

Other receivables

The detail of the related accounts receivable at 31 December 2016 and 2015 is as follows:

	Thousands of euros					
	2016			2015		
	Gross balance	Write-downs	Net balance	Gross balance	Write-downs	Net balance
Receivable from associates	254,050	(1,195)	252,855	274,483	(1,451)	273,032
Employee receivables	2,435	-	2,435	1,678	-	1,678
Tax receivables (Note 3.21.)	204,366	-	204,366	235,693	-	235,693
Sundry accounts receivable	142,253	(14,988)	127,265	197,490	(14,528)	182,962
Total	603,104	(16,183)	586,921	709,344	(15,979)	693,365

The balances receivable from associates relate mainly to transactions associated with the Group's normal business activities, which are performed on an arm's length basis.

The net balance of "Sundry Accounts Receivable" at 31 December 2016 and 2015 is broken down as follows:

	Thousands of euros	
	2016	2015
Grants receivable	-	50,000
Provision of services, leases and sale of machinery and materials	85,335	93,335
Amounts receivable for compulsory purchases	41,930	39,627
Total	127,265	182,962

"Amounts Receivable for Compulsory Purchases" relates to the Euroglosa 45 Concesionaria de la Comunidad de Madrid, S.A. In this connection, in 2016 a decision was handed down in favour of the Group for a higher amount than that recognised, although this decision has been appealed at the last instance by the public authorities.

3.10.- Cash and cash equivalents

"Cash and Cash Equivalents" relates to the Group's fully liquid assets and includes cash on hand and at banks and short-term bank deposits with an original maturity of three months or less. These balances are not restricted as to their use and are not subject to a risk of changes in value.

Most of the balances relate to short-term deposits.

3.11.- Share capital

The changes in the share capital of the Parent in 2016 and 2015 were as follows:

	Number of shares	Par value (Thousands of euros)
Number of shares and par value of share capital at 1 January 2015	99,740,942	59,845
Number of shares and par value of share capital at 1 January 2015	99,740,942	59,845
Capital increase, October 2015	199,018,056	119,410
Number of shares and par value of share capital at 31 December 2015	298,758,998	179,255
Number of shares and par value of share capital at 31 December 2016	298,758,998	179,255

On 30 October 2015, the public deed of the capital increase performed by OHL, S.A. for a par value of EUR 119,410,833.60, through the issue of 199,018,056 new shares of EUR 0.60 par value and EUR 4.42 share premium each, all of the same class and series as the shares outstanding, was registered at the Madrid Mercantile Registry. The effective amount of the capital increase -par value plus share premium-, disregarding the related expenses, amounted to EUR 999,070 thousand.

Following this capital increase, the share capital of OHL, S.A. stood at EUR 179,255,398.80, divided into 298,758,998 shares of EUR 0.60 par value each, all of the same class and series. The shares are listed on the Madrid and Barcelona Stock Exchanges and are traded on the Spanish Stock Market Interconnection System.

The detail of the companies with a direct or indirect ownership interest of 3% or more in the share capital of the Parent at 31 December 2016 is as follows:

Company	% of ownership
Inmobiliaria Espacio, S.A.	46.104%
Tyrus Capital Event, S.A.R.L.	8.371%
Hengistbury	5.140%
Invesco Limited	5.043%
Société Générale	4.285%
Deutsche Bank	4.243%
Goldman Sachs	4.182%
Santander - AM	3.001%

3.12.- Share premium

	Thousands of euros
Balance at 1 January 2015	385,640
Increase due to October 2015 capital increase	879,660
Balance at 31 December 2015	1,265,300
Balance at 31 December 2016	1,265,300

The Consolidated Spanish Limited Liability Companies Law expressly permits the use of the share premium account balance to increase the capital of the entities at which it is recognised and does not establish any specific restrictions as to its use.

3.13.- Treasury shares

The changes in "Treasury Shares" in 2016 and 2015 were as follows:

	No. of shares	Thousands of euros
Balance at 1 January 2015	240,455	5,104
Purchases	11,093,212	182,257
Sales	(11,076,741)	(183,453)
Balance at 31 December 2015	256,926	3,908
Purchases	35,103,311	155,566
Sales	(23,398,436)	(113,329)
Balance at 31 December 2016	11,961,801	46,145

3.14.- Reserves

The detail of the reserves in the consolidated balance sheets in 2016 and 2015 is as follows:

	Thousands of euros	
	2016	2015
Restricted reserves of the Parent		
Legal reserve	11,969	11,969
Reserve for retired capital	3,856	3,856
Subtotal	15,825	15,825
Voluntary and consolidation reserves		
Attributable to the Parent	(189,470)	(134,501)
Attributable to the consolidated companies	2,235,397	2,116,334
Subtotal	2,045,927	1,981,833
Total	2,061,752	1,997,658

Legal reserve

Under the Consolidated Spanish Limited Liability Companies Law, a minimum of 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Reserve for retired capital

The balance of "Reserve for Retired Capital" amounted to EUR 3,856 thousand at 31 December 2016 (31 December 2015: EUR 3,856 thousand), as a result of the capital reductions performed in 2009 amounting to EUR 2,625 thousand and in 2006 amounting to EUR 1,231 thousand, through the retirement of treasury shares, and pursuant to current legislation safeguarding the guarantee provided by equity vis-à-vis third parties.

This reserve is restricted as to its use and may only be used if the same requirements as those stipulated for capital reductions are met, i.e. the shareholders at the Annual General Meeting must decide on its use.

Limitations on the distribution of dividends

Until the balance of development expenditure has been fully amortised, no dividends may be distributed unless the unrestricted reserves are at least equal to the amount of the unamortised balance of this heading. Consequently, at the end of 2016 EUR 7,070 thousand of the Parent's "Share

Premium" and "Other Reserves" were restricted.

Reserves of consolidated companies

The detail, by company, of the balances of "Reserves of Consolidated Companies" in the consolidated balance sheets as at 31 December 2016 and 2015 is as follows:

Companies	Thousands of euros	
	2016	2015
Abertis Infraestructuras, S.A.	-	(87,969)
Autopista del Norte, S.A.C.	32,954	25,088
Autopista Urbana Norte, S.A. de C.V.	189,770	134,548
Community Asphalt Corp.	(30,539)	(26,339)
Concesionaria Mexiquense, S.A. de C.V.	533,924	426,867
Concessió Estacions Aeroport L-9, S.A.	-	39,203
Constructora de Proyectos Viales de México, S.A. de C.V.	148,157	150,620
Controladora Vía Rápida Poetas, S.A. de C.V.	58,441	38,545
Huaribe, S.A. de C.V.	(27,524)	(21,103)
L 6 Hotel Mayakoba, S.R.L. de C.V.	(1,741)	(21,335)
Latina México, S.A. de C.V.	53,057	50,556
Mayakoba Thai, S.A. de C.V.	(27,499)	(27,518)
Metro Liger Oeste, S.A.	-	46,824
Obrascón Huarte Lain, Desarrollos, S.L.	(59,258)	(45,526)
OHL Arabia, LLC	49,719	24,092
OHL Central Europe, a.s.	(29,719)	(30,037)
OHL Concesiones, S.A.	670,979	607,083
OHL Construction Canadá and FCC Canada Limited Partnership	(59,967)	(24,488)
OHL Emisiones, S.A.U.	154,183	247,661
OHL Industrial, S.L.	(61,469)	(38,622)
OHL Investments, S.A.	(343,710)	(174,464)
OHL México, S.A.B de C.V.	864,901	686,252
OHL USA, Inc.	(44,190)	(24,082)
OHL ZS, a.s.	31,874	53,924
Operadora Hotelera del Corredor Mayakoba, S.A. de C.V.	(33,599)	(31,249)
Viaducto Bicentenario, S.A. de C.V.	183,852	146,923
Other	(17,199)	(9,120)
Total	2,235,397	2,116,334

3.15.- Valuation adjustments

Valuation adjustments relating to hedges

The valuation adjustments relating to hedges include the amount of the changes in the fair value of financial derivatives, net of the related tax effect.

The changes in "Valuation Adjustments Relating to Hedges" in 2016 and 2015 were as follows:

	Thousands of euros	
	2016	2015
Beginning balance	(189,577)	(220,233)
Net change in the year at fully consolidated companies	52,792	19,122
Net change in the year at companies accounted for using the equity method	93,578	11,534
Ending balance	(43,207)	(189,577)

Valuation adjustments relating to available-for-sale financial assets

The changes in "Valuation Adjustments Relating to Available-for-Sale Financial Assets" in 2016 and 2015 were as follows:

	Thousands of euros	
	2016	2015
Beginning balance	-	-
Valuation adjustments relating to available-for-sale financial assets / reclassification to profit or loss	(15,011)	-
Ending balance	(15,011)	-

Translation differences

The detail, by country and company, of "Translation Differences" at 31 December 2016 and 2015 is as follows:

Country	Thousands of euros	
	2016	2015
Saudi Arabia	11,477	9,967
Argentina	(1,996)	(2,016)
Canada	(4,151)	4,643
Colombia	(4,058)	(8,005)
Mexico	(577,388)	(296,327)
Chile	7,718	(2,924)
Peru	9,886	3,391
United Kingdom	(4,952)	1
Czech Republic	5,533	5,607
US	29,143	24,501
Other countries	(1,129)	3,758
Total	(529,917)	(257,404)

3.16.- Non-controlling interests

The balance of "Non-Controlling Interests" in the consolidated balance sheets reflects the interest of non-controlling shareholders in the fully consolidated companies. The balance relating to non-controlling interests in the consolidated statement of profit or loss reflects the share of non-controlling shareholders in the profit or loss for the year.

The detail of "Non-Controlling Interests" in the consolidated balance sheets as at 31 December 2016 and 2015 is as follows:

Companies	Thousands of euros	
	2016	2015
Autopista Urbana Norte, S.A. de C.V.	130,872	117,340
Autovías Concesionadas OHL, S.A. de C.V.	(4,990)	(3,686)
Community Asphalt Corp.	5,352	5,458
Concesionaria AT - AT, S.A. de C.V.	(12,731)	(4,112)
Concesionaria Mexiquense, S.A. de C.V.	627,673	607,523
Grupo Autopistas Nacionales, S.A.	4,665	4,917
Hotel Hoyo Uno, S. de R.L. de C.V.	15,603	12,712
Latina Mexico, S.A. de C.V.	34,700	36,731
Mayakoba Thai, S.A. de C.V.	4,786	4,582
Metro Ligero Oeste, S.A.	-	105,362
OHL México, S.A.B. de C.V.	672,923	719,833
OHL Toluca, S.A. de C.V.	(47,013)	(47,283)
Operadora Concesionaria Mexiquense, S.A. de C.V.	5,139	6,609
Operadora Mayakoba, S.A. de C.V.	8,492	9,320
Organización de Proyectos de Infraestructura, S.A.P.I. de C.V.	55,542	63,136
Viaducto Bicentenario, S.A. de C.V.	98,047	112,672
Other	4,144	13,604
Total	1,603,204	1,764,718

In April 2015 the subsidiary of OHL Concesiones, S.A.U., OHL México, S.A. de C.V., sold to IFM Global Infrastructure Fund 24.99% of the share capital of Organización de Proyectos de Infraestructura, S.A.P.I. de C.V. (the owner of all the shares of Concesionaria Mexiquense, S.A. de C.V.) for MXN 9,181 million (approximately EUR 546 million).

At 31 December 2016, the Group had an ownership interest of 42.64% in Concesionaria Mexiquense, S.A. de C.V.

The detail of the share of non-controlling interests in the profit or loss for 2016 and 2015 is as follows:

Companies	Thousands of euros	
	2016	2015
Autopista Urbana Norte, S.A. de C.V.	44,393	42,040
Concesionaria Mexiquense, S.A. de C.V.	130,008	119,508
Hotel Hoyo Uno, S. de R.L. de C.V.	2,100	-
Metro Ligero Oeste, S.A.	11,290	21,018
OHL Industrial and Partners LLC	(2,501)	(391)
OHL México, S.A.B. de C.V.	(11,808)	2,378
Organización de Proyectos de Infraestructura, S.A.P.I. de C.V.	(12,170)	(12,689)
Viaducto Bicentenario, S.A. de C.V.	29,085	27,805
Other	6,625	3,252
Total	197,022	202,921

The detail of the percentages of ownership and the company name of the non-controlling shareholders at 31 December 2016 of the fully consolidated Group companies is as follows.

Company	% Non-controlling interests	Company name
Autopista Urbana Norte, S.A. de C.V.	43.15%	Mexican Stock Exchange (through OHL México, S.A.B. de C.V.)
Autovía de Aragón-Tramo 1, S.A.	5.00%	Técnicas y Proyectos, S.A.
Autovías Concesionadas OHL, S.A. de C.V.	43.15%	Mexican Stock Exchange (through OHL México, S.A.B. de C.V.)
CAC Vero I, LLC	6.75%	José Fernández (through Community Asphalt, Corp.)
	1.00%	John Morris (through Community Asphalt, Corp.)
Cogeneración Complejo Pajaritos, S.A.P.I. de C.V.	50.00%	Senermex Ingeniería y Sistemas, S.A. de C.V.
Community Asphalt Corp.	6.75%	José Fernández
	1.00%	John Morris
Concesionaria AT - AT, S.A. de C.V.	43.15%	Mexican Stock Exchange (through OHL México, S.A.B. de C.V.)
Concesionaria Mexiquense, S.A. de C.V.	32.37%	Mexican Stock Exchange (through OHL México, S.A.B. de C.V.)
	24.99%	IFM OPI Holding (UK) Ltd.
Consortio Aura - OHL, S.A.	35.00%	Aura Ingeniería, S.A.
Construcciones Amozoc Perote, S.A. de C.V.	30.82%	Invex Infraestructura, S.A.P.I. de C.V.
	29.85%	Mexican Stock Exchange (through OHL México, S.A.B. de C.V.)
Estación Rebombeo Degollado, S.A.P.I. de C.V.	50.00%	Construcciones Industriales Tapia, S.A. de C.V.
Grupo Autopistas Nacionales, S.A.	30.82%	Invex Infraestructura, S.A.P.I. de C.V.
	29.85%	Mexican Stock Exchange (through OHL México, S.A.B. de C.V.)
HH1 Servicios, S. de R.L. de C.V.	40.00%	HI Holding Riviera Maya B.V.
Hidrógeno Cadereyta, S.A.P.I. de C.V.	40.70%	KT Kinetics Technology, SPA
	5.40%	Construcciones Industriales Tapia, S.A. de C.V.
Hidro Parsifal, S.A. de C.V.	9.98%	José Federico Ramos Elorduy Wolfsindseder
	5.05%	María de Lourdes Bernarda Ramos Elorduy
	5.05%	Grupo HI, S.A. de C.V.
	0.13%	Mexichen Fluor, S.A. de C.V.
	0.13%	Mexichen Soluciones Integrales, S.A. de C.V.
Hotel Hoyo Uno, S. de R.L. de C.V.	40.00%	HI Holding Riviera Maya B.V.
Latina Mexico, S.A. de C.V.	43.15%	Mexican Stock Exchange (through OHL México, S.A.B. de C.V.)
Lotes 3 Servicios, S.A. de C.V.	20.00%	Hotel SPA Private Limited
Marina Urola, S.A.	20.00%	Jon Irigoien Azcue
	1.67%	Marina Mediterránea
Mayakoba Thai, S.A. de C.V.	5.68%	Hotel SPA Private Limited
OHL Industrial and Partners, LLC	30.00%	Faisal Hamed Alghzali
OHL México, S.A.B. de C.V.	43.15%	Mexican Stock Exchange (through OHL México, S.A.B. de C.V.)
OHL Toluca, S.A. de C.V.	43.15%	Mexican Stock Exchange (through OHL México, S.A.B. de C.V.)
OHL ZS, a.s.	2.26%	Other
OHL ZS d.o.o. Banja Luka	2.26%	Other (through OHL ZS, a.s.)
OHL ZS MO, S.R.L.	2.26%	Other (through OHL ZS, a.s.)
OHL ZS Polska, S.Z.o.o.	2.26%	Other (through OHL ZS, a.s.)
OHL ZS SK, a.s.	2.26%	Other (through OHL ZS, a.s.)
OPCEM, S.A.P.I. de C.V.	32.37%	Mexican Stock Exchange (through OHL México, S.A.B. de C.V.)
	24.99%	IFM OPI Holding (UK) Ltd.

Company	% Non-controlling interests	Company name
Operadora Concesionaria Mexiquense, S.A. de C.V.	43.15%	Mexican Stock Exchange (through OHL México, S.A.B. de C.V.)
Operadora Hotelera del Corredor Mayakoba, S.A. de C.V.	10.16%	FHMK, S.A. de C.V. (through Operadora Mayakoba, S.A. de C.V.)
Operadora Mayakoba, S.A. de C.V.	10.16%	FHMK, S.A. de C.V.
Organización de Proyectos de Infraestructura, S.A.P.I. de C.V.	32.37%	Mexican Stock Exchange (through OHL México, S.A.B. de C.V.)
	24.99%	IFM OPI Holding (UK) Ltd.
Sawgrass Rock Quarry, Inc.	6.75%	José Fernández (through Community Asphalt, Corp.)
	1.00%	John Morris (through Community Asphalt, Corp.)
Seconmex Administración, S.A. de C.V.	43.15%	Mexican Stock Exchange (through OHL México, S.A.B. de C.V.)
Servicios Hoteleros del Corredor Mayakoba, S.A. de C.V.	10.16%	FHMK, S.A. de C.V. (through Operadora Mayakoba, S.A. de C.V.)
Sociedad Concesionaria Aguas de Navarra, S.A.	35.00%	Sociedad General de Aguas de Barcelona, S.A.
Tomi Remont, a.s.	2.26%	Other (through OHL ZS, a.s.)
Viaducto Bicentenario, S.A. de C.V.	43.15%	Mexican Stock Exchange (through OHL México, S.A.B. de C.V.)
ZPSV, a.s.	3.37%	Other
ZPSV Caña, a.s.	41.06%	ZSR Bratislava
	1.99%	Other (through ZPSV, a.s.)
ZPSV Eood, a.s.	3.37%	Other (through ZPSV, a.s.)
ZS Bratislava, a.s.	2.26%	Other (through OHL ZS, a.s.)

3.17.- Bank borrowings and debt instruments and other marketable securities

At 31 December 2016, the bank borrowings and debt instruments and other marketable securities amounted to EUR 4,392,266 thousand.

The related maturities are as follows:

	Thousands of euros						
	2017	2018	2019	2020	2021	Subsequent years	Total
Bank borrowings	577,232	292,891	528,772	138,544	77,793	725,653	2,340,885
Corporate bond issues	21,884	398,680	-	188,807	8,078	877,853	1,495,302
Other marketable securities	9,448	-	-	-	-	-	9,448
Bond issues of concession operators	6,637	1,587	3,428	3,604	4,349	527,026	546,631
Total debt instruments and other marketable securities	37,969	400,267	3,428	192,411	12,427	1,404,879	2,051,381
Total bank borrowings and debt instruments and other marketable securities	615,201	693,158	532,200	330,955	90,220	2,130,532	4,392,266

3.17.1- Bank borrowings

The detail of the bank borrowings at 31 December 2016, by maturity, is as follows:

	Thousands of euros						
	2017	2018	2019	2020	2021	Subsequent years	Total
Mortgage loans	38	37	39	42	45	103	304
Progress billing and note discounting facilities	3,865	-	-	-	-	-	3,865
Loans and credit facilities	495,757	207,733	353,618	40,785	-	57,411	1,155,304
Total mortgage and other loans	499,660	207,770	353,657	40,827	45	57,514	1,159,473
Loans of concession operators	66,282	85,121	175,115	97,717	77,748	668,139	1,170,122
Total loans	565,942	292,891	528,772	138,544	77,793	725,653	2,329,595
Unmatured accrued interest payable	4,618	-	-	-	-	-	4,618
Unmatured accrued interest payable of concession operators	6,672	-	-	-	-	-	6,672
Total unmaturred accrued interest payable	11,290	-	-	-	-	-	11,290
Total	577,232	292,891	528,772	138,544	77,793	725,653	2,340,885

At 31 December 2016, the bank borrowings hedged by interest rate derivatives represented 31.9% of the total (31 December 2015: 66.3%).

- Mortgage loans

At 31 December 2016, certain items of property, plant and equipment amounting to EUR 402 thousand (31 December 2015: EUR 294,941 thousand) had been mortgaged for a total amount of EUR 185 thousand (31 December 2015: EUR 110,675 thousand) (see Note 3.3.).

At 31 December 2016, certain items of investment property amounting to EUR 175 thousand (31 December 2015: EUR 4,155 thousand) had been mortgaged for a total amount of EUR 119 thousand (31 December 2015: EUR 4,043 thousand) (see Note 3.4.).

These loans bear interest at market rates.

- Progress billing and note discounting facilities.

	Thousands of euros	
	2016	2015
Limit	23,399	35,039
Amount drawn down	3,865	1,859
Undrawn balance	19,534	33,180

The average interest rate on the amounts drawn down was 1.85% in 2016 (2015: 0.65%).

- Loans, credit facilities and loans of concession operators.

	Thousands of euros	
	2016	2015
Limit	2,618,760	4,269,101
Amount drawn down	2,377,088	3,015,900
Undrawn balance	241,672	1,253,201

The average interest rate on the amounts drawn down was 5.63% in 2016 (2015: 4.69%).

The most noteworthy transactions were as follows:

1) Loans of OHL Emisiones, S.A.U. secured by shares of Abertis Infraestructuras, S.A.

Margin loan

At 31 December 2015, the balance of this loan amounted to EUR 874,949 thousand.

In February 2016 EUR 187,408 thousand were repaid early.

In July 2016 EUR 421,242 thousand were repaid early using a portion of the proceeds from the sale of 7% of Abertis Infraestructuras, S.A. in June 2016 (see Notes 3.7. and 3.22.).

In October 2016 EUR 266,299 thousand were repaid early using a portion of the proceeds from the sale of 4.425% of Abertis Infraestructuras, S.A. in October 2016, which completed the repayment of this loan.

Collar financing

At 31 December 2016, OHL Emisiones, S.A.U., a wholly-owned subsidiary of OHL Concesiones, S.A.U., had arranged:

- (i) a loan amounting to EUR 272,860 thousand with straight-line repayments in 52 tranches between August 2017 and October 2018, which is secured solely by 23,580,484 shares of Abertis Infraestructuras, S.A. representing 2.5% of its share capital.
- (ii) a collar transaction to hedge and protect the value of this guarantee over the entire life of the transaction. This derivative does not qualify for hedge accounting and the impact of changes therein is recognised in profit or loss.

On 23 January 2017 the entire loan was repaid early and the existing collar was settled using a portion of the proceeds from the sale of 2.5% of Abertis Infraestructuras, S.A. (see Note 5).

2) Loan of OHL Concesiones, S.A.U. secured by shares of OHL México, S.A.B. de C.V.

At 31 December 2015, the balance of this loan amounted to EUR 184,934 thousand and was secured by a total of 580,726,145 shares of its listed subsidiary OHL México, S.A.B. de C.V. representing 33.53% of the share capital.

In July 2016 this loan was repaid early in full using a portion of the proceeds from the sale of 7% of Abertis Infraestructuras, S.A. in June 2016 (see Notes 3.7. and 3.22.).

3) Syndicated loan

In June 2015 a long-term syndicated loan of EUR 250,000 thousand was arranged.

At 31 December 2016, this loan had been drawn down in full, with EUR 41,000 thousand maturing on 28 July 2018 and EUR 209,000 thousand on 28 July 2019.

In relation to this syndicated loan, there is an obligation to achieve certain financial ratios, which were being achieved in full at 31 December 2016. This loan includes an early maturity clause in the event of a change of majority shareholder at the Parent.

The detail of the loans of the concession operators of the Group at 31 December 2016 and 2015 is as follows:

Companies	Thousands of euros	
	2016	2015
Autopista del Norte, S.A.C.	117,901	114,634
Autopista Río Magdalena, S.A.S.	37,920	3,613
Autopista Urbana Norte, S.A. de C.V.	259,188	314,106
Autovía de Aragón-Tramo 1, S.A.	95,116	101,278
Concesionaria Mexiquense, S.A. de C.V.	278,462	317,592
Sociedad Concesionaria Aguas de Navarra, S.A.	41,761	14,745
Terminal de Contenedores de Tenerife, S.A.	28,447	29,707
Terminales Marítimas del Sureste, S.A.	56,616	57,248
Viaducto Bicentenario, S.A. de C.V.	254,711	290,399
Total	1,170,122	1,243,322

In connection with the loans of the concession operators at 31 December 2016, totalling EUR 1,170,122 thousand (31 December 2015: EUR 1,243,322 thousand), the operators must provide certain guarantees in relation to their accounts receivable and concession infrastructure.

In relation to these loans, the concession operators maintain their obligation to achieve certain financial ratios, which were being achieved in full at 31 December 2016.

3.17.2- Debt instruments and other marketable securities

The detail of "Debt Instruments and Other Marketable Securities" in the consolidated balance sheets as at 31 December 2016 and 2015 is as follows:

	Thousands of euros	
	2016	2015
Corporate bond issues (long-term)	1,473,418	1,575,747
Corporate bond issues (short-term)	21,884	24,082
Commercial paper issue (short-term)	9,448	180,513
Bond issues of concession operators (long-term)	539,994	575,571
Bond issues of concession operators (short-term)	6,637	5,749
Total	2,051,381	2,361,662

The detail of the corporate bonds, other marketable securities and bonds of concession operators, by maturity, is as follows:

	Thousands of euros						
	2017	2018	2019	2020	2021	Subsequent years	Total
Corporate bond issues	21,884	398,680	-	188,807	8,078	877,853	1,495,302
Other marketable securities	9,448	-	-	-	-	-	9,448
Bond issues of concession operators	6,637	1,587	3,428	3,604	4,349	527,026	546,631
Total	37,969	400,267	3,428	192,411	12,427	1,404,879	2,051,381

Corporate bond issues

	Issuer	Thousands of euros		Year of final maturity	Issue currency	Market price (31/12/16)
		2016	2015			
2012	Obrascón Huarte Lain, S.A.	189,695	265,463	2020	Euros	89.7%
2014	Obrascón Huarte Lain, S.A.	394,127	398,652	2022	Euros	73.2%
2015	Obrascón Huarte Lain, S.A.	311,950	315,128	2023	Euros	73.1%
2013	OHL Investments, S.A.	401,867	400,904	2018	Euros	92.5%
2015	Organización de Proyectos de Infraestructuras, S.A.P.I., de C.V.	197,663	219,682	2035	Mexican investment units (UDIs)	-
Total		1,495,302	1,599,829			

"Corporate Bond Issues" includes the principal and the accrued interest payable at 31 December 2016 of the three long-term bond issues carried out by the Parent in Europe.

EUR 1,495,302 thousand had been recognised in this connection at 31 December 2016 (31 December 2015: EUR 1,599,829 thousand).

"Debt Instruments and Other Marketable Securities" includes the principal and the accrued interest payable at 31 December 2016 of the following long-term bond issues carried out in Europe.

- Issue launched in March 2012 for an initial nominal amount of EUR 300,000 thousand, maturing in 2020.

The annual interest rate is 7.625%, payable half-yearly.

In November 2015 EUR 37,583 thousand of this bond issue were repurchased early and the balance at 31 December 2015 was EUR 265,463 thousand.

In March 2016 bonds totalling EUR 32,058 thousand were redeemed early.

In August 2016 bonds totalling EUR 13,780 thousand were redeemed early.

In September 2016 bonds totalling EUR 9,500 thousand were repurchased.

In October 2016 bonds totalling EUR 20,000 thousand were repurchased.

At 31 December 2016 the balance of this issue was EUR 189,695 thousand.

- Issue launched in March 2014 for an initial nominal amount of EUR 400,000 thousand, maturing in March 2022.

The annual interest rate is 4.75%, payable half-yearly.

In September 2016 bonds totalling EUR 5,500 thousand were repurchased.

At 31 December 2016 the balance of this issue was EUR 394,127 thousand.

- In March 2015 an issue of nonconvertible bonds maturing in March 2023 amounting to EUR 325,000 thousand was launched.

The annual interest rate is 5.50%, payable half-yearly.

In November 2015 bonds totalling EUR 8,137 thousand were redeemed early.

In September 2016 bonds totalling EUR 4,000 thousand were repurchased.

At 31 December 2016 the balance of this issue was EUR 311,950 thousand.

- OHL Investments, S.A., a Luxembourg subsidiary wholly owned by OHL Concesiones, S.A.U., launched an issue of secured bonds convertible into existing ordinary shares of OHL México, S.A.B. de C.V. in April 2013.

The issue totalled EUR 300,000 thousand, maturing in five years. The annual fixed interest rate on these bonds, payable half-yearly, is 4.00%.

The bonds are exchangeable, at the bondholders' request, for shares of OHL México, S.A.B. de C.V., representing approximately 8.49% of its share capital. When the investors exercise their exchange right, OHL Investments, S.A. may decide whether to deliver the corresponding number of shares of OHL México, S.A.B. de C.V., cash, or a combination of the two.

The exchange price of the bonds is EUR 2.7189 per share of OHL México, S.A.B. de C.V.

These bonds are admitted to trading on the Frankfurt Stock Exchange.

In October 2013 OHL Investments, S.A. issued bonds totalling EUR 100,000 thousand, with the same date of maturity, interest rate and exchange ratio as the EUR 300,000 thousand of bonds issued in April 2013.

Following these two transactions, the total amount of the bonds (EUR 400,000 thousand) has shares of OHL México, S.A.B. de C.V. subject to the irrevocable trust guarantee, which total 16.99% of its share capital.

- In March 2015 Organización de Proyectos de Infraestructura, S.A.P.I. de C.V. issued stock market certificates denominated in UDIs amounting to UDI 773,908,000 (EUR 248,300 thousand) bearing interest at 6.95% and maturing in 2035.

In relation to these corporate bond issues, the companies maintain their obligation to achieve certain financial ratios, which were being achieved in full at 31 December 2016.

The bond issues of Obrascón Huarte Lain, S.A. include an early maturity clause in the event of a change of majority shareholder at the Parent.

The average interest rate on the bond issues was 5.79% in 2016 (2015: 5.77%).

Other marketable securities

The Parent has a commercial paper issue facility of up to EUR 500,000 thousand (2015: EUR 500,000 thousand), the balance of which totalled EUR 9,448 thousand at 31 December 2016 (31 December 2015: EUR 180,513 thousand). The average interest rate on the commercial paper issues was 1.62% in 2016 (2015: 1.98%).

Bond issues of concession operators

The detail, by company, of "Bond Issues of Concession Operators" at 31 December 2016 and 2015 is as follows:

Company	Thousands of euros		Year of final maturity	Issue currency
	2016	2015		
Concesionaria Mexiquense, S.A. de C.V.	462,101	484,287	2046	Mexican investment units (UDIs)
Grupo Autopistas Nacionales, S.A.	84,531	97,033	2031	Mexican peso
Total	546,632	581,320		

The average interest rate on the bond issues of concession operators was 8.50% in 2016 (2015: 8.93%).

In connection with the bond issue of Grupo Autopistas Nacionales, S.A., certain financial ratios must be achieved, which were being achieved in full at 31 December 2016.

3.18.- Other financial liabilities

Obligations under finance leases

The detail of the Group's obligations under finance leases at 31 December 2016 and 2015 is as follows:

	Thousands of euros	
	2016	2015
Under non-current liabilities	2,970	9,115
Under current liabilities	5,877	9,093
Total	8,847	18,208

The Group leases certain of its fixtures and equipment under finance leases. The average lease term is 43 months. In the year ended 31 December 2016, the average effective interest rate on the lease obligations was 4.24% (2015: 4.78%). Interest rates are set at the inception of the lease. All the lease payments are fixed in amount. The unmatured interest on the leases amounts to EUR 235 thousand (2015: EUR 790 thousand).

Information on operating leases

Operating leases are leases in which substantially all the risks and rewards incidental to ownership are not transferred.

The Group's main operating leases relate to the lease of offices at its head office and the other operating centres of its subsidiaries.

The future non-cancellable minimum payments under leases are as follows:

	Thousands of euros
Within one year	15,355
Between one and five years	19,703
More than 5 years	141
Total	35,199

Notable among the operating leases are those relating to the Group's headquarters and other centres in operation.


Derivative financial instruments

The Group uses derivative financial instruments, such as currency forwards, interest rate swaps and interest rate options in order to mitigate the economic effects of exchange rate and interest rate fluctuations to which it is exposed as a result of its business activities.

It is not permitted at the Group to arrange derivatives for speculative purposes.

No collection risks are expected to arise in relation to the amounts that the banks have undertaken to pay to the Group in the future on the basis of the derivatives arranged, since the banks with which they were arranged are highly solvent.

The derivatives arranged by the Group are basically measured by discounting the future cash flows. Interest rate options are measured using a widely accepted pricing model (Black-Scholes). In all



cases, they are measured in accordance with the contractual and market conditions prevailing at the date of measurement, including credit risk in accordance with IFRS 13.

The fair value of the derivatives is determined directly or indirectly using the information available in the various markets (foreign currency, fixed income and equity securities, interbank and other organised markets).

The variables used to measure the derivatives arranged can be classified into three categories based on the degree to which their fair value is directly observable in the market:

Level 1: the derivatives arranged whose characteristics are identical to those listed on an active market.

Level 2: the derivatives arranged whose characteristics are not identical to those listed on an active market but whose fair value can be inferred from prices listed on one or various active markets.

Level 3: the derivatives arranged which cannot be classified in Levels 1 or 2.

All the variables used to measure the derivatives arranged by the Group are Level 2.

The main criteria relating to derivatives are described in Note 26.6.13. Set forth below is a description of how the fair values of the derivatives arranged by the Group were accounted for at 31 December 2016 as other financial assets or liabilities and of their impact, net of taxes, on equity.

Foreign currency derivatives

The Group arranges currency forwards in order to avoid the economic impact that exchange rate fluctuations have on payment obligations and collection rights in foreign currencies.

Following is a detail of the outstanding currency forwards at 31 December 2016, indicating, on the one hand, the nominal amounts in euros of the forwards, i.e. the amounts that the Group and the banks have agreed to exchange in euros in exchange for paying or receiving certain amounts in foreign currencies, classified by expiry date, and, on the other, the fair values of the hedges, grouped together as other financial assets or liabilities, and their impact, net of taxes, on equity. Also indicated is the range of exchange rates and the nominal amounts in foreign currency arranged.

	Thousands of euros						Foreign currency/ euro	Nominal amount in foreign currency
	Nominal amount	Expiry		Fair values included in:				
		Within three months	After three months	Other financial assets	Other financial liabilities	Impact on profit or loss	Range of exchange rates	
Derivatives not considered to be hedges for accounting purposes at the decision of the Group.								
Future US dollar purchases against euros	18,051	18,051	-	12	(145)	(100)	1.047-1.1702	18,899
Future US dollar sales against euros	65,410	64,933	477	227	(668)	(329)	1.0446-1.127	69,505
Future Mexican peso purchases against US dollars	461	461	-	-	(5)	(4)	21.682	10,000
Future Norwegian krone purchases against euros	2,203	2,203	-	-	(2)	(1)	9.0774	20,000
Future Mexican peso sales against euros	17,089	1,094	15,995	1,450	(1)	1,013	19.7925-22.54	348,122
Future Norwegian krone sales against euros	6,775	6,775	-	65	-	49	9.0034	61,000
Future Turkish lira purchases against euros	389	389	-	-	(22)	(16)	3.5037-3.5357	1,370,846
Future Saudi riyal purchases against euros	4,962	4,962	-	93	-	70	4.0305	20,000
Total	115,340	98,868	16,472	1,847	(843)	682		

The detail of the currency forwards arranged at 31 December 2015 is as follows:

	Thousands of euros						Foreign currency/ euro	Nominal amount in foreign currency
	Nominal amount	Expiry		Fair values included in:			Range of exchange rates	
		Within three months	After three months	Other financial assets	Other financial liabilities	Impact on profit or loss		
Derivatives not considered to be hedges for accounting purposes at the decision of the Group.								
Future US dollar sales against euros	89,916	73,742	16,174	422	(2,851)	(1,731)	1.065- 1.3925	99,988
Future Mexican peso purchases against euros	35,426	16,201	19,225	44	(3,226)	(2,238)	18.1416- 18.593	611,434
Future Mexican peso sales against euros	18,882	3,016	15,866	88	(300)	(167)	16.627- 21.015	378,222
Future Czech koruna sales against euros	3,626	3,626	-	-	(4)	(3)	27.024	97,989
Future Norwegian krone purchases against euros	8,672	6,835	1,837	-	(265)	(191)	9.2309- 9.5783	80,900
Total	156,522	103,420	53,102	554	(6,646)	(4,330)		

The column "Impact on Profit or Loss" includes the gains or losses net of tax attributable to the Group and to non-controlling interests corresponding to the measurement of the foreign currency derivatives outstanding at 31 December of each year, the changes in which are recognised in the consolidated statement of profit or loss since they do not qualify for hedge accounting.

The changes in foreign currency derivatives in 2016 and 2015 were as follows:

	Thousands of euros	
	Balance sheet	Statement of profit or loss
Total - 2014	(6,123)	12,694
Changes in value in 2015	31	31
Fair value at 31/12/15	(6,092)	
In other financial assets	554	
In other financial liabilities	(6,646)	
2015 derecognitions/cancellations		(4,812)
Total - 2015	(6,092)	(4,781)
Changes in value in 2016	7,096	7,096
Fair value at 31/12/16	1,004	
In other financial assets	1,847	
In other financial liabilities	(843)	
2016 derecognitions/cancellations		(3,069)
Total - 2016	1,004	4,027

The impact recognised in profit or loss as a result of the recognition of foreign currency derivatives, amounting to EUR 4,027 thousand in 2016 (31 December 2015: EUR (4,781) thousand), is included under "Net Losses on Remeasurement of Financial Instruments at Fair Value" in the consolidated statement of profit or loss, the detail being as follows:

	Thousands of euros	
	2016	2015
Changes in value	7,096	31
Derecognitions and cancellations	(3,069)	(4,812)
Total	4,027	(4,781)

Interest rate derivatives

The Group arranges interest rate swaps and interest rate options to mitigate the variability of borrowing costs.

In the financing of concession projects, the use of interest rate derivatives normally forms part of the requirements imposed by the financing banks. The purpose of these derivatives is to limit the possible impact that future changes in interest rates could have on the borrowing costs of the projects if the financing continued to bear interest at floating rates.

The following table shows in thousands of euros the notional amounts of the interest rate derivatives of the fully consolidated companies at 31 December 2016, which are the amounts on the basis of which the interest will be settled, grouped together by settlement currency and classified based on their final expiry date, together with the fair values of the derivatives, grouped together as other financial assets or other financial liabilities, and their impact, net of taxes, on equity. Also indicated is the range of interest rates.

Settlement currency	Thousands of euros								Range of annual interest rates
	Notional amount	Final expiry date of the derivatives				Fair values included in:		Impact on equity	
		Within one year	One to five years	Five to ten years	After ten years	Other financial assets	Other financial liabilities		
Derivatives considered for accounting purposes to be cash flow hedges									
Euros	285,480	-	80,606	141,860	63,014	-	(45,014)	(33,928)	0.339-6.2%
Mexican peso	396,527	-	47,246	349,281	-	14,629	-	10,240	4.45-11.75%
Chilean peso	5,220	5,220	-	-	-	-	(335)	(255)	5.45%
US dollar	52,755	-	-	52,755	-	-	(3,659)	(2,580)	2.47-3.865%
Czech koruna	20,920	-	-	20,920	-	-	(1,400)	(1,134)	2.14%
Subtotal	760,902	5,220	127,852	564,816	63,014	14,629	(50,408)	(27,657)	
Derivatives that do not qualifying for hedge accounting									
Mexican peso	47,246	-	47,246	-	-	841	-	(500)	9.00%
Subtotal	47,246	-	47,246	-	-	841	-	(500)	
Total	808,148	5,220	175,098	564,816	63,014	15,470	(50,408)	(28,157)	

The detail of the expiry dates of the notional amounts of the fully consolidated companies at 31 December 2016, by settlement currency, is as follows:

Settlement currency	Thousands of euros						
	2017	2018	2019	2020	2021	Subsequent years	Total
Euros	14,669	49,332	21,643	62,854	21,987	114,995	285,480
Mexican peso	5,880	18,488	24,231	68,693	24,711	254,524	396,527
US dollar	1,164	2,600	3,294	14,090	14,090	17,517	52,755
Czech koruna	2,536	2,536	2,536	2,536	2,536	8,240	20,920
Chilean peso	5,220	-	-	-	-	-	5,220
Total	29,469	72,956	51,704	148,173	63,324	395,276	760,902

Following is a detail of the years in which the derivatives considered for accounting purposes to be cash flow hedges are expected to affect the profit or loss for the year.

Settlement currency	Thousands of euros			
	Within one year	One to five years	After five years	Total
Euros	(10,896)	(29,388)	(5,727)	(46,011)
Mexican peso	(639)	11,904	13,095	24,360
US dollar	(1,336)	(2,512)	(97)	(3,945)
Czech koruna	(482)	(1,122)	(196)	(1,800)
Chilean peso	(261)	-	-	(261)
Total	(13,614)	(21,118)	7,075	(27,657)

The detail of the interest rate derivatives of the fully consolidated companies arranged at 31 December 2015 is as follows:

Settlement currency	Thousands of euros								Range of annual interest rates
	Notional amount	Final expiry date of the derivatives				Fair values included in:		Impact on equity	
		Within one year	One to five years	Five to ten years	After ten years	Other financial assets	Other financial liabilities		
Derivatives considered for accounting purposes to be cash flow hedges									
Euros	2,037,948	1,760,449	41,307	194,168	42,024	63	(51,829)	(39,114)	0.484-7.80%
Mexican peso	654,461	192,938	-	255,716	205,807	-	(26,820)	(18,833)	4.45-7.67%
US dollar	85,173	-	-	85,173	-	-	(7,066)	(4,946)	4.95-5.65%
Czech koruna	23,454	-	-	-	23,454	-	(1,528)	(1,238)	2.14%
Subtotal	2,801,036	1,953,387	41,307	535,057	271,285	63	(87,243)	(64,131)	
Derivatives that do not qualifying for hedge accounting									
Mexican peso	201,756	-	201,756	-	-	347	-	(1,815)	9.0-10.60%
Subtotal	201,756	-	201,756	-	-	347	-	(1,815)	
Total	3,002,792	1,953,387	243,063	535,057	271,285	410	(87,243)	(65,946)	

The column "Impact on Equity" shows the valuation of the derivatives of the fully consolidated companies outstanding at 31 December 2016 and 2015. This column shows the gains or losses and valuation adjustments attributable to the OHL Group and the impact on non-controlling interests.

In addition, at 31 December 2016 there are interest rate derivatives the value of which is recognised under "Non-Current Assets Classified as Held for Sale" for EUR 1,332 thousand and under "Liabilities Associated with Non-Current Assets Classified as Held for Sale", for EUR (1,318) thousand, the impact of which on equity at 31 December 2016 was EUR 9 thousand (see Note 3.8.).

In the case of interest rate derivatives arranged by companies in which the Group holds ownership interests of 50% or less, the amount recognised under "Investments Accounted for Using the Equity Method" in the consolidated balance sheet and the impact on equity at 31 December 2016 amounted to EUR (11,635) thousand (31 December 2015: EUR (33,217) thousand). The negative impact on equity is limited, in the case of the investees less than 50% owned by the Group, to the value of the Group's ownership interest.

The following table summarises the impact on equity arising from the changes in the interest rate derivatives of the fully consolidated companies:

	Thousands of euros
Accumulated impact on equity at 1 January 2015	(142,433)
Income and expense recognised directly in equity in 2015	(11,770)
Transfers to the consolidated statement of profit or loss in 2015	37,213
Accumulated impact on equity at 31 December 2015	(116,990)
Income and expense recognised directly in equity in 2016	40,108
Transfers to the consolidated statement of profit or loss in 2016	26,314
Accumulated impact on equity at 31 December 2016	(50,568)

The impact on the profit attributable to the Parent in the consolidated statement of profit or loss relates mainly to the amounts transferred from equity, since all the interest rate derivatives (except for the interest rate options) were accounted for as cash flow hedges and, consequently, the related changes in value are recognised in equity under "Valuation Adjustments".

At 31 December 2016, the impact recognised in the consolidated statements of profit or loss arising from the interest rate derivatives of the companies disposed of Metro Liger Oeste, S.A. and Superficialia los Bermejales, S.A., amounting to EUR (30,715), was included under "Net Losses on Remeasurement of Financial Instruments at Fair Value" (see Note 3.22.).

The impact of the interest rate options that do not qualify for hedge accounting on the profit or loss attributable to the Parent in the consolidated statement of profit or loss is direct and does not need to be recognised first under "Valuation Adjustments" in the consolidated balance sheet.

At 31 December 2016, the impact recognised in the consolidated statement of profit or loss as a result of the recognition of the interest rate options, with a gross value of EUR 570 thousand (2015: EUR (1,356) thousand), was included under "Net Losses on Remeasurement of Financial Instruments at Fair Value".

The breakdown of "Net Losses on Remeasurement of Financial Instruments at Fair Value" in the case of the interest rate derivatives of the fully consolidated companies is as follows:

	Thousands of euros
Changes in value in 2015	(822)
Derecognitions and cancellations in 2015	(534)
Total - 2015	(1,356)
Changes in value in 2016	1,878
Derecognitions and cancellations in 2016	(32,023)
Total - 2016	(30,145)

Equity derivatives

As regards the equity swaps tied to the share price, the commitment is to pay or receive the result of the change in the share price with respect to the benchmark price until the derivative expires and to pay a floating interest rate during the term of the swap.

In 2013 the Group arranged an equity swap tied to the Parent's share price.

In 2016 the 2013-2016 incentive plan and the associated derivative were settled.

In 2015 the impact on profit or loss recognised under "Net Losses on Remeasurement of Financial Instruments at Fair Value" was EUR (18,973) thousand (see Note 3.22.).

In April 2015 OHL Emisiones, S.A.U., a wholly-owned subsidiary of OHL Concesiones, S.A.U., took out a loan amounting to EUR 272,860 thousand secured by 23,580,484 shares of Abertis Infraestructuras, S.A. representing 2.5% of its share capital (see Note 3.17.1.). At the same time, it entered into a share collar financing agreement to protect the value of the collateralised shares over the entire life of the transaction. This derivative does not qualify for hedge accounting and the impact of changes therein is recognised in profit or loss. At 31 December 2016, the fair value was EUR 6,411 thousand, which represented a loss of EUR (7,668) thousand recognised in the consolidated statement of profit or loss under "Net Losses on Remeasurement of Financial Instruments at Fair Value" (see Note 3.22.).

The following table summarises the changes in the treasury share derivatives:

	Thousands of euros	
	Balance sheet	Statement of profit or loss
Fair value at 31 December 2014	(15,754)	(21,659)
Changes in value in 2015	(18,035)	(18,035)
Fair value at 31 December 2015	(33,789)	-
Interest and other	-	(1,623)
Total - 2015	(33,789)	(19,658)
Changes in value in 2016	33,789	33,789
Fair value at 31 December 2016	-	-
Interest and other	-	(32,494)
Total - 2016	-	1,295

The impact recognised in the consolidated statement of profit or loss as a result of the recognition of the derivatives on shares is included under "Net Losses on Remeasurement of Financial Instruments at Fair Value".

Sensitivity analysis

A sensitivity analysis involves the measurement of the effect that interest rates, exchange rates and/or share prices other than those existing on the market at the measurement date would have had.

The sensitivity analysis of exchange rates focused on the foreign currency derivatives of the fully consolidated companies outstanding at the date of the analysis, simulating a 10% increase in the foreign currency per euro exchange rate with respect to those in force at 31 December 2016 and 2015. The result of this analysis is as follows:

	Thousands of euros			
	2016		2015	
	Fair value	Impact on equity	Fair value	Impact on equity
Mexican peso	2,796	1,957	(3,307)	(2,315)
US dollar	3,782	2,647	(9,260)	(6,482)
Norwegian krone	473	355	(173)	(121)
Saudi riyal	(367)	(275)	-	-
Turkish lira	(64)	(48)	-	-
Total	6,620	4,636	(12,740)	(8,918)

If a sensitivity analysis were performed using the assumption of a 10% decrease in the foreign currency per euro exchange rate with respect to the rates applicable at 31 December 2016 and 2015, the impact would be as follows:

	Thousands of euros			
	2016		2015	
	Fair value	Impact on equity	Fair value	Impact on equity
Mexican peso	(206)	(144)	(3,556)	(2,489)
US dollar	(5,897)	(4,128)	4,474	3,132
Norwegian krone	(437)	(328)	(359)	(251)
Saudi riyal	654	491	-	-
Turkish lira	21	16	-	-
Total	(5,865)	(4,093)	559	392

The table below shows the difference in the fair value of the interest rate derivatives and equity of the fully consolidated companies with respect to the data presented had interest rates been 0.2% higher or lower than those applicable at 31 December 2016 and 2015.

	Thousands of euros			
	2016		2015	
	Fair value	Impact on equity	Fair value	Impact on equity
Euro	3,824	2,863	5,816	4,410
Mexican peso	3,497	2,448	6,219	4,353
US dollar	434	304	682	477
Czech koruna	195	158	242	196
Total	7,950	5,773	12,959	9,436

3.19.- Provisions

Long-term provisions

The changes in "Long-Term Provisions" in 2016 were as follows:

	Thousands of euros				
	Balance at 31 December 2015	Charge for the year	Amounts used	Exchange differences and interest cost	Balance at 31 December 2016
Provisions for the major maintenance, retirement or refurbishment of non-current assets	130,893	15,894	(22,552)	(2,740)	121,495
Provisions for taxes	7,549	1,763	-	-	9,312
Provisions for litigation and third-party liability	24,985	59,976	(21,064)	(9)	63,888
Other provisions	5,381	2,802	(3,093)	(433)	4,657
Total	168,808	80,435	(46,709)	(3,182)	199,352

The provisions for the major maintenance, retirement or refurbishment of non-current assets correspond to the concession operators and, in accordance with IFRIC 12, they cover contractual obligations to restore the infrastructure to a specified level of serviceability, pursuant to the terms and conditions of the licences or services, prior to handing over the infrastructure to the grantor in a specified condition at the end of the service arrangement. Accordingly, provisions are set up for major maintenance work on the stretches of road, based on the estimates of the cost thereof, on a straight-line basis from when the last maintenance work was carried out.

The concession operators with the most significant provisions for major maintenance work are as follows: Terminal de Contenedores de Tenerife, S.A., Terminales Marítimas del Sureste, S.A., Autopista del Norte, S.A. and Viaducto Bicentenario, S.A. de C.V., which represent 84.8% of the balance of the provisions for major maintenance work.

The provisions for litigation and third-party liability arise due to the obligations of an indeterminate amount, in respect of lawsuits and/or arbitral proceedings in progress and indemnity payments.

These provisions include EUR 47,849 thousand in relation to the associate Health Montreal Collective CJV, L.P. corresponding to the portion of its additional losses, once its balance under "Investments Accounted for Using the Equity Method" has been reduced to zero.

The detail of the projected schedule of the outflows of economic benefits relating to the long-term provisions at 31 December 2016 is as follows:

	Thousands of euros					
	2018	2019	2020	2021	Subsequent years	Total
Provisions for the major maintenance, retirement or refurbishment of non-current assets	38,847	13,966	7,552	2,268	58,862	121,495
Provisions for taxes	-	8,012	1,300	-	-	9,312
Provisions for litigation and third-party liability	52,969	2,481	3,746	1,149	3,543	63,888
Other provisions	821	1,965	776	654	441	4,657
Total	92,637	26,424	13,374	4,071	62,846	199,352

Both the provisions and the schedule are reviewed at the end of each reporting period, as required by IAS 37.59, with particular attention paid to the provisions for litigation and third-party liability in relation to which the related risks and uncertainties are analysed.

Short-term provisions

The detail of "Short-Term Provisions" at 31 December 2016 is as follows:

	Thousands of euros					
	Balance at 31 December 2015	Additions and disposals due to changes in the scope of consolidation and reclassifications	Charge for the year	Amounts used	Exchange differences and interest cost	Balance at 31 December 2016
Provisions for the major maintenance, retirement or refurbishment of non-current assets	3,242	-	2,980	(2,869)	(8)	3,345
Provisions for project completion	50,889	(7)	44,331	(37,692)	(405)	57,116
Provisions for management and other fees	43,442	-	11,264	(1,834)	1,169	54,041
Other provisions for commercial transactions	191,712	(1,426)	137,017	(142,283)	(1,292)	183,728
Total	289,285	(1,433)	195,592	(184,678)	(536)	298,230

"Other Provisions for Commercial Transactions", which correspond primarily to the Group's construction companies, includes deferrals of expenses and costs and losses on construction projects. These amounts considered individually are of scant significance and correspond to numerous contracts.

3.20.- Other liabilities

The detail of "Other Non-Current Liabilities" and "Other Current Liabilities" in the consolidated balance sheets as at 31 December 2016 and 2015 is as follows:

	Thousands of euros			
	2016		2015	
	Non-current	Current	Non-current	Current
Payable to associates	-	97,511	-	111,536
Remuneration payable	-	25,940	-	26,777
Tax payables (Note 3.21.)	-	137,106	-	142,887
Other non-trade payables	165,905	101,841	326,448	65,679
Guarantees and deposits received	8	1,489	12	1,470
Other	-	3,746	-	6,263
Total	165,913	367,633	326,460	354,612

The detail of "Other Non-Trade Payables" at 31 December 2016 and 2015 is as follows:

	Thousands of euros			
	2016		2015	
	Non-current	Current	Non-current	Current
Payable for property, plant and equipment purchases	24,831	17,180	13,610	19,904
Payable for financial instrument purchases	8,677	64,000	132,700	29,377
Other	132,397	20,661	180,138	16,398
Total	165,905	101,841	326,448	65,679

The main change in non-current payables for financial instrument purchases relates to the amounts of the call options exercised as part of the business combinations performed.

3.21.- Tax matters

Consolidated tax group

The Group files consolidated tax returns in both Spain and the US for all the companies that meet the related requirements. All the other companies file individual tax returns.

Accounting for taxes

The income tax expense of the consolidated Group companies is obtained by aggregating the income tax expense of the consolidated tax groups and of the companies that file individual income tax returns.

The tax bases are calculated on the basis of the profit or loss for the year adjusted by temporary differences, permanent differences and prior years' tax losses.

The tax effect of temporary differences between transactions recognised in the accounting records and reported in the income tax return using different criteria gives rise to deferred tax assets and liabilities that will be recoverable or payable in the future.

Tax losses, if recognised, also give rise to deferred tax assets that will not be deducted from the expense for future years.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the assets are realised or the liabilities are settled.

Deferred tax assets are only recognised when there are no doubts that there will be sufficient taxable profits in the future against which to charge these temporary differences.

When the closing is performed for tax purposes each year, the deferred tax balances are reviewed in order to ascertain whether they still exist and the appropriate adjustments are made so as to adapt the balances to the new situation.

Reconciliation of the accounting profit or loss to the tax loss

The reconciliation of the consolidated accounting profit (loss) for the year to the tax (loss) for income tax purposes is as follows:

	Thousands of euros	
	2016	2015
Consolidated profit (loss) for the year from continuing operations before tax	(78,288)	434,013
Permanent differences	(313,915)	(78,179)
Temporary differences	(584,152)	(552,752)
Offset of prior years' tax losses	(44,347)	(124,278)
Tax loss	(1,020,702)	(321,196)

The reconciliation of the accounting profit (loss) to the income tax expense for 2016 and 2015 is as follows:

	Thousands of euros	
	2016	2015
Consolidated profit (loss) for the year from continuing operations before tax	(78,288)	434,013
Result of companies accounted for using the equity method, net of tax	35,255	(226,972)
Other permanent differences	(349,170)	148,793
Unrecognised tax losses offset in the year	(20,044)	(83,258)
Tax losses arising from tax assets not recognised in the year	819,390	230,420
Base for calculating period income tax expense	407,143	502,996
Income tax expense for the year	156,572	163,313
Tax credits and tax relief	(645)	(2,650)
Prior years' adjustments and other adjustments	1,101	14,797
Income tax expense relating to continuing operations	157,028	175,460

The permanent differences relate mainly to:

- Expenses not considered to be deductible for tax purposes such as fines and donations or finance costs exceeding 30% of profit from operations.
- Profits or losses obtained abroad by branches and unincorporated temporary joint ventures (UTES).
- The recognition and use of provisions.
- Tax withholdings paid abroad.
- The elimination of dividends and impairment losses on investments.

Income tax and tax rate

Income tax is calculated using the tax rates in force in each country in which the Group operates: The main rates are:

Country	2016	2015
Spain	25.0%	28.0%
Saudi Arabia	20.0%	20.0%
Australia	30.0%	30.0%
Algeria	23.0%	23.0%
Argentina	35.0%	35.0%
Bulgaria	10.0%	10.0%
Canada	26.5%	27.0%
Chile	24.0%	22.5%
Colombia	34.0%	34.0%
US	38.6%	38.6%
Jordan	14.0%	14.0%
Kuwait	15.0%	15.0%
Mexico	30.0%	30.0%
Peru	28.0%	28.0%
Poland	19.0%	19.0%
Qatar	10.0%	10.0%
Czech Republic	19.0%	19.0%
Slovakia	22.0%	22.0%
Turkey	20.0%	20.0%
Vietnam	20.0%	22.0%

The income tax expense of EUR 157,028 thousand relates to:

- EUR 8,495 thousand relating to the tax income recognised in 2016 by the companies forming part of the Spanish tax group (2015: tax income of EUR 7,281 thousand); the amounts recognised in 2016 and 2015 include the amounts relating to their branches abroad.
- EUR (174,472) thousand relating to the expense recognised by the Spanish and foreign companies that do not form part of the Spanish tax group (2015: an expense of EUR (292,844) thousand).
- EUR 8,949 thousand relating to the income arising from consolidation adjustments, due mainly to the sale of investments without the loss of control (2015: income of EUR 110,103 thousand).

In addition to the income tax expense for 2016, EUR 14,932 thousand were recognised directly in equity, relating to the change in value of derivative financial instruments.

Deferred taxes and tax losses

The changes in deferred tax assets in 2016 and 2015 were as follows:

	Thousands of euros
Balance at 1 January 2015	610,782
Increases	99,717
Decreases	(86,437)
Balance at 31 December 2015	624,062
Increases	83,503
Decreases	(52,490)
Transfers	(32,961)
Balance at 31 December 2016	622,114

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

	Thousands of euros						
	2016						
	Balance at 31/12/15	Changes in the scope of consolidation	Charge/credit to profit or loss	Charge/credit to equity Hedging instruments	Exchange rate effect	Reclassifications and other	Balance at 31/12/16
Tax assets	396,224	9,041	56,240	-	(31,906)	(25,777)	403,822
Tax loss carryforwards	393,574	9,041	55,595	-	(31,906)	(25,777)	400,527
Tax credits	2,650	-	645	-	-	-	3,295
Temporary differences	227,838	319	21,952	(14,932)	(9,701)	(7,184)	218,292
Total deferred tax assets	624,062	9,360	78,192	(14,932)	(41,607)	(32,961)	622,114

	Thousands of euros						
	2015						
	Balance at 31/12/14	Changes in the scope of consolidation	Charge/credit to profit or loss	Charge/credit to equity Hedging instruments	Exchange rate effect	Reclassifications and other	Balance at 31/12/15
Tax assets	381,394	(1,811)	22,624	-	(5,983)	-	396,224
Tax loss carryforwards	381,394	(1,811)	19,974	-	(5,983)	-	393,574
Tax credits	-	-	2,650	-	-	-	2,650
Temporary differences	229,388	(1,084)	30,419	(6,916)	(4,722)	(19,247)	227,838
Total deferred tax assets	610,782	(2,895)	53,043	(6,916)	(10,705)	(19,247)	624,062

In 2016 the Parent evaluated the recoverability of the deferred tax assets recognised by the Spanish tax group. In particular, the key assumptions used for recoverability testing purposes for the tax assets entail the generation of margins in accordance with the current context of the industry in Spain, in a lending environment similar to that currently prevailing. Based on the foregoing, no risk of recoverability of the Spanish tax group's tax assets was identified.

Also, for the other deferred tax assets a recoverability analysis was conducted based on the maintenance of the current key assumptions of the businesses and no risk of recoverability within the expiry periods was identified.

The changes in deferred tax liabilities in 2016 and 2015 were as follows:

	Thousands of euros
Balance at 1 January 2015	1,138,657
Increases	160,364
Decreases	(87,645)
Balance at 31 December 2015	1,211,376
Increases	83,137
Decreases	(39,261)
Transfers	(8,918)
Balance at 31 December 2016	1,246,334

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

	Thousands of euros						
	2016						
	Balance at 31/12/15	Changes in the scope of consolidation	Charge/credit to equity Hedging instruments	Charge/credit to profit or loss	Exchange rate effect	Reclassifications and other	Balance at 31/12/16
Temporary differences	1,211,376	7,656	-	166,177	(129,957)	(8,918)	1,246,334
Total deferred tax liabilities	1,211,376	7,656	-	166,177	(129,957)	(8,918)	1,246,334

	Thousands of euros						
	2015						
	Balance at 31/12/14	Changes in the scope of consolidation	Charge/credit to equity Hedging instruments	Charge/credit to profit or loss	Exchange rate effect	Reclassifications and other	Balance at 31/12/15
Temporary differences	1,138,657	-	16	168,101	(42,582)	(52,816)	1,211,376
Total deferred tax liabilities	1,138,657	-	16	168,101	(42,582)	(52,816)	1,211,376

The deferred taxes recognised arose mainly from:

- The difference existing at the companies with guaranteed revenue clauses between the total revenue and the toll revenue recognised, amounting to EUR 935,271 thousand.
- The adjustments made on consolidation of the financial statements, including most notably the allocations made to the assets and liabilities of the acquirees, increasing the value of the acquired assets by EUR 92,556 thousand on performance of the business combinations.

- The profit of the UTEs, the recognition of which for tax purposes is deferred for one year.
- The recognition and use of provisions adjusted in prior years.
- The difference in the timing of the depreciation and amortisation of non-current assets for accounting and tax purposes.
- Other non-computable revenue for tax purposes.

The Group companies' tax losses available for offset in future tax returns amount to EUR 2,660,282 thousand, for which the last years for offset are as follows:

Year	Thousands of euros
2017	11,589
2018	16,391
2019	5,751
2020	6,588
2021	88,100
2022	8,634
2023	45,012
2024	16,200
2025	30,028
2026	63,177
2028	4,989
2029	2,602
2030	67,111
2031	15,260
2032	20,258
Unlimited	2,258,592
Total	2,660,282

In addition to these tax losses, there are tax losses amounting to EUR 148,995 thousand relating to the companies that at 31 December 2016 were classified as held for sale (see Note 3.8.).

The Group companies have unused double taxation tax credits amounting to EUR 8,111 thousand, and tax credits for investment (reinvestment, R&D+i and other) amounting to EUR 52,875 thousand.

Years open for review by the tax authorities

In general, the Group companies have all the tax returns filed in recent years for the taxes applicable to them open for review by the tax authorities.

On 5 July 2016, the Spanish tax authorities commenced general tax audits of 2011 to 2013 at the Parent and at OHL Concesiones, S.A.

These audits are at a very preliminary stage, and all the required documentation has been produced.

Both the aforementioned audits and the tax audits of the years open for review that might be conducted by the tax authorities could give rise to certain contingent tax liabilities that cannot be objectively quantified. However, the Parent's directors consider that those liabilities would not be material.

Tax receivables and payables

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

	Thousands of euros			
	Current assets		Current liabilities	
	2016	2015	2016	2015
VAT	160,909	168,605	78,179	86,623
Other taxes	42,598	65,137	46,674	42,553
Social security taxes	859	1,951	12,253	13,711
Total	204,366	235,693	137,106	142,887

3.22.- Income and expenses

Revenue

The Group's revenue in 2016 amounted to EUR 3,862,629 thousand (2015: EUR 4,368,866 thousand). The detail, by business activity, geographical market and type of customer, is as follows:

Business activity	Thousands of euros		
	2016	2015	% change
Concessions	520,260	444,877	16.9
Engineering and Construction	3,211,610	3,799,522	(15.5)
Construction	2,773,571	3,248,219	(14.6)
Industrial	243,629	352,092	(30.8)
Services	194,410	199,211	(2.4)
Development	130,759	124,467	5.1
Total revenue	3,862,629	4,368,866	(11.6)

Business activity, geographical market and customer	Thousands of euros					
	2016					
	Spain		Abroad		Total	
	Public sector	Private sector	Public sector	Private sector	Public sector	Private sector
Concessions	46,091	26,915	269,085	178,169	315,176	205,084
Engineering and Construction	386,656	323,621	2,081,229	420,104	2,467,885	743,725
Construction	223,088	229,835	1,988,647	332,001	2,211,735	561,836
Industrial	1,312	61,963	92,493	87,861	93,805	149,824
Services	162,256	31,823	89	242	162,345	32,065
Development	-	3,781	-	126,978	-	130,759
Total revenue	432,747	354,317	2,350,314	725,251	2,783,061	1,079,568

Business activity, geographical market and customer	Thousands of euros					
	2015					
	Spain		Abroad		Total	
	Public sector	Private sector	Public sector	Private sector	Public sector	Private sector
Concessions	48,148	33,209	25,375	338,145	73,523	371,354
Engineering and Construction	452,543	222,148	2,226,801	898,030	2,679,344	1,120,178
Construction	302,079	135,997	2,126,684	683,459	2,428,763	819,456
Industrial	87	37,317	100,117	214,571	100,204	251,888
Services	150,377	48,834	-	-	150,377	48,834
Development	-	3,781	45,404	75,282	45,404	79,063
Total revenue	500,691	259,138	2,297,580	1,311,457	2,798,271	1,570,595

Geographical area	Thousands of euros	
	2016	2015
US and Canada	1,304,156	1,037,265
Mexico	776,928	738,197
Chile	170,896	223,796
Peru	106,955	188,198
Colombia	76,963	97,345
Spain	793,801	759,830
Central and Eastern Europe	283,282	646,132
Other countries	349,648	678,103
Total revenue	3,862,629	4,368,866

Other operating income

In 2016 the Group recognised under "Other Operating Income", which in 2016 amounted to EUR 776,174 thousand (31 December 2015: EUR 849,477 thousand), EUR 577,577 thousand (2015: EUR 573,981 thousand) relating to the collection rights of the subsidiaries Concesionaria Mexiquense, S.A. de C.V., Viaducto Bicentenario S.A. de C.V. and Autopista Urbana Norte, S.A. de C.V. acknowledged by the Mexican Government in the year as guaranteed revenue under the related concession arrangements (see Note 2.6.15.1.). These collection rights do not generate cash receipts.

Also, in 2016 EUR 49,310 thousand were recognised relating to the application of the effective interest rate to the financial asset represented by the investment of Metro Ligero Oeste, S.A. prior to the sale that reduced the Group's ownership interest to 23.3% and the subsequent accounting for the investment using the equity method (2015: EUR 97,259 thousand).

Staff costs

"Staff costs" include, inter alia, the costs relating to the 2013-2016 incentive plan, which in 2016 amounted to EUR 598 thousand (2015: EUR 1,757 thousand).

The 2013-2016 incentive plan ended on 21 March 2016.

Other operating expenses

The detail of "Other Operating Expenses" in the consolidated statement of profit or loss is as follows:

	Thousands of euros	
	2016	2015
Outside services	455,740	522,226
Taxes other than income tax	29,350	27,043
Other current operating expenses	258,692	258,033
Total	743,782	807,302

Finance income

The detail of "Finance Income" in the consolidated statement of profit or loss is as follows:

	Thousands of euros	
	2016	2015
Interest income from other companies	46,603	46,096
Income from equity investments	8,918	-
Total	55,521	46,096

Finance costs

The detail of "Finance Costs" in the consolidated statement of profit or loss is as follows:

	Thousands of euros	
	2016	2015
On the financing of current transactions	461,685	493,461
On finance leases and	-	
deferred price non-current asset purchases	601	1,456
Total	462,286	494,917

The detail of the finance costs by origin is as follows:

	Thousands of euros	
	2016	2015
Finance costs of concession operators	233,252	235,740
Finance costs of other companies	229,034	259,177
Total	462,286	494,917

"Finance Costs of Other Companies" includes EUR 50,648 thousand relating to fees and interest on the sales of 7.0% and 4.425% of Abertis Infraestructuras, S.A. in June and October 2016, respectively.

Net losses on remeasurement of financial instruments at fair value

The detail of "Net losses on Remeasurement of Financial Instruments at Fair Value" in the consolidated statement of profit or loss is as follows:

	Thousands of euros	
	2016	2015
Revaluation of Abertis Infraestructuras, S.A. (see Note 3.6.)	90,161	-
Derivatives associated with construction concessions (see Note 3.8) (2)	(77,930)	-
Valuation adjustments relating to Abertis Infraestructuras, S.A.	(9,754)	-
Treasury share derivatives (Note 3.18.)	1,295	(18,973)
Derivatives on Abertis shares (Note 3.18.)	(7,668)	11,010
Foreign currency derivatives (Note 3.18.)	4,027	(4,781)
Interest rate derivatives (Note 3.18.) (1)	(24,350)	(1,356)
Total	(24,219)	(14,100)

(1) Including EUR (24,920) thousand relating to derivatives associated with the sale of Metro Ligero Oeste, S.A. (see Note 3.8.).

(2) Including EUR (5,795) thousand relating to Superficialia los Bermejales, S.A., which was sold in 2016 and had been fully consolidated (see Note 3.8.).

Result of companies accounted for using the equity method

"Result of Companies Accounted for Using the Equity Method" in 2016 amounted to EUR (35,255) thousand (2015: EUR 226,972 thousand), and included most notably in 2016:

- The profit of Abertis Infraestructuras, S.A. amounting to EUR 47,187 thousand which arose prior to the sales of 7.0% and 4.425% of the equity interest in 2016 and the transfer thereof to current investment securities (see Notes 3.6. and 3.7.).
- The loss of EUR 149,383 thousand of Health Montreal Collective CJV L.P., which is building Center Hospitalier de L'Université de Montreal (CHUM). The forecast end results of this project were revised and the losses arose as a result of the higher costs to be incurred due to the speeding-up of the work in order to meet the deadline for the completion of the project and other changes.
- The profit of Metro Ligero Oeste, S.A., amounting to EUR 49,568 thousand, which arose following the sales of 28.0% in 2016 and the transfer thereof to "Investments Accounted for Using the Equity Method" after the loss of control previously held (see Note 3.7.).

Impairment and gains or losses on disposals of financial instruments

"Impairment and Gains or Losses on Disposals of Financial Instruments" in the consolidated statement of profit or loss for 2016 totals EUR 364,311 thousand (31 December 2015: EUR (15,394) thousand) and includes most notably:

- The result of the sale by OHL Emisiones, S.A.U. in June 2016 of 69,326,692 shares of Abertis Infraestructuras, S.A., representing 7.0% of its share capital, for EUR 814,589 thousand, at a price of EUR 11.75 per share. This transaction gave rise to a gain, net of expenses, of EUR 114,668 thousand (see Note 3.7.).
- The sale by OHL Emisiones, S.A.U. in October 2016 of 43,826,542 shares of Abertis Infraestructuras, S.A., representing 4.425% of its share capital, for EUR 598,232 thousand, at a price of EUR 13.65 per share. This transaction gave rise to a gain, net of expenses, of EUR 134,283 thousand (see Note 3.7.).
- The sale of the construction concession operators Superficialia Los Bermejales, S.A., Concessió Estacions Aeroport L-9), S.A., Phunciona Gestión Hospitalaria, S.A. and Urbs Iudex et Causidicus, S.A., which gave rise to a gain, net of expenses, of EUR 90,911 thousand.
- The sale of 28.0% of Metro Ligero Oeste, S.A. for EUR 101,701 thousand, giving rise to a gain of EUR 16,279 thousand.

Transactions and balances in currencies other than the euro

The detail of the transactions performed by Group companies in 2016 in currencies other than the euro, by currency, for the main operating income and expense items, translated to euros at the average exchange rates, is as follows:

Currency	Thousands of euros			
	Sales	Other income	Procurements	Other operating expenses
Czech koruna	182,847	170	119,095	16,247
Algerian dinar	(31,909)	2,456	5,088	10,179
Kuwaiti dinar	35,240	331	97,588	11,710
Canadian dollar	27,100	-	-	29,020
US dollar	1,477,707	18,846	1,202,178	173,801
Chilean peso	170,668	3,370	74,867	70,296
Colombian peso	76,922	6,778	63,608	9,466
Mexican peso	652,179	599,018	330,640	91,329
Saudi riyal	123,826	85	67,970	35,609
Qatari riyal	21,420	14,102	26,197	6,478
Peruvian sol	94,151	18,394	22,042	43,839
Polish zloty	34,009	1,651	32,580	5,564
Other currencies	180,472	3,207	201,983	48,522
Total	3,044,632	668,408	2,243,836	552,061

The detail of the balances receivable in currencies other than the euro at 31 December 2016 and 2015, by currency and for the main asset items in the consolidated balance sheets, translated to euros at the year-end exchange rates, is as follows:

Currency	Thousands of euros		
	2016		
	Non-current financial assets	Current financial assets	Trade and other receivables
Czech koruna	9,641	-	36,373
Algerian dinar	-	-	51,460
Kuwaiti dinar	-	-	45,642
Canadian dollar	30,170	105	20,649
US dollar	1,861	44,502	382,315
Chilean peso	21,701	5,808	137,504
Colombian peso	51,229	1	18,234
Mexican peso	5,190,680	180,892	187,922
Saudi riyal	2,686	26,825	107,518
Qatari riyal	137,365	-	483,833
Peruvian sol	96	13,379	44,915
Polish zloty	-	-	4,155
Other currencies	182	816	70,763
Total	5,445,611	272,328	1,591,283

Currency	Thousands of euros		
	2015		
	Non-current financial assets	Current financial assets	Trade and other receivables
Czech koruna	1,145	-	61,431
Algerian dinar	-	-	98,339
Kuwaiti dinar	-	-	49,745
Canadian dollar	-	99	21,975
US dollar	1,535	48,620	332,816
Chilean peso	16,562	1,120	147,276
Colombian peso	20,146	2	16,190
Mexican peso	5,413,295	194,381	289,941
Saudi riyal	2,762	21,518	95,709
Qatari riyal	108,267	-	376,811
Peruvian sol	277	14,790	68,133
Polish zloty	-	-	97,538
Other currencies	25,022	5,024	93,282
Total	5,589,011	285,554	1,749,186

The detail of the balances payable in currencies other than the euro at 31 December 2016 and 2015, by currency and for the main liability items in the consolidated balance sheets, translated to euros at the year-end exchange rates, is as follows:

Currency	Thousands of euros				
	2016				
	Bank borrowings	Debt instruments and other marketable securities	Other financial liabilities	Trade and other payables	Other current and non-current liabilities
Czech koruna	5,551	-	2,645	40,345	14,630
Algerian dinar	-	-	-	15,841	5,148
Kuwaiti dinar	-	-	-	91,042	-
Canadian dollar	-	-	-	7,791	160
US dollar	118,404	-	120	469,995	29,839
Chilean peso	59,290	-	4,653	73,411	26,748
Colombian peso	37,920	-	-	65,124	4,034
Mexican peso	798,396	744,294	-	193,804	102,965
Saudi riyal	-	-	-	41,593	1,858
Qatari riyal	18,293	-	-	65,616	390
Peruvian sol	2,205	-	3,659	51,567	1,623
Polish zloty	-	-	4	5,286	128
Other currencies	-	-	-	137,275	5,449
Total	1,040,060	744,294	11,081	1,258,690	192,972

Currency	Thousands of euros				
	2015				
	Bank borrowings	Debt instruments and other marketable securities	Other financial liabilities	Trade and other payables	Other current and non-current liabilities
Czech koruna	2,960	-	3,236	102,321	16,617
Algerian dinar	-	-	-	24,266	18,308
Kuwaiti dinar	-	-	-	26,641	-
Canadian dollar	-	-	-	5,137	29,603
US dollar	258,307	-	2,495	329,383	127,972
Chilean peso	48,009	-	11,874	72,150	6,764
Colombian peso	7,052	-	-	23,100	4,019
Mexican peso	1,114,436	801,002	28,499	300,327	230,242
Saudi riyal	-	-	-	52,659	145
Qatari riyal	-	-	-	42,078	781
Peruvian sol	3,472	-	5,075	33,204	4,299
Polish zloty	3,993	-	7	15,722	233
Other currencies	-	-	-	130,410	10,013
Total	1,438,229	801,002	51,186	1,157,398	448,996

Consolidated profit or loss attributable to the Parent

The detail of the contribution of each subsidiary to consolidated profit (loss) attributable to the Parent in 2016 and 2015 is as follows:

Companies	Thousands of euros	
	2016	2015
Obrascón Huarte Lain, S.A.	(229,212)	(44,249)
Abertis Infraestructuras, S.A.	47,187	216,367
Autopista Urbana Norte, S.A. de C.V.	58,487	53,886
Cercanías Móstoles Navalcarnero, S.A.	(34,240)	(679)
Concesionaria Mexiquense, S.A. de C.V.	96,645	103,295
Health Montreal Collective CJV, L.P.	(149,383)	(27,211)
Metro Ligero Oeste, S.A.	49,568	22,141
OHL Arabia, LLC	(20,497)	14,626
OHL Concesiones, S.A.	(335,578)	(227,936)
OHL Emisiones, S.A.U.	274,385	872
OHL Industrial, S.L.	(50,253)	(38,193)
OHL USA, Inc.	(66,864)	(20,519)
OHL ZS, a.s.	(43,527)	(21,934)
Viaducto Bicentenario, S.A. de C.V.	38,320	35,634
Other	(67,376)	(10,468)
Total	(432,338)	55,632

3.23.- Consolidated statement of cash flows

The consolidated statement of cash flows was prepared in accordance with IAS 7.

One of the most noteworthy aspects is that it is unaffected by changes in the exchange rates of the currencies with which the Group operates against the euro.

Also, the pertinent classifications have been made in order to properly show the changes due to inclusions in and exclusions from the scope of consolidation.

The following aspects are worthy of mention in relation to each of the main sections of the consolidated statement of cash flows:

Cash flows from operating activities

"Cash Flows from Operating Activities" amounted to EUR (240,303) thousand, and it should be noted that:

the consolidated loss before tax for 2016 amounted to EUR (78,288) thousand.

The detail of "Other Adjustments to Profit (Loss)" is as follows:

	Thousands of euros	
	2016	2015
Changes in provisions and allowances	63,511	116,476
Financial loss	64,972	477,715
Result of companies accounted for using the equity method	54,728	(204,129)
Pre-tax profit due to guaranteed revenue	(597,050)	(596,824)
Total	(413,839)	(206,762)

The changes in working capital amounting to EUR 328,837 thousand were due mainly to the changes in "Trade and Other Receivables", also affected by the reestimation of income in 2016 for certain projects, which reduced the amounts to be billed for work performed.

This includes dividends received, amounting to EUR 66,766 thousand, including most notably the dividend received from Abertis Infraestructuras, S.A. amounting to EUR 56,198 thousand.

Cash flows from investing activities

"Cash Flows from Investing Activities" amounted to EUR 1,182,891 thousand in 2016.

"Payments Due to Investment" amounted to EUR (523,317) thousand and relate to investments in concession operators (mainly Concesionaria AT-AT, S.A. de C.V., Terminal Cerros de Valparaíso, S.A., Autopista Rio Magdalena, S.A.S., Sociedad Concesionaria Aguas de Navarra, S.A. and Sociedad Concesionaria Puente Industrial, S.A.) and to investments in companies accounted for using the equity method, mainly the investments in Centro Canalejas Madrid, S.L. and Whitehall Holdings Limited.

"Proceeds from Disposals", amounting to EUR 1,659,605 thousand, includes most notably the proceeds from:

- The sale of 11.425% of Abertis Infraestructuras, S.A. for EUR 1,379,568 thousand, net of expenses.
- The sale of the construction concession operators for EUR 142,045 thousand.
- The sale of 28% of Metro Ligero Oeste, S.A. for EUR 100,609 thousand, net of expenses.

Cash flows from financing activities

"Cash Flows from Financing Activities", amounting to EUR (1,220,420) thousand, include most notably:

- The early repayment of a loan of EUR 874,949 thousand secured by shares of Abertis Infraestructuras, S.A., as a result of the sale of 11.425% of the ownership interest in that company.
- The early repayment of a loan of EUR 169,514 thousand secured by shares of OHL México, S.A.B. de C.V.
- A reduction of EUR 143,875 thousand, due to the transfer of the borrowings of the hotel companies and golf course in Mayakoba, (Mexico) to "Liabilities Associated with Non-Current Assets Classified as Held for Sale"
- An increase due to the drawdown of the syndicated loan, amounting to EUR 250,000 thousand.

Following the aforementioned transactions, and taking into consideration the impact of exchange rates, cash and cash equivalents at the end of the year amounted to EUR 817,872 thousand.

4.- OTHER DISCLOSURES

4.1.- Segment reporting

An operating segment is defined in the relevant IFRS as one having a segment manager who is directly accountable to and maintains regular contact with the chief operating decision maker to discuss operating activities, financial results, forecasts, or plans for the segment. The IFRS also states that if those characteristics apply to more than one set of components of an organisation but there is only one set for which segment managers are held responsible, that set of components constitutes the operating segments.

The Group considers that the segmentation that best represents it is that based on the various business areas in which it operates, the detail being as follows:

- Concessions
- Engineering and Construction
 - Construction
 - Industrial
 - Services
- Development


Basic information about these segments in 2016 and 2015 is presented below.

	Thousands of euros						
	2016						
	Concessions	Engineering and Construction				Development	Total Group
		Construction	Industrial	Services	Total Engineering and Construction		
Revenue	520,260	2,773,571	243,629	194,410	3,211,610	130,759	3,862,629
Inter-segment revenue	97,983	58,409	4,911	-	63,320	-	161,303
EBITDA	799,182	(519,939)	(87,288)	2,512	(604,714)	28,402	222,870
As a percentage of revenue	153.6%	-18.7%	-35.8%	1.3%	-18.8%	21.7%	5.8%
Depreciation and amortisation charge	(71,225)	(98,102)	(18,585)	(654)	(117,340)	(12,366)	(200,931)
EBIT	727,957	(618,041)	(105,872)	1,858	(722,055)	16,037	21,939
As a percentage of revenue	139.9%	-22.3%	-43.5%	1.0%	-22.5%	12.3%	0.6%
Concession infrastructure	6,386,368	52,664	-	-	53,266	-	6,439,634
Current assets	1,043,547	2,460,651	266,524	75,399	2,768,375	519,357	4,331,279
Current liabilities	(62,417)	2,858,856	362,147	66,914	2,851,927	634,037	3,423,547
Total assets	8,149,489	3,395,189	311,388	79,787	3,881,851	889,006	12,920,346
Total liabilities	3,955,391	3,161,273	382,890	67,248	4,252,385	669,677	8,877,453
Cash flows from operating activities ^(*)	217,260	(102,655)	(29,802)	(6,943)	(315,697)	(5,792)	(104,229)
Changes in net borrowings ^(*)	(1,711,960)	248,052	24,451	5,355	577,654	38,230	(1,096,076)
Cash flows from investing activities ^(*)	1,494,700	(145,397)	5,351	1,588	(261,957)	(32,438)	1,200,305

^(*) Calculated using internal criteria, which in certain cases differ from those in IAS 7.

	Thousands of euros						
	2015						
	Concessions	Engineering and Construction				Development	Total Group
		Construction	Industrial	Services	Total Engineering and Construction		
Revenue	444,877	3,248,219	352,092	199,211	3,799,522	124,467	4,368,866
Inter-segment revenue	113,823	136,330	5,085	-	141,415	1,246	256,484
EBITDA	819,802	150,013	(20,854)	10,341	139,501	7,731	967,034
As a percentage of revenue	184.3%	4.6%	-5.9%	5.2%	3.7%	6.2%	22.1%
Depreciation and amortisation charge	(44,754)	(205,428)	(18,133)	(2,744)	(226,305)	(11,219)	(282,278)
EBIT	775,048	(55,415)	(38,987)	7,597	(86,804)	(3,488)	684,756
As a percentage of revenue	174.2%	-1.7%	-11.1%	3.8%	-2.3%	-2.8%	15.7%
Concession infrastructure	6,486,349	28,942	-	-	29,216	-	6,515,565
Current assets	1,665,603	3,139,904	321,110	76,887	3,299,400	90,241	5,055,244
Current liabilities	783,588	2,819,838	361,370	55,226	2,722,910	387,300	3,893,798
Total assets	10,249,225	3,995,883	383,276	80,526	4,306,456	733,245	15,288,926
Total liabilities	5,956,598	3,165,605	381,130	71,785	4,013,181	507,473	10,477,252
Cash flows from operating activities ^(*)	223,059	160,486	(50,456)	(9,284)	(34,387)	26,377	215,049
Changes in net borrowings ^(*)	(662,308)	(125,920)	(26,066)	(33,016)	(1,025,325)	69,377	(1,618,256)
Cash flows from investing activities ^(*)	439,249	(34,566)	76,522	42,300	1,059,712	(95,754)	1,403,207

^(*) Calculated using internal criteria, which in certain cases differ from those in IAS 7.



The secondary segments -the geographical areas in which the Group companies operate on a lasting basis, since they have local structures- are the US and Canada, Mexico, Chile, Peru, Colombia, Spain and Central and Eastern Europe. The Group is also present in other countries, which are not currently considered to be local markets and are grouped together under "Other Countries".

	Thousands of euros								
	2016								
	US and Canada	Mexico	Chile	Peru	Colombia	Spain	Central and Eastern Europe	Other countries	Total Group
Revenue	1,304,156	776,928	170,896	106,955	76,963	793,801	283,286	349,644	3,862,629
EBITDA	(42,336)	766,638	(40,737)	19,311	7,679	(79,184)	(27,142)	(381,359)	222,870
As a percentage of revenue	-3.2%	98.7%	-23.8%	18.1%	10.0%	-10.0%	-9.6%	-109.1%	5.8%
EBIT	(90,431)	748,138	(69,090)	14,616	8,737	198,863	(137,510)	(651,384)	21,939
As a percentage of revenue	-6.9%	96.3%	-40.4%	13.7%	11.4%	25.1%	-48.5%	-186.3%	0.6%
Profit (Loss) after tax (attributable to the Parent)	(227,388)	223,982	(58,932)	11,180	(788)	333,732	(128,081)	(586,043)	(432,338)
As a percentage of revenue	-17.4%	28.8%	-34.5%	10.5%	-1.0%	42.0%	-45.2%	-167.6%	-11.2%
Concession infrastructure	-	5,278,565	81,636	290,420	51,229	737,784	-	-	6,439,634
Year-end headcount	2,379	4,574	2,760	1,746	397	8,911	2,263	1,221	24,251
Short-term backlog	1,691,379	600,045	1,125,205	247,583	624,435	1,400,922	190,906	794,421	6,674,896
Long-term backlog	-	61,879,582	4,699,576	4,261,113	1,889,102	2,945,377	-	-	75,674,750
Total backlog	1,691,379	62,479,627	5,824,781	4,508,696	2,513,537	4,346,299	190,906	794,421	82,349,646

	Thousands of euros								
	2015								
	US and Canada	Mexico	Chile	Peru	Colombia	Spain	Central and Eastern Europe	Other countries	Total Group
Revenue	1,037,265	738,197	223,796	188,198	97,345	759,830	646,132	678,103	4,368,866
EBITDA	24,494	763,270	14,228	53,794	13,897	15,699	(3,433)	85,085	967,034
As a percentage of revenue	2.4%	103.4%	6.4%	28.6%	14.3%	2.1%	-0.5%	12.5%	22.1%
EBIT	(5,937)	743,023	(4,261)	41,496	11,830	(40,131)	(33,010)	(28,254)	684,756
As a percentage of revenue	-0.6%	100.7%	-1.9%	22.0%	12.2%	-5.3%	-5.1%	-4.2%	15.7%
Profit (Loss) after tax (attributable to the Parent)	(51,126)	239,986	(9,598)	24,201	(422)	(105,259)	(31,216)	(10,934)	55,632
As a percentage of revenue	-4.9%	32.5%	-4.3%	12.9%	-0.4%	-13.9%	-4.8%	-1.6%	1.3%
Concession infrastructure	-	5,441,381	52,532	260,291	20,146	741,215	-	-	6,515,565
Year-end headcount	1,815	4,147	2,897	2,615	690	9,080	2,956	1,778	25,978
Short-term backlog	1,921,174	819,690	743,595	24,446	467,109	1,591,340	287,698	1,296,541	7,151,593
Long-term backlog	-	45,603,087	3,637,484	1,127,342	2,210,658	5,240,042	-	-	57,818,613
Total backlog	1,921,174	46,422,777	4,381,079	1,151,788	2,677,767	6,831,382	287,698	1,296,541	64,970,206

4.2.- Risk management policy

Risk management, as a strategic objective of the OHL Group, focuses on the implementation and maintenance of a reliable risk management system to be used as a management tool at all decision-making levels.

This system develops and implements a common set of processes, risk categories, and management tools and techniques in order to:

- Identify and manage risks at Group and divisional level.
- Implement integrated reporting, enabling the identification and follow-up of key risks.
- Align levels of risk tolerance with Group aims.
- Improve risk-related information and communications.
- Improve risk-response decisions.
- Integrate risk management into the decision-making process.
- Reduce the Group's vulnerability to adverse events.
- Establish and maintain a culture of raising risk awareness.
- Increase the confidence and assurance of the Board of Directors and of stakeholders that material risks are being managed and communicated on a timely basis.

The framework of the OHL Group's risk management process represents how the Group manages risk. The OHL Group manages risk on the basis of the following principles:

- Risk management is included in the main business processes such as planning or operational processes to ensure consistent risk analysis in decision-making.
- The OHL Group analyses and defines its ability to reduce, accept, share or avoid risks. This definition is aligned with and supports the Group's strategic and operational objectives and its declaration on risk tolerance.
- All the OHL Group's risks are identified, prioritised and evaluated, based on risk assessments and potential exposure, by appropriate personnel in the organisation.
- Each functional area and division is responsible for adopting and following the OHL Group Risk Management System. The risks identified are analysed in all divisions and are added together to ensure the adoption of a coordinated response to the most common risks within the Group.
- Each functional area and division carries out periodic reviews of its risk listing in order to update the status of existing risks and to identify emerging risks.
- Each functional area and division supports a culture of transparency, awareness-raising and open dialogue on risk. The OHL Group's Risk Management programme supports and helps facilitate regular debates on risk, corporate risk awareness and communication, and ongoing training on risk management.
- It is the responsibility of each division to proactively disseminate information on significant current or potential risks in a timely manner, and to ensure that risk management information is provided to the corresponding division management, the corporate risk management function or others as deemed appropriate.
- The OHL Group provides the necessary tools and resources to facilitate risk reporting, monitoring and measurement.

The OHL Group's risk management policy is reviewed annually to ensure that it remains in line with the interests of the Group and its stakeholders.

The OHL Group's Audit, Compliance and Corporate Social Responsibility Committee has the ultimate responsibility for ensuring that the commitments included in the risk management policy are up to date and fulfilled on an ongoing basis.

4.2.1 Financial risk management

Financial risks affect mainly the obtainment of the necessary financing when required and at a reasonable cost and the maximisation of the available financial resources. The most significant financial risks are as follows:

- Interest rate risk.
- Foreign currency risk.
- Credit risk.
- Liquidity risk.
- Risk relating to financial instruments associated with the Parent's shares.
- Risk relating to changes in the market price of shares of certain investees.

Interest rate risk

Interest rate fluctuations change the future flows from assets and liabilities tied to floating interest rates.

This interest rate risk is particularly important in relation to the financing of infrastructure projects and other projects in which project profitability depends on possible changes in interest rates because it is directly linked to project cash flows.

The Group finances its operations using fixed- or floating-rate financial products and, based on estimates of the trend in interest rates and of debt structure targets, it either performs hedging transactions by arranging derivatives to mitigate these risks, also conducting a sensitivity analysis in this connection, or it arranges fixed-rate financing.

Of the Group's total gross debt at 31 December 2016, 15.7% had been hedged while 60.5% was bearing interest at a fixed rate.

The sensitivity of the Group's profit to an increase of 0.5% in interest rates, excluding the debt hedged with hedging instruments and the debt bearing a fixed rate of interest, would have an impact of EUR 3,619 thousand on the profit attributable to the Parent.

Foreign currency risk

Foreign currency risk management is centralised at the Group and various hedging mechanisms are applied to minimise the impact of the changes in value of foreign currencies against the euro.

The foreign currency risks relate basically to:

- Debt denominated in foreign currencies.
- Payments to be made in international markets for the acquisition of procurements or non-current assets.
- Collections arising on projects tied to currencies other than the functional currency of the Parent or of the subsidiaries.
- Investments in foreign subsidiaries.

The Group arranges foreign currency derivatives and currency forwards to hedge significant future transactions and cash flows, in keeping with the acceptable risk limits.

Also, the net assets relating to net investments in foreign operations with a functional currency other than the euro are exposed to the risk of exchange rate fluctuations on the translation of the financial statements of these foreign operations on consolidation.

EUR (529,917) thousand were recognised in this connection under "Valuation Adjustments - Translation Differences" in the consolidated balance sheet as at 31 December 2016 (31 December 2015: EUR (257,404) thousand).

Non-current assets denominated in currencies other than the euro are financed in that same currency with a view to creating a natural hedge.

The sensitivity analysis of the foreign currency risk of financial instruments for the main currencies in which the Group operates simulated a 10% increase in the foreign currency/euro exchange rate with respect to the rates applicable at 31 December 2016 and 2015, the possible impact of which was as follows:

Currency	Thousands of euros				
	2016				
	Profit or loss	Translation differences	Attributable equity	Non-controlling interests	Total equity
Czech koruna	-	4,463	4,463	138	4,601
Algerian dinar	3,859	-	3,859	-	3,859
Kuwaiti dinar	3,423	-	3,423	-	3,423
Canadian dollar	-	5,092	5,092	-	5,092
US dollar	7,869	32,376	40,245	-	40,245
Chilean peso	7,290	6,781	14,071	-	14,071
Colombian peso	769	5,921	6,690	-	6,690
Mexican peso	340	315,799	316,139	239,697	555,836
Saudi Arabian riyal	-	13,703	13,703	-	13,703
Qatari riyal	46,590	-	46,590	-	46,590
Peruvian sol	1,430	3,932	5,362	-	5,362
Polish zloty	298	17	315	1	316
Total	71,868	388,084	459,952	239,836	699,788

Currency	Thousands of euros				
	2015				
	Profit or loss	Translation differences	Attributable equity	Non-controlling interests	Total equity
Czech koruna	(310)	(5,559)	(5,869)	(292)	(6,161)
Algerian dinar	4,182	-	4,182	-	4,182
Kuwaiti dinar	1,733	-	1,733	-	1,733
Canadian dollar	(1)	(1,266)	(1,267)	-	(1,267)
US dollar	(11,256)	(16,983)	(28,239)	(1,527)	(29,766)
Chilean peso	3,484	(2,028)	1,456	-	1,456
Colombian peso	(547)	946	399	-	399
Mexican peso	(5,880)	208,100	202,220	160,545	362,765
Saudi Arabian riyal	-	6,719	6,719	-	6,719
Qatari riyal	33,167	-	33,167	-	33,167
Peruvian sol	199	3,450	3,649	-	3,649
Polish zloty	5,662	200	5,862	10	5,872
Total	30,433	193,579	224,012	158,736	382,748

If a sensitivity analysis were performed using the assumption of a 10% decrease in the foreign currency/euro exchange rate with respect to the rates applicable at 31 December 2016 and 2015, the impact would be as follows:

Currency	Thousands of euros				
	2016				
	Profit or loss	Translation differences	Attributable equity	Non-controlling interests	Total equity
Czech koruna	-	(4,058)	(4,058)	(125)	(4,183)
Algerian dinar	(3,508)	-	(3,508)	-	(3,508)
Kuwaiti dinar	(3,112)	-	(3,112)	-	(3,112)
Canadian dollar	-	(4,629)	(4,629)	-	(4,629)
US dollar	(7,153)	(29,432)	(36,585)	-	(36,585)
Chilean peso	(6,627)	(6,165)	(12,792)	-	(12,792)
Colombian peso	(699)	(5,383)	(6,082)	-	(6,082)
Mexican peso	(309)	(287,090)	(287,399)	(217,906)	(505,305)
Saudi Arabian riyal	-	(12,457)	(12,457)	-	(12,457)
Qatari riyal	(42,355)	-	(42,355)	-	(42,355)
Peruvian sol	(1,300)	(3,575)	(4,875)	-	(4,875)
Polish zloty	(271)	(16)	(287)	(1)	(288)
Total	(65,334)	(352,805)	(418,139)	(218,032)	(636,171)

Currency	Thousands of euros				
	2015				
	Profit or loss	Translation differences	Attributable equity	Non-controlling interests	Total equity
Czech koruna	276	5,054	5,330	266	5,596
Algerian dinar	(3,803)	-	(3,803)	-	(3,803)
Kuwaiti dinar	(1,575)	-	(1,575)	-	(1,575)
Canadian dollar	1	1,150	1,151	-	1,151
US dollar	10,233	15,439	25,672	1,388	27,060
Chilean peso	(3,167)	1,844	(1,323)	-	(1,323)
Colombian peso	497	(861)	(364)	-	(364)
Mexican peso	5,345	(189,182)	(183,837)	(145,950)	(329,787)
Saudi Arabian riyal	-	(6,108)	(6,108)	-	(6,108)
Qatari riyal	(30,151)	-	(30,151)	-	(30,151)
Peruvian sol	(181)	(3,136)	(3,317)	-	(3,317)
Polish zloty	(5,146)	(182)	(5,328)	(9)	(5,337)
Total	(27,671)	(175,982)	(203,653)	(144,305)	(347,958)

Credit risk

Credit risk is the probability that a counterparty to a contract does not meet its contractual obligations, giving rise to a loss.

The Group has adopted a policy of trading only with solvent third parties and obtaining sufficient guarantees to mitigate the risk of incurring losses in the event of non-compliance. The Group obtains information on its counterparty through independent company valuation agencies, other public

sources of financial information or its own relationships with customers and third parties.

At 31 December 2016, the net balances of the Group's financial assets exposed to credit risk were:

	Thousands of euros
Non-current financial assets	380,950
Non-current hedging instruments	21,881
Trade and other receivables	2,080,218
Current financial assets	661,601
Current hedging instruments	1,847
Cash and cash equivalents	817,872

Non-current financial assets

Non-current financial assets include loans to associates totalling EUR 102,121 thousand. The Group is aware of the solvency of its associates and does not expect any write-downs to arise in relation to these financial assets. No write-downs were recognised on these financial assets in 2016.

Non-current hedging instruments

The credit risk of hedging instruments with a positive fair value is limited by the Group, since derivatives are arranged with highly solvent counterparties with high credit ratings and no counterparty accounts for a significant percentage of the total credit risk.

Trade and other receivables

Trade and other receivables includes the balances of "Trade Receivables for Sales and Services", totalling EUR 1,806,382 thousand, of which 57.2% relate to public-sector customers in relation to which the Group does not expect any losses to arise. In certain cases, the Group is entitled to demand interest. The remaining 42.8% relates to private-sector customers which, in general, have a high level of solvency.

Customers are assessed prior to entering into contracts. This assessment includes a solvency study. Over the course of the contract term, changes in debt are monitored on a constant basis and the recoverable amounts are reviewed, and valuation adjustments are recognised whenever necessary.

Current financial assets

Current financial assets include EUR 211,467 thousand relating to reserve accounts associated with the financing of projects of certain concession operators, which are earmarked for guaranteeing to the bank that the debt will be paid.

No write-downs were recognised on these current financial assets in 2016.

Liquidity risk

This risk is managed by maintaining adequate levels of cash and marketable securities as well as by arranging and maintaining sufficient financing lines to cover all financing needs and to maintain at all times adequate levels of financial flexibility for the Group's activity.

In order to improve this liquidity position, the Group takes measures in relation to:

- Ongoing management of working capital and, particularly, of "Trade and Other Receivables".

- Optimisation of all its companies' financial position through ongoing monitoring of cash projections.
- Management of the arrangement of financing lines in capital markets.

The Group presents the repayment schedule at 31 December 2016, of which EUR 615,201 thousand mature in 2017 (see Note 3.17.).

The Group's liquidity position at 31 December 2016 comprised the following:

- Current financial assets amounting to EUR 663,448 thousand. "Current Financial Assets" includes the restricted reserve accounts of certain concession operators, amounting to EUR 211,467 thousand, for debt servicing.
- Cash and cash equivalents amounting to EUR 817,872 thousand.
- Drawable credit lines and discount facilities amounting to EUR 261,206 thousand.

In 2016 there were a total of four reductions in the Group's credit rating by rating agencies, three levels in the case of Moody's and one level in the case of Fitch, ultimately leaving its rating at Caa1 and B + (in both cases with a negative outlook), respectively, in November.

In order to mitigate the risk of reactions to these rating reductions by the banks with which the Group operates potentially having an adverse impact on the Group's liquidity profile, the Company initiated a process of dialogue and joint negotiation with its main relationship entities (the "Group of Entities"), with a twofold objective: (i) to ensure the maintenance of their support for the OHL Group by signing a formal standstill agreement to maintain the terms and conditions, availability and limits of the existing financing from that Group of Entities; and (ii) to negotiate a new financing package that would allow the OHL Group to ensure the coverage of its future working capital needs arising from the implementation of its business plan.

As a result of the foregoing, the OHL Group entered into the following with these entities on 30 December 2016: (i) a standstill agreement; and (ii) a multi-product syndicated financing agreement for a total amount of EUR 280 million for the issue of guarantees (EUR 233 million) and reverse factoring (EUR 47 million), both maturing on 31 March 2017.

Subsequently, and following the successful completion by the Group of Entities of an independent review of the Company's business plan for 2017-2020, on 27 February 2017 the Company reached an agreement with that Group of Entities, documented in the corresponding term sheet, to proceed before 31 March 2017 with the formal documentation and signing of a new multi-product syndicated financing agreement (which would fully novate and replace the previous agreement) for an aggregate amount of EUR 747 million, for the issue of guarantees (EUR 465 million) and reverse factoring (EUR 92 million), which also includes a revolving credit line of EUR 190 million. All maturing at 18 months, thereby extending the standstill period until that date, and secured by the shares of OHL Concesiones, S.A. and OHL Desarrollos, S.L., as well as the obligation to implement a non-strategic asset divestment plan. This agreement is subject to the usual terms and conditions in transactions of this nature.

The combination of this new financing package, which allows the OHL Group to guarantee the coverage of the working capital needs arising from its business plan, with the debt reduction measures planned for 2017 will significantly strengthen the Company's liquidity profile.

Risk relating to financial instruments associated with the Parent's shares

The Group does not have any financial instruments associated with the Parent's shares.

4.2.2. - Capital management

The objective of the Group's capital management is to maintain an optimum financial structure that enables it to reduce the cost of capital but also guarantees the capacity to continue managing recurring operations and undertaking new projects focused on growth and the creation of value.

In order to achieve this target, the Group considered it necessary to strengthen its financial structure to undertake investments in new concession operators and also to reduce its net financial debt. Accordingly, on 30 October 2015, it increased capital by a par value of EUR 119,410 thousand, through the issue of 199,018,056 new shares of EUR 0.60 par value and a share premium of EUR 4.42 each, of the same class and series as the existing shares.

The total amount of the capital increase, i.e. par value plus share premium, excluding expenses, was EUR 999,070 thousand.

In addition to obtaining funds from its shareholders, the main sources used by the Group to finance its growth and operations are as follows:


- Cash flows generated by the Group that are not related to project finance, including dividends arising from projects.
- Project finance, which is always long term and with recourse only to the cash flows generated and the project assets being financed and always in the same currency as the revenue from the related project.
- Short-term corporate finance, with recourse mainly to the Parent, used to cover the possible seasonality of business during the year.
- Long-term corporate finance, with recourse mainly to the Parent, always of a moderate amount with respect to equity and in proportion to the cash generated.

The capital structure is controlled through the leverage ratio (the ratio of net financial debt to equity); since the objective is to maintain moderate financing levels associated with the generation of funds, the ratio of net debt to EBITDA is also used.

These ratios at 31 December 2016 and 2015 are as follows:

	Thousands of euros				
	2016	%	2015	%	Change %
Equity	4,042,893		4,811,674		(16.0)
Total financial debt					
Non-current	3,777,065	86.0	4,723,169	86.8	(20.0)
Current	615,201	14.0	716,312	13.2	(14.1)
Total gross financial debt	4,392,266	100.0	5,439,481	100.0	(19.3)
Total net financial debt	2,910,946		4,007,022		
Total net debt/Equity	0.72		0.83		
EBITDA*	222,870		967,034		
Total net debt/ EBITDA	13.06		4.14		

(*) EBITDA is calculated as profit from operations plus the depreciation and amortisation charge plus the change in provisions and allowances.



Following the capital increase in 2015 these ratios reached levels considered adequate by Group management.

In 2016 the significant losses incurred reduced the Group's equity, making it necessary to both intensify the recovery of EBITDA and reduce total gross financial debt.

In order to achieve these objectives, in 2016 the Group started to implement an orderly non-strategic asset divestment policy which will remain in place in 2017 and which will reduce the financial debt. Also, the adoption of project risk control measures, at both the bidding and performance phases, should contribute to improving the cash and profits generated by the projects.

4.3.- Number of employees

The average number of employees in 2016 and 2015, by professional category, was as follows:

Professional category	Average number of employees	
	2016	2015
Management and university graduates	780	1,649
Further education college graduates	2,094	2,109
Non-graduate line personnel	3,209	4,189
Clerical staff	2,616	2,418
Other employees	15,711	16,296
Total	24,410	26,661
Permanent employees	16,170	16,360
Temporary employees	8,240	10,301
Total	24,410	26,661

The average number of employees at the Group with a disability equal to or greater than 33% in 2016 was 393 (2015: 415).

Of the average number of employees in 2016, 7,914 were women and 16,496 were men.

4.4.- Related party transactions

Related party transactions are deemed to be transactions with parties outside the Group but with which there are strong ties as defined in Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, and in Spanish National Securities Market Commission (CNMV) Circular 1/2005, of 1 April.

The following transactions were performed with related companies in 2016 and 2015:

	Thousands of euros			
	2016	% of total	2015	% of total
Income and expenses				
Revenue	27,148	0.70	22,872	0.52
Other operating income	1,251	0.16	1,896	0.22
Finance income	4,207	7.58	43	0.09
Income from equity investments (dividends)	-	-	1,125	-
Procurements	10,333	0.38	31,477	1.23
Other operating expenses	7,067	0.95	22,731	2.82
Finance costs	-	-	9	-
Other transactions				
Acquisitions of intangible assets	909	-	2,650	-
Acquisitions of property, plant and equipment	29	-	639	-
Acquisitions of financial assets	49,282	-	6,531	-
Financing agreements: loans granted	210,209	-	-	-
Financing agreements: repayment of loans granted (*)	166,000	-	-	-
Financing agreements: advances to suppliers	20,553	-	18,653	-
Dividends paid	5,003	-	18,896	-

(*) Including the reimbursement of a deposit of EUR 33,000 thousand for the possible acquisition of Pacadar, S.A.U., which it was decided not to acquire after 31 December 2015.

The detail of the related party transactions in 2016 is as follows:

Employer identification	Related company		Group company	Thousands of euros
502 473 525	ADP-Fertilizantes, S.A.	Revenue	Avalora Tecnologías de la Información, S.A.	50
B22279087	Agralia Fertilizantes, S.L.	Revenue	Avalora Tecnologías de la Información, S.A.	1
B86092145	Centro Canalejas Madrid, S.L.U.	Revenue	Obrascon Huarte Lain, Desarrollos, S.L.	3,781
B86092145	Centro Canalejas Madrid, S.L.U.	Revenue	Obrascon Huarte Lain, S.A.	15,496
B28024776	Compañía Agrícola Inmobiliaria Zaragozana Caiz, S.L.	Revenue	Avalora Tecnologías de la Información, S.A.	1
B83393066	Enérgya VM Gestión de Energía, S.L.U.	Revenue	Avalora Tecnologías de la Información, S.A.	176
B86413846	Espacio Arpada Desarrollos, S.L.	Revenue	Obrascon Huarte Lain, S.A.	4,521
A80400351	Espacio Information Technology, S.A.U.	Revenue	Avalora Tecnologías de la Información, S.A.	901
B87238689	Espacio-OHLD Proyectos Singulares, S.L.	Revenue	Avalora Tecnologías de la Información, S.A.	14
A80420516	Ferroatlántica, S.A.U.	Revenue	Avalora Tecnologías de la Información, S.A.	82
A80420516	Ferroatlántica, S.A.U.	Revenue	OHL Industrial Mining & Cement, S.A.	130
A28165298	Fertiberia, S.A.	Revenue	Avalora Tecnologías de la Información, S.A.	140
A28165298	Fertiberia, S.A.	Revenue	Chemtrol Proyectos y Sistemas, S.L.	1
A28165298	Fertiberia, S.A.	Revenue	Comercial de Materiales de Incendio, S.L.	36
A28165298	Fertiberia, S.A.	Revenue	OHL Industrial Mining & Cement, S.A.	9
A85255370	Grupo Ferroatlantica, S.A.U.	Revenue	Avalora Tecnologías de la Información, S.A.	12
A28027399	Inmobiliaria Colonial, S.A.	Revenue	Obrascon Huarte Lain, S.A.	883
A28027399	Inmobiliaria Colonial, S.A.	Revenue	OHL Servicios- Ingesan, S.A.U.	369
A28294718	Inmobiliaria Espacio, S.A.	Revenue	Avalora Tecnologías de la Información, S.A.	14
A28294718	Inmobiliaria Espacio, S.A.	Revenue	OHL Servicios- Ingesan, S.A.U.	1
A28661262	Intergal Española, S.A.	Revenue	Avalora Tecnologías de la Información, S.A.	2
A28032829	Padacar, S.A.U.	Revenue	Avalora Tecnologías de la Información, S.A.	5
A28032829	Padacar, S.A.U.	Revenue	OHL Servicios - Ingesan, S.A.U.	21
B82607839	Promociones y Propiedades Inmobiliaria Espacio, S.L.U.	Revenue	Avalora Tecnologías de la Información, S.A.	43
B84996362	Torre Espacio Gestion, S.L.U.	Revenue	OHL Servicios - Ingesan, S.A.U.	362
B84996362	Torre Espacio Gestión, S.L.U.	Revenue	Avalora Tecnologías de la Información, S.A.	58
B86727500	Torre Espacio Restauración, S.L.U.	Revenue	OHL Servicios- Ingesan, S.A.U.	4

Employer identification	Related company		Group company	Thousands of euros
B85253888	Villar Mir Energía, S.L.U.	Revenue	OHL Servicios- Ingesan, S.A.U.	27
B85253888	Villar Mir Energía, S.L.U.	Revenue	Avalora Tecnologías de la Información, S.A.	8
B86830536	Alse Park, S.L.	Other operating income	Obrascon Huarte Lain, S.A.	1
B86092145	Centro Canalejas Madrid, S.L.U.	Other operating income	Obrascon Huarte Lain, S.A.	24
A80400351	Espacio Information Technology, S.A.U.	Other operating income	Avalora Tecnologías de la Información, S.A.	6
A80400351	Espacio Information Technology, S.A.U.	Other operating income	Obrascon Huarte Lain, S.A.	76
B87238689	Espacio-OHLD Proyectos Singulares, S.L.	Other operating income	Obrascon Huarte Lain, S.A.	1
A28165298	Fertiberia, S.A.	Other operating income	Obrascon Huarte Lain, S.A.	1
A85255370	Grupo Ferroatlántica, S.A.U.	Other operating income	Obrascon Huarte Lain, S.A.	(15)
A82500257	Grupo Villar Mir, S.A.U.	Other operating income	Obrascon Huarte Lain, S.A.	1,126
A28294718	Inmobiliaria Espacio, S.A.	Other operating income	Obrascon Huarte Lain, S.A.	7
A39007943	Rocas, Arcillas y Minerales, S.A.	Other operating income	Obrascon Huarte Lain, S.A.	15
B84996362	Torre Espacio Gestión, S.L.U.	Other operating income	Obrascon Huarte Lain, S.A.	9
B86830536	Alse Park, S.L.	Finance income	Obrascon Huarte Lain, Desarrollos, S.L.	52
B86092145	Centro Canalejas Madrid, S.L.U.	Finance income	Obrascon Huarte Lain, Desarrollos, S.L.	381
A82500257	Grupo Villar Mir, S.A.U.	Finance income	Obrascon Huarte Lain, S.A.	3,040
A82500257	Grupo Villar Mir, S.A.U.	Finance income	OHL Concesiones, S.A.	669
A28294718	Inmobiliaria Espacio, S.A.	Finance income	Avalora Tecnologías de la Información, S.A.	36
A28032829	Pacadar, S.A.U.	Finance income	Obrascon Huarte Lain, S.A.	29
B83393066	Enérgya VM Gestión de Energía, S.L.U.	Procurements	Autovía de Aragón - Tramo 1, S.A.	417
B83393066	Enérgya VM Gestión de Energía, S.L.U.	Procurements	Construcciones Adolfo Sobrino, S.A.	1
A80400351	Espacio Information Technology, S.A.U.	Procurements	Avalora Tecnologías de la Información, S.A.	2,086
MEX120420UC4	Mexprepac S. de R.L. de C.V.	Procurements	Constructora de Proyectos Viales de México, S.A. de C.V.	7,668
B85253888	Pacadar, S.A.U.	Procurements	Obrascon Huarte Lain, S.A.	17
B85253888	Padacar, S.A.U.	Procurements	Construcciones Adolfo Sobrino, S.A.	144
B87588349	AKEBIA Interiores, S.L.	Other operating expenses	Obrascon Huarte Lain, S.A.	11
B86830536	Alse Park, S.L.	Other operating expenses	Obrascon Huarte Lain, S.A.	17
B83393066	Enérgya VM Gestión de Energía, S.L.U.	Other operating expenses	Agrupación Guinovart Obras y Servicios Hispania, S.A.	4
B83393066	Enérgya VM Gestión de Energía, S.L.U.	Other operating expenses	Asfaltos y Construcciones Elsan, S.A.	4

Employer identification	Related company			Group company	Thousands of euros
B83393066	Enérgya VM Gestión de Energía, S.L.U.	Other expenses	operating	Obrascon Huarte Lain, S.A.	159
B83393066	Enérgya VM Gestión de Energía, S.L.U.	Other expenses	operating	Terminales Marítimas del Sureste, S.A.	235
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	Agrupación Guinovart Obras y Servicios Hispania, S.A.	112
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	Asfaltos y Construcciones Elsan, S.A.	96
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	Catalana de Seguretat i Comunicacions, S.L.	9
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	Chemtrol Proyectos y Sistemas, S.L.	23
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	Construcciones Adolfo Sobrino, S.A.	31
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	Constructora de Proyectos Viales de México, S.A. de C.V.	191
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	EyM Instalaciones, S.A.	43
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	Obrascon Huarte Lain, Desarrollos, S.L.	4
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	Obrascon Huarte Lain, S.A.	2,636
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	OHL Arabia, LLC	33
A80400351	Espacio Information Technology, S.A.U.	Other operating expenses		OHL Colombia, S.A.	15
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	OHL Concesiones, S.A.	308
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	OHL Construction Canada, Inc.	63
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	OHL Desarrollos México, S.A. de C.V.	4
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	OHL Industrial Mining & Cement, S.A.	8
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	OHL Industrial, S.L.	92
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	OHL Servicios- Ingesan, S.A.U.	77
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	OHL USA, Inc.	200
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	S.A. Trabajos y Obras	77
A80400351	Espacio Information Technology, S.A.U.	Other expenses	operating	Tráfico y Transporte Sistemas, S.A.U.	45
B87238689	Espacio-OHLD Proyectos Singulares, S.L.	Other expenses	operating	Obrascon Huarte Lain, Desarrollos, S.L.	601
B84481506	Fórmula Jet, S.L.U.	Other expenses	operating	Obrascon Huarte Lain, S.A.	673
B85253888	Padacar, S.A.U.	Other expenses	operating	Construcciones Adolfo Sobrino, S.A.	27
B82607839	Promociones y Propiedades Inmobiliaria Espacio, S.L.U.	Other expenses	operating	Obrascon Huarte Lain, Desarrollos, S.L.	1,179
B84996362	Torre Espacio Gestión, S.L.U.	Other expenses	operating	OHL Concesiones, S.A.	1
B84996362	Torre Espacio Gestión, S.L.U.	Other expenses	operating	OHL Industrial, S.L.	1

Employer identification	Related company		Group company	Thousands of euros
B84996362	Torre Espacio Gestión, S.L.U.	Other expenses operating	Obrascon Huarte Lain, S.A.	35
B86727500	Torre Espacio Restauración, S.L.U.	Other expenses operating	Obrascon Huarte Lain, Desarrollos, S.L.	3
B86727500	Torre Espacio Restauración, S.L.U.	Other expenses operating	Obrascon Huarte Lain, S.A.	46
B86727500	Torre Espacio Restauración, S.L.U.	Other expenses operating	OHL Concesiones, S.A.	4
Other transactions				
A80400351	Espacio Information Technology, S.A.U.	Acquisitions of intangible assets	Obrascon Huarte Lain, S.A.	819
A80400351	Espacio Information Technology, S.A.U.	Acquisitions of intangible assets	OHL Concesiones, S.A.	90
B87588349	AKEBIA Interiores, S.L.	Acquisitions of property, plant and equipment	Obrascon Huarte Lain, S.A.	29
A80400351	Espacio Information Technology, S.A.U.	Acquisitions of financial assets	Tenedora de Participaciones Tecnológicas, S.A.	3,265
A82500257	Grupo Villar Mir, S.A.U.	Acquisitions of financial assets	Obrascon Huarte Lain, Desarrollos, S.L.	2,223
A82500257	Grupo Villar Mir, S.A.U.	Acquisitions of financial assets	Obrascon Huarte Lain, Desarrollos, S.L.	27,182
A82500257	Grupo Villar Mir, S.A.U.	Acquisitions of financial assets	Avalora Tecnologías de la Información, S.A.	6,613
A28000727	Banco Popular Español, S.A.	Acquisitions of financial assets	Obrascon Huarte Lain, S.A.	9,999
A82500257	Grupo Villar Mir, S.A.U.	Financing agreement: loan granted	Obrascon Huarte Lain, S.A.	75,609
A82500257	Grupo Villar Mir, S.A.U.	Financing agreement: loan granted	Obrascon Huarte Lain, S.A.	103,000
B85253888	Padacar, S.A.U.	Financing agreement: loan granted	Obrascon Huarte Lain, S.A.	1,600
A82500257	Grupo Villar Mir, S.A.U.	Financing agreement: loan granted	OHL Concesiones, S.A.	25,000
A82500257	Grupo Villar Mir, S.A.U.	Financing agreement: loan granted	OHL Concesiones, S.A.	5,000
A82500257	Grupo Villar Mir, S.A.U.	Financing agreement: repayment of loan granted	Obrascon Huarte Lain, S.A.	103,000
A82500257	Grupo Villar Mir, S.A.U.	Financing agreement: reimbursement of deposit	OHL Concesiones, S.A.	33,000
B85253888	Pacadar, S.A.U.	Financing agreement: advances to suppliers	OHL Concesiones Colombia, S.A.S.	20,553
A82500257	Grupo Villar Mir, S.A.U.	Financing agreement: repayment of loan granted	OHL Concesiones, S.A.	30,000
A82500257	Grupo Villar Mir, S.A.U.	Dividends paid	Obrascon Huarte Lain, S.A.	4,082
B28166320	Espacio Activos Financieros, S.L.U.	Dividends paid	Obrascon Huarte Lain, S.A.	921

These transactions, which are performed under a contractual relationship, were carried out on an arm's length basis.

At 31 December 2016 and 2015, the balances with related companies were as follows:

	Thousands of euros			
	2016	% of total	2015	% of total
Non-current assets				
Other receivables	96,578	25.53	46,749	14.62
Current assets				
Advances to suppliers and subcontractors	37,087	31.48	18,653	12.93
Deposit for the acquisition of shares of Pacadar, S.A.U. (*)	-	-	33,000	22.88
Trade receivables for sales and services	5,266	0.29	3,680	0.17
Sundry accounts receivable	490	0.34	156	0.08
Investment securities	6,326	1.60	-	-
Other receivables	7,909	2.91	4,996	1.63
Current liabilities				
Customer advances	5,280	1.14	1,607	0.34
Accounts payable for purchases and services	896	0.06	7,437	0.58
Notes payable	2,118	11.00	-	-
Other non-trade payables	199	0.20	40	0.06

(*) Deposit for the possible acquisition of Pacadar, S.A.U., which it was decided not to acquire after 31 December 2015, as a result of which the deposit and the related interest were reimbursed.

In December 2016 the Parent entered into an agreement with Grupo Villar Mir (GMV) to annul the agreement for the acquisition of all the shares of Pacadar, S.A., leader in the prefabricated structures market, entered into in July 2016. The reimbursement of the price paid (EUR 75,609 thousand), which had to take place within a maximum of two years, was secured by a security interest in all the shares of Pacadar, which earned annual interest at 5.0%. This amount is included under "Non-Current Assets - Other Receivables" in the foregoing table. It also includes a loan of EUR 18,964 thousand granted by OHL Desarrollos, S.L. to Centro Canalejas Madrid, S.L. maturing in 2025.

In addition, at 31 December 2016 the Group had provided guarantees for related entities amounting to EUR 33,869 thousand.

4.5 Backlog

At 31 December 2016, the Group's backlog amounted to EUR 82,349,646 thousand (31 December 2015: EUR 64,970,206 thousand).

The breakdown of the Group's backlog, by activity and geographical market, is as follows:

Business activity	Thousands of euros					
	2016			2015		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Concessions	-	75,449,354	75,449,354	-	57,509,813	57,509,813
Engineering and Construction	6,674,896	225,396	6,900,292	7,151,593	308,800	7,460,393
Construction	5,880,909	225,396	6,106,305	6,586,511	308,800	6,895,311
Industrial	437,256	-	437,256	224,262	-	224,262
Services	356,731	-	356,731	340,820	-	340,820
Total backlog	6,674,896	75,674,750	82,349,646	7,151,593	57,818,613	64,970,206

The long-term backlog includes an estimate of the future net sales of concession operators over the entire term of the concession based on the economic and financial plan of each concession.

Of the total short-term backlog at 31 December 2016, EUR 4,289,376 thousand related to public sector customers and EUR 2,385,520 thousand to private sector customers (2015: EUR 5,028,702 thousand and EUR 2,122,891 thousand, respectively).

Geographical area	Thousands of euros					
	2016			2015		
	Short-term	Long-term	Total	Short-term	Long-term	Total
US and Canada	1,691,379	-	1,691,379	1,921,174	-	1,921,174
Mexico	600,045	61,879,582	62,479,627	819,690	45,603,087	46,422,777
Chile	1,125,205	4,699,576	5,824,781	743,595	3,637,484	4,381,079
Peru	247,583	4,261,113	4,508,696	24,446	1,127,342	1,151,788
Colombia	624,435	1,889,102	2,513,537	467,109	2,210,658	2,677,767
Spain	1,400,922	2,945,377	4,346,299	1,591,340	5,240,042	6,831,382
Central and Eastern Europe	190,906	-	190,906	287,698	-	287,698
Other countries	794,421	-	794,421	1,296,541	-	1,296,541
Total backlog	6,674,896	75,674,750	82,349,646	7,151,593	57,818,613	64,970,206

At 31 December 2016, the backlog abroad represented 94.7% of the total backlog (31 December 2015: 89.5%).

4.6.- Contingent assets and contingent liabilities

4.6.1.- Contingent assets

There were no material contingent assets at 31 December 2016.

4.6.2.- Contingent liabilities and guarantees

4.6.2.1.- Guarantees provided to third parties

The contingent liabilities include the normal liability of construction companies for the performance and completion of the project contracts held by the Group companies and those arranged by the UTEs in which they have interests. The subsidiaries in Spain also have a secondary liability for the obligations of their subcontractors to the social security system with respect to their site employees. No losses are expected to be incurred by the Group in this connection.

At 31 December 2016, the Group companies had provided EUR 3,922,822 thousand of guarantees to third parties (31 December 2015: EUR 4,479,734 thousand), of which, in accordance with standard practice in the industry, EUR 3,759,089 thousand (31 December 2015: EUR 4,233,346 thousand) related to completion bonds deposited with public authorities and private sector customers to

guarantee proper performance of the project contracts, and the remainder to provisional guarantees for project bids.

4.6.2.2.- Joint and several personal financial guarantees

Also, some Group companies had provided joint and several personal guarantees to various entities (mainly banks) as security for the credit facilities granted to other associates, which amounted to EUR 26,435 thousand at 31 December 2016 (31 December 2015: EUR 37,753 thousand).

The Parent's directors do not expect any additional liabilities to arise in connection with these guarantees that might affect the 2016 consolidated financial statements.

4.6.2.3.- Guarantees for financial instruments

The Group has loans secured by shares of its investees (see Note 3.17.1.). These loans have clauses providing for additional contributions of collateral guarantees linked to the price of the aforementioned shares.

Certain Group companies have provided guarantees to various entities to secure derivatives granted to other associates, the amount of which at 31 December 2016 was EUR 4,199 thousand.

The Parent's directors do not expect the collateral guarantees to pose a significant risk for the Group's liquidity.

4.6.2.4.- Investment commitments

The concession operators are obliged, under the concession arrangements, to make certain investments (see Note 3.2.).

These investments will be financed through loans granted to, capital increases at, and cash flows generated by, the concession operators. Given that these are estimates and neither the amounts to be received through the loans nor the cash flows to be generated by the concessions are fixed, the amount and the timing of the capital increases at the subsidiaries is not certain.

4.6.2.5.- Litigation

At the end of 2016 certain lawsuits were in process involving the Parent and/or its subsidiaries as a result of the ordinary course of their operations.

The Group's most significant lawsuits, by operating segment, are as follows:

Concessions

- In June 2008 and 2009 the concession operator **Autopista Eje Aeropuerto Concesionaria Española, S.A.U.** filed two claims against the Ministry of Public Works (the latter refiled on 31 July 2013) on the grounds that the actual traffic levels differed from those stated in the tender specifications which had served as the basis for preparing bids in the tender process. In these claims it was requested that the economic feasibility of the concession be restored and that the concession arrangement be rendered null and void with the reimbursement of the amounts invested.

At the date of these consolidated financial statements, the authorities had not handed down any decision on these requests.

In order to compensate for the shortfall in traffic, in 2012, 2013, 2014, 2015, 2016 and the first quarter of 2017, the company claimed from the Ministry of Public Works the approval and payment of the amounts earmarked in the compensation account and approval of the annual participating loans regulated in Additional Provision Eight of Law 43/2010. All these requests (except that of January 2017) were rejected in the administrative jurisdiction due to a lack of budgetary allocation, which prompted the concession operator to file the related appeals for judicial review at the National Appellate Court.

All the judgments handed down by this Court have acknowledged the legal right of the concession operator to obtain the amounts earmarked and the loans, following the related administrative proceedings and subject to available budget funding, although they do not acknowledge that the amounts claimed must be paid outright. Appeals have been filed against this judgment by Spanish government lawyers at the Supreme Court. The Supreme Court has not yet handed down any decisions on these appeals, although it has accepted the arguments of the government lawyers in appeals filed by other concession operators.

The total requested in relation to amounts earmarked in the aforementioned years is EUR 25.7 million, and that requested in relation to participating loans is EUR 116.0 million.

Pursuant to Additional Provision 41 of Law 26/2009, the concession operator filed fourteen participating loan applications with the Ministry of Public Works for the payment of compulsory purchases made in 2012, 2013, 2014, 2015 and 2016. The authorities have not expressly handed down any decision in this connection. The total amount claimed through these applications is EUR 111.7 million.

At the date of these consolidated financial statements, virtually all the court proceedings relating to just compensation for and reappraisals of the compulsorily purchased land required for the concession had concluded.

In June 2014 the concession operator lodged two appeals for judicial review with the Supreme Court: (i) against the alleged dismissal of the request to restore the economic and financial feasibility of the concession, filed on 7 May 2009 for compulsory purchase cost overruns; (ii) against the alleged dismissals of the request for compensation filed by Autopista Eje Aeropuerto Concesionaria Española, S.A. on 5 December 2005 for the performance of the works and against the request to restore the economic and financial feasibility dated 2 February 2006. The Supreme Court has handed down a decision on the first proceeding, dismissing the claims of the concession operator. The second proceeding is at the disclosure phase.

Also, in relation to the insolvency proceeding involving Autopista Eje Aeropuerto Concesionaria Española, S.A.U. and Aeropistas, S.L.U., the following milestones are of particular note:

a) Petition for initiation of insolvency proceedings

Autopista Eje Aeropuerto Concesionaria Española, S.A.U. was declared to be legally involved in an insolvency proceeding together with its sole shareholder, Aeropistas, S.L.U. in the court order of 12 December 2013 of the Madrid Commercial Court No. 2, which gave rise to the orders of Voluntary Insolvency Proceeding 863/13.

b) The common phase of the insolvency proceeding

On 19 May 2015, the insolvency manager submitted the final reports, introducing amendments to the list of creditors of Aeropistas Eje Aeropuerto Concesionaria Española, S.A.U, due to: (i) the definitive nature of the majority of judicial decisions in matters of compulsory purchases; (ii) the inclusion of the decision handed down on insolvency event 588/2014; and (iii) the recognition of debts not included due to error.

There were no changes to the inventory of assets and rights of the concession operator, and the total value remained at EUR 412.6 million, of which intangible assets accounted for EUR 396.1 million.

In the case of Aeropistas S.L.U. no amendments were made to the list of creditors in the final reports or the inventory of assets and rights, with assets totalling EUR 336.6 million, comprising mainly investments in Group companies and equity instruments.

On 31 July 2015, an order was issued to end the common phase and open the phase of arrangement, as both SEITTSA and the insolvent companies had submitted arrangement proposals.

c) Opening of the liquidation phase

The court order of 13 October 2015 rejected the arrangement proposals submitted and, consequently, ordered the opening of the liquidation phase, with the legal effects that this entails. Furthermore, the insolvency manager was requested to submit a liquidation plan in 15 days, although it requested an extension to that period (at the date of these consolidated financial statements that request has not been answered).

On 23 October 2015, the insolvency manager requested that the Spanish Ministry of Public Works terminate and liquidate the concession arrangement, to which the Spanish Ministry of Public Works responded, in the notification of 9 February 2016, that "the requested termination of the concession arrangement shall only be carried out when the liquidation [in the insolvency proceeding of the concession operator Autopista Eje Aeropuerto] becomes final, if the decision handed down on the appeal filed by the Spanish government lawyers on behalf of SEITTSA orders this to happen".

SEITTSA had filed an appeal against the order to open the liquidation phase, while also requesting the stay of the liquidation transactions until that order became final (at the date of these consolidated financial statements the appeal lodged by SEITTSA has not been granted leave for consideration and no decision has been handed down on the request for stay; the Court requested the insolvency manager to issue a report in this connection, and the latter asked the Court to dismiss the request).

The opening of the liquidation phase at the two companies led to the exclusion from consolidation thereof from October 2015 onwards.

In this context, and with respect to the termination of the liquidation process of the investees, the Group's directors consider that in a base-case resolution scenario, which is inferior to the scenario requested by the companies' liquidator, both the investments recognised (EUR 19 million) and the balance receivable associated with the construction of the infrastructure (EUR 43 million) would be recovered.

d) Current situation vis-à-vis the recent decision of the Chamber for Jurisdictional Conflicts of the Supreme Court

Recently, and in relation to the insolvency proceedings of another toll road concession operator, the decision of 15 December 2016 of the Chamber for Jurisdictional Conflicts of the Supreme Court (which resolves the conflict of jurisdiction raised between the Spanish Ministry of Public Works and Madrid Commercial Court No. 6, in relation to who had the competence to terminate and liquidate a toll road concession arrangement involved in insolvency proceedings), establishes, inter alia, that the opening of the liquidation phase ordered by the judge overseeing the insolvency proceedings produces by operation of Law the termination of the concession arrangement and, therefore, the public authorities cease to have the power to declare the concession terminated, without prejudice to continuing to maintain the power to liquidate the concession arrangement once indeed it is terminated.

Until now this decision has not had any practical effect on our insolvency proceedings, and we are awaiting news of the stance that the Court adopts in this connection.

- In accordance with the provisions of Article 2 of Insolvency Law 22/2003, of 9 July, and following and agreement dated 19 May 2016 of its Board of Directors, on 24 May 2016 the concession operator **Cercanías Móstoles Navalcarnero, S.A.**, filed a petition for voluntary insolvency proceedings to be initiated since they met the objective prerequisite of insolvency referred to in the aforementioned Article of the Insolvency Law.

On 12 July 2016, Madrid Commercial Court no. 1 issued an order admitting the aforementioned petition for insolvency and declared the initiation of ordinary voluntary insolvency proceedings in relation to the company.

The aforementioned order included the designation of the insolvency manager.

The company's situation of insolvency arose from:

- a) The Grantor's refusal to amend the concession arrangement and restore its economic feasibility.
- b) The breaches of the concession arrangement by the Grantor.
- c) The imposition by the Grantor of an unjustified penalty amounting to EUR 34,080,687 pursuant to the resolution of 12 February 2016.

The declaration of insolvency entailed the interruption of the principal activity that the company had been carrying on until that time (the construction of infrastructure). Currently, the company only takes actions that are strictly necessary to defend its rights against third parties in relation to the claims filed and to continue with the normal development of the insolvency proceedings.

On 16 August 2016, the initiation of the ordinary voluntary insolvency proceedings of Cercanías Móstoles Navalcarnero, S.A. was published in the Spanish Official State Gazette.

At the date of these consolidated financial statements the insolvency proceedings are at the common phase.

Construction

- In 2014 the company reported that on 20 September 2013 it had filed a request for arbitration at the International Chamber of Commerce against the **Algerian Agence Nationale des Autoroutes (ANA)** in relation to the **construction contract for the second Algiers ring road** between Boudouaou and Zeralda, in the initial phase of which the company made a claim for DZD 12,512 million (EUR 107,502 thousand) and ANA filed a counterclaim for an initial value of DZD 6,977 million (EUR 59,955 thousand). After agreeing to the suspension of the arbitration proceedings on several occasions with a view to negotiating an amicable solution to the controversy, the parties eventually reached a mutual agreement to finalise the current arbitration proceedings and to continue negotiations towards a final agreement without the existence of these proceedings. The finalisation of these arbitration proceedings does not mean that the company lost the legal actions it entered into.

At the date of these consolidated financial statements, the negotiations between the parties aimed at reaching an agreement are ongoing.

- In 2014 the company reported that as a consequence of the **contract for the Design and Construction of the Sidra Medical Research Centre (Doha, Qatar), Qatar Foundation for Education, Science and Community Development (QF)** and the joint venture (JV) between the company and Contrack Cyprus Ltda. (55% - 45%, respectively) had initiated arbitration proceedings on 30 July 2014, at the International Chamber of Commerce.

At the end of 2015 a partial ruling was handed down on the existence or otherwise of an agreement to novate the construction contract, in relation to which the company reached the conclusion that although there was an agreement, it lacked certain formalities required under Qatari legislation for it to be considered legally enforceable by the parties.

Subsequent to the aforementioned partial ruling, the arbitration process continued to consider the legality or illegality of the termination of the contract and the economic and financial consequences thereof. The amount of the claim is estimated to stand within a range of between EUR 270 million and EUR 376 million, with the inclusion of EUR 112 million relating to the incorrect execution of guarantees in both cases.

The proceeding continued in 2016, focusing on the submission by the JV of pleadings regarding deadlines, and no developments worthy of note occurred.

- **OHL Construction Canada and Fomento de Construcciones y Contratas Canada Limited Partnership (owned 50% by OHL Canada and 50% by FCC Canada Limited Partnership), (OHL - FCC LLP)**, filed a court claim against the customer the Toronto Transit Commission (TTC) at the Ontario courts on 5 May 2014. OHL - FCC LLP claimed an amount estimated at CAD 205.0 million (EUR 144,366 thousand) in this proceeding, which may be modified in the course of the proceeding. TTC filed a defence and counterclaim for CAD 40.7 million (EUR 28,662 thousand). The proceeding is stayed by court order and will resume once OHL - FCC LLP issues to the customer the last invoice arising from the arrangement.

At the date of these consolidated financial statements, the proceeding is still stayed.

- On 28 July 2011, the **Government of Gibraltar** notified OHL of the termination of the contract it had been executing for the **Gibraltar airport border access road**. In response to this decision, OHL filed a claim for the decision to be revoked at the Queen's Bench Division of the High Court in London, which judged the Government of Gibraltar to have been within its rights to have declared the contract terminated, which was subsequently confirmed by the Court of Appeal (Civil Division) of London.

As regards the termination of the contract, served on 28 July 2011, in the sentence (handed down on 16 April 2014) the High Court ruled that the Government of Gibraltar had the right to declare the contract terminated.

On 9 July 2015, the Court of Appeal (Civil Division) of London confirmed the sentence. A request was made for permission to file an appeal at the Supreme Court, which was denied on 2 November 2015.

The Queen's Bench Division of the High Court debated the amount claimed by OHL and by the Government of Gibraltar, regarding the amount required by the state-owned company of the Government of Gibraltar (Gibraltar Joinery and Building Services Limited - GJBS) to execute and complete the work.

As a result of the negotiation with the Government of Gibraltar, the construction contract has been reinstated and a joint requested has been submitted by both parties to file the legal proceeding and, therefore, this case is considered to have been terminated.

In addition to the aforementioned litigation, the Group is involved in other minor lawsuits arising from the ordinary course of its operations, none of which are for a significant individual amount.

The Group has recognised sufficient provisions (see Note 3.9.) for the purpose of meeting any adverse economic effects that might arise.

The Parent's directors do not expect any significant additional liabilities to arise in connection with the litigation in progress that might affect the consolidated financial statements for 2016.

4.6.2.6. OHL México - Investigations

The current status of the various litigation and investigations initiated concerning OHL México, S.A.B de C.V. ("OHL México") and its subsidiaries can be summarised as follows:

- 1) **Litigation relating to Concesionaria Mexiquense, S.A. de C.V ("ConMex"):** on 20 November 2015, ConMex, as an interested third party, was informed of a new claim for protection brought by Tecnología Aplicada Infraiber, S.A. ("Infraiber") against Sistema de Autopistas, Aeropuertos, Servicios Conexos y Auxiliares del Estado de México ("SAASCAEM"), claiming the invalidity of the Sixth Amendment to the Concession Arrangement and the effectiveness of the provision in Infraiber's favour in the Fifth Amendment thereto.

Although at the date of these consolidated financial statements no ruling has been handed down in relation to this claim, on the basis of the legal opinion of the legal advisers, the Group considers that no significant effects should arise as a result of the final decision handed down in relation to the litigation initiated, in which the OHL México Group companies are not involved.

- 2) **Official internal investigations launched by the Mexican Government (State Comptroller):** The State Comptroller is conducting an internal investigation into the activities of SAASCAEM in relation to the awards of certain concessions. Neither OHL México nor its subsidiaries are the subject of the investigation.

At the reporting date, the Parent is not aware of whether the aforementioned investigation has come to an end.

Although the Group cannot foresee the final outcome of these investigations, it considers that the final outcome thereof, in which the OHL México Group companies are not involved, should not give rise to adverse economic effects.

- 3) **Official internal investigations opened by the Secretariat of the Civil Service of the Government of the Republic of Mexico:** the Secretariat of the Mexican Civil Service is conducting an investigation into the Secretariat of Communications and Transport (SCT) in relation to the award procedure and execution of the concession arrangement for the Amozoc-Perote toll road and the Atizapán-Atlacomulco toll road. Neither OHL México nor its subsidiaries are the subject of the investigation.


Although the Group cannot foresee the final outcome of these investigations, it considers that the final outcome thereof, in which the OHL México Group companies are not involved, should not give rise to adverse economic effects.

- 4) **Official investigations initiated by the Mexican National Banking and Securities Commission (CNBV):** on 23 October 2015 various official letters were received notifying OHL México, S.A.B de C.V., Organización de Proyectos de Infraestructuras, S.A.P.I. de C.V. ("OPI"), Concesionaria Mexiquense, S.A. de C.V. and certain employees and former employees thereof of the possible commission of various violations relating mainly to:

- The accounting treatment under IFRSs of guaranteed minimum revenue concession arrangements.
- The lack of information disclosed to the market on the existence of certain deviations in toll road traffic.
- The recognition of certain transactions without adequate supporting information.
- Related party and transactions.

Subsequently, on 25 November 2015, the OHL México and subsidiaries Group submitted in due time and form to the CNBV its letter answering the allegations, providing all the arguments and evidence (including third-party reports) supporting its position, in accordance with the following terms:

- 1) The allegations put forward by the Mexican National Banking and Securities Commission (CNBV) do not change or affect in any way the Group's conclusions on the accounting treatment under IFRSs of the guaranteed minimum revenue concession arrangements, and in particular, the conclusion relating to the "unconditional contractual right to receive cash" under those concessions as established in IFRIC 12. The technical grounds put forward by the OHL Group were ratified by the Group's auditor (Deloitte) and are extensively explained and adequately supported (including the related legal opinions) in our response dated 25 September 2015 to the specific request of the Spanish National Securities Market Commission (CNMV) vis-à-vis this matter, the full content of which is available to the public on the CNMV's website. This was duly placed on record in the Group's response to the CNBV, which also includes three accounting reports issued by the



other leading global accounting firms (KPMG, PWC and EY), all of which concluded that the Group's Mexican concessions with guaranteed minimum revenue clauses should be recognised under IFRSs in accordance with the financial asset model established in IFRIC 12.


- 2) OHL México considers that the lack of information disclosed to the market in relation to the existence of certain deviations in toll road traffic is not significant, since any amount recognised in relation to the guaranteed minimum revenue of OHL México's concessions is based on historic information relating to the levels of traffic, income and revenue actually obtained, and not on future projections of levels of traffic.
- 3) OHL México considers that it has kept its accounting records on the basis of sufficient and adequate supporting information.
- 4) In relation to the transactions with related parties, OHL México considers that in any event the related internal approvals were obtained, the legally required information was disclosed in due form and all the transactions were performed on an arm's length basis.

Lastly, on 15 March 2016 the Mexican National Banking and Securities Commission (CNBV) handed down its final decisions in the administrative proceedings initiated against OHL México, S.A.B de C.V. and its subsidiaries. The CNBV did not ascertain the existence of wilful misconduct or fraud in their actions, or the existence of an impact on the Mexican financial system or on third parties, or recidivism on the part of the securities issuers or natural persons.

The decisions establish the following for each of the points:

- 1) Although the CNBV considers that the guaranteed minimum revenue was recognised inadequately on the basis of its interpretation of IFRIC 12, taking into account: (i) that the interpretation of the Parent and its external auditors (which has been ratified by other leading global audit firms) does not coincide with the interpretation of the CNBV, and (ii) that the accounting treatment had no effect whatsoever on the statement of cash flows, the CNBV, in the interest of transparency vis-à-vis the investors, declared the following:
 - i. In the audited financial statements that it hereinafter prepares (including those for 2015) OHL México's recognition of the guaranteed minimum revenue as a financial asset will remain unaltered, but it shall include an informative note in the financial statements explaining the impact thereon if the guaranteed minimum revenue were recognised as an intangible asset.

Furthermore, OHL México will work together with its external auditors to propose to the CNBV the method for the guaranteed minimum revenue to be recognised, taking into consideration the nature and the terms and conditions of the concession arrangements, seeking an interpretation which complies with IFRIC 12 and is deemed reasonable by the CNBV.
 - ii. Taking into consideration the aforementioned attenuating circumstances, the CNBV has imposed an administrative penalty on the securities issuers and the natural persons.
- 2) With respect to the information relating to the levels of traffic in its concessions, the CNBV has ruled that there is an inconsistency in one of the processes described in the Principal Accounting Policies of the companies, and after taking into consideration the aforementioned attenuating circumstances, imposed an administrative penalty on the securities issuers and the natural persons.

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- 3) The CNBV considered that adequate supporting documentation for the accounting records was not provided in all cases and, therefore, after taking into consideration the attenuating circumstances, it imposed an administrative penalty.
 - 4) With respect to the transactions with related parties and their compliance with the provisions of the Securities Market Law (LMV), as regards the approval procedures, the CNBV considers that not all of the information evidencing compliance with the formalities of the authorisation process was provided, and after taking into account the aforementioned attenuating circumstances, it imposed an administrative penalty on the Parent.

In summary, the administrative penalties imposed amounted to a total of MXN 71.7 million (EUR 3.7 million), of which MXN 24.6 million (EUR 1.3 million) correspond to OHL México, S.A.B. de C.V., MXN 18.3 million (EUR 0.9 million) correspond to ConMex, MXN 18.6 million (EUR 1.0 million) correspond to OPI, and MXN 10.2 million (EUR 0.5 million) correspond to the natural persons.

With respect to the recognition of the guaranteed minimum revenue in the consolidated financial statements of the OHL Group, taking into account all the aforementioned matters (i.e. unqualified auditor's reports by Deloitte, specific reports from the other leading global audit firms concurring with OHL's interpretation, and the response to the CNMV's request), the OHL Group will continue to apply the same accounting treatment used in the accompanying consolidated financial statements for 2016.

4.7.- Remuneration of directors and senior executives

Remuneration of the Board of Directors

The remuneration of the Board of Directors is regulated by Article 24 of the bylaws and it was the Annual General Meeting of the Parent held on 10 May 2007 that established annual fixed remuneration for the directors, in their capacity as directors, for attendance at meetings of seven hundred and fifty thousand euros (EUR 750,000) for 2007 and successive years, with the distribution criteria that the Board of Directors itself approved and which was set by it for distribution among the independent directors. In 2016, as in prior years, the non-executive directors did not receive any kind of variable remuneration or benefits. This fixed remuneration is compatible with, and independent from, remuneration, termination benefits, pensions and compensation of any kind received by those members of the Board of Directors as a result of the employment relationship with or the rendering of services to the Company.

The Board of Directors of the Parent, on this same date, prepared the Annual Report on Directors' Remuneration, as established in Article 541 of the Spanish Limited Liability Companies Law, with an individualised breakdown of all items accrued in 2016 for each director. Following is an individualised detail of the remuneration accrued by each director in his or her capacity as such, excluding the accrued remuneration subsequently disclosed:

Directors	Euros		
	Attendance fees	Other attendance fees	Total remuneration
Juan-Miguel Villar Mir (Proprietary) (1)	-	37,228	37,228
Juan Villar-Mir de Fuentes (Proprietary) (2)	-	69,803	69,803
Silvia Villar-Mir de Fuentes (Proprietary) (2)	-	51,189	51,189
Tomás García Madrid (Executive) (2)	-	22,337	22,337
Juan Luis Osuna Gómez (Executive)	-	-	-
Josep Piqué Camps (Executive) (1)	-	-	-
Reyes Calderón Cuadrado (Independent)	58,500	67,011	125,511
Mónica de Oriol e Icaza (Independent)	56,250	61,427	117,677
Macarena Sainz de Vicuña Primo de Rivera (Independent) (3)	45,000	40,951	85,951
Juan José Nieto Bueso (Independent) (4)	9,000	3,723	12,723
José Luis Díez García (Independent) (2)	33,750	22,337	56,087
Alberto Terol Esteban (Independent) (1)	33,750	22,337	56,087
Javier López Madrid (Proprietary)	-	37,228	37,228
Juan Antonio Santamera Sánchez (Proprietary) (2)	-	18,614	18,614
Álvaro Villar-Mir de Fuentes (Proprietary)	-	37,228	37,228
Manuel Garrido Ruano (Proprietary) (2)	-	22,337	22,337
TOTAL	236,250	513,750	750,000

(1) Removed in the first half of 2016.

(2) Appointed in the first half of 2016.

(3) Removed in the second half of 2016.

(4) Appointed in the second half of 2016.

In 2016 the executive directors earned total remuneration of EUR 6,263 thousand for the performance of their executive duties (2015: EUR 2,906 thousand), including the amount received by the then CEO of the Parent Josep Piqué Camps, as express economic compensation for non-competition and EUR 12 thousand (2015: EUR 12 thousand) for other benefits relating to life insurance policies. No contributions were made to pension plans in 2016 or 2015.

No advances or loans have been granted to the Board members.

Remuneration of senior executives

The remuneration earned by the Parent's senior executives in 2016 -excluding those who are also members of the Board of Directors (whose remuneration is detailed above)- amounted to EUR 4,239 thousand (2015: EUR 4,922 thousand), of which EUR 2,664 thousand correspond to fixed remuneration and EUR 1,575 thousand to an estimate of the variable remuneration which at the reporting date is pending final determination through the formal approval processes. This variable remuneration will under no circumstances exceed the amount disclosed herein.

No advances or loans have been granted to the Parent's senior executives.

Conflicts of interest

At 31 December 2016, none of the directors had notified the Board of Directors of any direct or indirect conflict of interest that they or persons related to them might have had with respect to the Parent in 2016.

4.8.- Fees paid to auditors

The detail of the fees for financial audit and other services provided by the auditors of the companies comprising the Group or by companies related to the auditors in 2016 and 2015 is as follows:

	Thousands of euros					
	Principal auditor		Other auditors		Total	
	2016	2015	2016	2015	2016	2015
Financial audit services	2,207	2,039	1,031	769	3,238	2,808
Other attest services	290	784	18	119	308	903
Total audit and related services	2,497	2,823	1,049	888	3,546	3,711
Tax counselling services	436	144	147	221	583	365
Other services	471	797	36	68	507	865
Total professional services	907	941	183	289	1,090	1,230
Total	3,404	3,764	1,232	1,177	4,636	4,941

"Financial Audit Services" includes the fees for professional services performed by the auditor, normally due to regulatory requirements, such as statutory audits, internal control review reports, limited reviews of periodic public information performed at listed companies, etc.

"Other Attest Services" includes the fees for professional services in which some kind of assurance is expressed, but which are not regulated by any mandatory legislation, such as one-off limited reviews, special reports on security placement processes, agreed-upon procedures reports, covenant reports, etc.

"Tax Counselling Services" includes the fees for the provision of services relating to all forms of tax counselling.

"Other Services" includes the fees for the other professional services not included in the above line items which, by nature, are more akin to consultancy or independent third-party services.

5.- EVENTS AFTER THE REPORTING PERIOD

On 23 January 2017, OHL Emisiones, S.A.U., an OHL Group subsidiary, sold 24,759,486 shares of Abertis Infraestructuras, S.A., 2.5% of its ownership interest, for a price of EUR 13.59 per share.

The net proceeds obtained amounting to EUR 331.9 were used to (i) repay early the non-recourse financing secured by 2.5% of this ownership interest, amounting to EUR 272.9 million, as a result of which the related hedge (collar) was also settled; and (ii) reduce the Group's gross recourse borrowings.

On 9 February 2017, OHL Desarrollos S.L., a wholly-owned subsidiary of the OHL Group, sold 17.5% of its ownership interest in Centro Canalejas Madrid, S.L. (Canalejas) for EUR 78.8 million, giving rise to an estimated gain of approximately EUR 29.0 million.

Completion of this transaction is conditional upon the fulfilment of certain conditions precedent that are expected to be met in the near future.

6.- EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2.1.). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

APPENDIX I

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Detail of the most significant companies included in the scope of consolidation at 31 December 2016

Subsidiaries (fully consolidated)

COMPANIES WITH REGISTERED OFFICE IN SPAIN

Concessions

- (1) Autovía de Aragón-Tramo 1, S.A.
- (1) Cercanías Móstoles Navalcarnero, S.A.
- (1) Euroconcesiones, S.L.
- (1) Euroglosa 45 Concesionaria de la Comunidad de Madrid, S.A.
- n/a Magenta Infraestructuras, S.L.U.
- (1) OHL Concesiones, S.A.
- (1) OHL Emisiones, S.A.U.
- (1) Pachira, S.L.
- (1) Terminal de Contenedores de Tenerife, S.A.
- (1) Terminal Polivalente Sureste, S.L.
- (1) Terminales Marítimas del Sureste, S.A.
- (1) Tráfico y Transporte Sistemas, S.A.U.

COMPANIES WITH REGISTERED OFFICE ABROAD

Concessions

- (1) 0606 Investments S.a r.l.
- (1) Autopista del Norte, S.A.C.
- (2) Autopista Río Magdalena, S.A.S.
- (1) Autopista Urbana Norte, S.A. de C.V.
- (1) Autovías Concesionadas OHL, S.A. de C.V.
- (1) Concesionaria AT - AT, S.A. de C.V.
- (1) Concesionaria Mexiquense, S.A. de C.V.
- (1) Construcciones Amozoc Perote, S.A. de C.V.
- (1) Grupo Autopistas Nacionales, S.A.
- (1) Latina México, S.A. de C.V.
- (2) OHL Concesiones Argentina, S.A.
- (1) OHL Concesiones Chile, S.A.
- (2) OHL Concesiones Colombia, S.A.S.
- (1) OHL Concesiones Perú, S.A.
- n/a OHL Concessoes Brasil Ltda.
- n/a OHL Infrastructures, Inc.
- (1) OHL Investments, S.A.
- (1) OHL México, S.A.B. de C.V.
- (1) OHL Toluca, S.A. de C.V.
- (1) OPCEM, S.A.P.I. de C.V.
- (1) Operaciones Cerro Valparaíso, SPA
- (1) Operaciones Portuarias Valparaíso, SpA.
- (1) Operadora Concesionaria Mexiquense, S.A. de C.V.
- (1) Operadora de Carreteras, S.A.C.
- (1) Organización de Proyectos de Infraestructura, S.A.P.I. de C.V.
- (1) Seconmex Administración, S.A. de C.V.
- (1) Sociedad Concesionaria Nuevo Camino Nogales - Puchuncaví, S.A.
- (1) Sociedad Concesionaria Puente Industrial, S.A.
- (1) Terminal Cerros de Valparaíso, S.A.
- n/a Tráfico y Transporte Sistemas México, S.A. de C.V.
- (1) Viaducto Bicentenario, S.A. de C.V.

Construction

- (1) Agrupación Guinovart Obras y Servicios Hispania, S.A.
- (1) Asfaltos y Construcciones Elsan, S.A.
- (1) Construcciones Adolfo Sobrino, S.A.
- (1) EyM Instalaciones, S.A.
- (1) Obrascón Huarte Lain, Construcción Internacional, S.L.
- n/a Posmar Inversiones 2008, S.L.
- n/a Puente Logístico Mediterráneo, S.A.
- (1) S.A. Trabajos y Obras
- (1) Sociedad Concesionaria Aguas de Navarra, S.A.

Construction

- n/a BNS International, Inc.
- n/a CAC Vero I, LLC
- (2) Community Asphalt Corp.
- (2) Construcciones Colombianas OHL, S.A.S.
- (1) Constructora de Proyectos Viales de México, S.A. de C.V.
- n/a Constructora e Inmobiliaria Huarte Ltda.
- (2) Constructora TP, S.A.C.
- (2) E y M Arabia, LLC
- n/a Empresa Constructora Huarte San José, Ltda.
- (1) EYM México Instalaciones, S.A. de C.V.
- (2) Judlau Contracting, Inc.
- n/a OHL Andina, S.A.
- (2) OHL Arabia, LLC
- (2) OHL Arellano Construction Company
- n/a OHL Austral, S.A.
- n/a OHL Brasil S.A.
- (2) OHL Building, Inc.
- (2) OHL Central Europe, a.s.
- (2) OHL Colombia, S.A.S.
- n/a OHL Construction Canada, Inc.
- (2) OHL Construction India Private Limited
- n/a OHL Construction Pacific PTY LTD
- n/a OHL Finance, S.à.r.l.
- (1) OHL Health Montreal (Holding) Inc.
- (1) OHL Health Montreal (Partner) Inc.
- (2) OHL Uruguay, S.A.
- (2) OHL USA, Inc.
- (2) OHL ZS d.o.o. Banja Luka
- n/a OHL ZS MO, S.R.L.
- (2) OHL ZS Polska, S.Z.o.o.
- (1) OHL ZS SK, a.s.
- (1) OHL ZS, a.s.
- (1) Premol, S.A. de C.V.
- n/a Sawgrass Rock Quarry, Inc.
- (1) Sociedad Concesionaria Centro de Justicia de Santiago, S.A.
- (1) Sociedad de Obras Civiles e Infraestructuras Viales, S.A. de C.V.
- (2) Tomi Remont, a.s.
- (2) ZPSV Caña, a.s.
- (2) ZPSV Eood, a.s.
- (1) ZPSV, a.s.
- (2) ZS Bratislava, a.s.

- (1) Audited by the principal auditor
- (2) Audited by other auditors
- n/a Unaudited company

APPENDIX I

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Detail of the most significant companies included in the scope of consolidation at 31 December 2016

Subsidiaries (fully consolidated)

COMPANIES WITH REGISTERED OFFICE IN SPAIN	COMPANIES WITH REGISTERED OFFICE ABROAD
Industrial	Industrial
(1) Catalana de Seguretat i Comunicacions, S.L. (1) Chemtrol Proyectos y Sistemas, S.L. n/a Comercial de Materiales de Incendios, S.L. (1) Ecolaire España, S.A. (1) OHL Industrial Mining & Cement, S.A. (1) OHL Industrial Power, S.A. (1) OHL Industrial, S.L.	(1) Cogeneración Complejo Pajaritos, S.A.P.I. de C.V. n/a Consorcio Instalaciones Mecánicas Hospital Dr. Gustavo Fricke SpA. (1) Estación Rebombeo Degollado, S.A.P.I. de C.V. (1) Hidro Parsifal, S.A. de C.V. (1) Hidrógeno Cadereyta, S.A.P.I. de C.V. (1) IEPI México, S.A. de C.V. (1) OHL Industrial and Partners, LLC n/a OHL Industrial Brasil, Ltda. (1) OHL Industrial Chile, S.A. n/a OHL Industrial Colombia, S.A.S. (1) OHL Industrial Delegación Guatemala, S.A. n/a OHL Industrial Honduras S. de R.L. (2) OHL Industrial Perú, S.A.C. (2) OHL Industrial USA, Inc. (1) Sthim Maquinaria de México, S.A. de C.V.
Services	Services
(1) OHL Servicios-Ingesan, S.A.U.	(1) Ingesan Servicios Administrativos México, S.A. de C.V. (1) Ingesan Servicios México S.A. de C.V. (1) Ingesan Servicios Profesionales México, S.A. de C.V.
Other	Other
(1) Avalora Tecnologías de la Información, S.A. (2) Marina Urola, S.A. n/a Tenedora de Participaciones Tecnológicas, S.A.	n/a Elsengrund Bau, GmbH
Development	Development
n/a Obrascon Huarte Lain, Desarrollos, S.L.	(1) Aqua Mayakoba, S.A. de C.V. (1) Constructora Mayalum, S.A. de C.V. (1) Controladora Hoyo 1, S.A. de C.V. (1) Controladora L 4 - 5 Mayakoba, S.A. de C.V. (1) Desarrollo Vivienda MK1, S.A.P.I. de C.V. (1) Desarrollos RBK en la Riviera, S.A. de C.V. (1) Gastronómica Santa Fé, S.A. de C.V. (1) Golf de Mayakoba, S.A. de C.V. (1) HH1 Servicios S de R.L. de C.V. (1) Hotel Hoyo Uno, S. de R.L. de C.V. (1) Huaribe, S.A. de C.V. (1) Huaribe Servicios, S.A. de C.V. (1) Islas de Mayakoba Servicios, S.A. de C.V. (1) Islas de Mayakoba, S.A. de C.V. (1) L 6 Hotel Mayakoba, S.L.R. de C.V. (1) La Ceiba en Ciudad de Mayakoba, S.A.P.I. de C.V. (1) Lagunas de Mayakoba, S.A. de C.V. (1) Lotes 3 Servicios, S.A. de C.V. (1) Lotes 4-5 Hotel Mayakoba, S.A. de C.V. (1) Marina Mayakoba, S.A. de C.V. (1) Mayakoba Thai, S.A. de C.V. (1) MKB Real Estate, S.A. de C.V. (1) OHL Desarrollos México, S.A. de C.V. (1) Operadora Hotelera del Corredor Mayakoba, S.A. de C.V. (1) Operadora Mayakoba, S.A. de C.V. (1) Playa 4 - 5 Mayakoba, S.A. de C.V. (1) Servicios Hoteleros del Corredor Mayakoba, S.A. de C.V. (1) Villas de Mayakoba, S.A. de C.V. (1) Viveros de Mayakoba, S.A. de C.V.

(1) Audited by the principal auditor

(2) Audited by other auditors

n/a Unaudited company

APPENDIX I

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Detail of the most significant companies included in the scope of consolidation at 31 December 2016

Joint ventures and associates (accounted for using the equity method)

COMPANIES WITH REGISTERED OFFICE IN SPAIN

Concessions

- (1) Sestibalsa Alicante, S.A., de Gestión de Estibadores Portuarios

Construction

- n/a Navarra Gestión del Agua, S.A.
(1) Nuevo Hospital de Burgos, S.A.
n/a Nuevo Hospital de Toledo, S.A.

Industrial

- (1) Arenales Solar PS, S.L.

Other

- (2) Nova Dársena Esportiva de Bara, S.A.
(2) Port Torredembarra, S.A.

Development

- n/a Alse Park, S.L.
(1) Centro Canalejas Madrid, S.L.
n/a Espacio-OHLD Proyectos Singulares, S.L.

COMPANIES WITH REGISTERED OFFICE ABROAD

Concessions

- (1) Admra. Mexiquense del Aeropuerto Intl. de Toluca, S.A. de C.V.
(1) Constructora Libramiento Elevado de Puebla, S.A. de C.V.
(1) Controladora Vía Rápida Poetas, S.A.P.I. de C.V.
(1) Coordinadora Vía Rápida Poniente, S.A.P.I. de C.V.
(1) Libramiento Elevado de Puebla, S.A. de C.V.
(2) Operadora AVO, S.A.
(1) Operadora Libramiento Elevado Puebla, S.A. de C.V.
(1) Operadora Vía Rápida Poetas, S.A.P.I. de C.V.
(1) Prestadora de Servicios Vía Rápida Poniente, S.A.P.I. de C.V.
(1) Servicios Administrativos Mexiquenses del Aeropuerto Internacional de
(2) Sociedad Concesionaria Vespucio Oriente, S.A.

Construction

- (2) Health Montreal Collective CJV L.P.
(1) Health Montreal Collective Limited Partnership
(2) Obalovna Boskovice, s.r.o.
n/a OHL Construction Canada and FCC Canada Limited Partnership
n/a OHL-FCC North Tunnels Canada INC
n/a Prestadora de Servicios PLSV, S.A. de C.V.
n/a Servicios Administrativos TMT, S.A. de C.V.

Industrial

- (1) Proyecto CCC Empalme I, S.A.P.I. de C.V.
(2) Refinería Madero Tamaulipas, S.A.P.I. de C.V.

Other

- n/a 57 Whitehall Holdings Limited
n/a 57 Whitehall Holdings S.A.R.L.
(1) FHP Villas Lote 2, S.A. de C.V.
(1) Fideicomiso Desarrollo OV CIB/2185
(1) Novaterra Caribe, S.A.P.I. de C.V.
n/a Westminster Development Services Limited

APPENDIX II

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Identification of the most significant companies composing the consolidated Group at 31 December 2016

COMPANY	REGISTERED OFFICE	MAIN LINE OF BUSINESS
Concessions		
Admra. Mexiquense del Aeropuerto Intl. de Toluca, S.A. de C.V.	Aeropuerto Internacional Ciudad de Toluca, C.P. 50226 San Pedro Totoltepec, Estado de México, Mexico	Construction and operation of Toluca Airport (Mexico)
Autopista del Norte, S.A.C.	Avda. 28 de Julio. no. 150 (Piso 4 oficina 401) Lima- Lima, Miraflores	Road construction and operation
Autopista Rio Magdalena, S.A.S.	C/CR17 93 09 OF 703 704, Bogotá D.C. Colombia	Toll road concession, Magdalena River, Colombia
Autopista Urbana Norte, S.A. de C.V.	Avda. Paseo de la Reforma, no. 222, Piso 25, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Road construction and operation
Autovía de Aragón-Tramo 1, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Concession and operation of Autovía de Aragón, Madrid
Autovías Concesionadas OHL, S.A. de C.V.	Avda. Paseo de la Reforma, no. 222, Piso 25, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Road construction and operation
Cercanías Móstoles Navalcarnero, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Railway construction and operation
Concesionaria AT - AT, S.A. de C.V.	Avda. Paseo de la Reforma, no. 222, Piso 25, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Road construction, operation and maintenance in Mexico
Concesionaria Mexiquense, S.A. de C.V.	Autopista Circuito Exterior Mexiquense Km 39 Caseta T-2, Col. San Cristóbal, 55024 Ecatepec de Morelos, Mexico.	Concession and operation of the Mexico City outer ring road
Construcciones Amozoc Perote, S.A. de C.V.	Avda. Paseo de la Reforma, no. 222, Piso 25, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Road construction, operation and maintenance in Mexico
Constructora Libramiento Elevado de Puebla, S.A. de C.V.	Lateral de la autopista México-Toluca no. 1235 piso 3 oficina 302, Colonia Santa Fe Cuajimalpa, Delegación	Road maintenance and repair
Controladora Vía Rápida Poetas, S.A.P.I. de C.V.	Avda. Santa Fe 495, Piso 8, Cruz Manca, Mexico City 05349	Road construction and operation
Coordinadora Vía Rápida Poniente, S.A.P.I. de C.V.	Avda. Santa Fe 495, Piso 8, Cruz Manca, Mexico City 05349	Road maintenance and repair
Euroconcesiones, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Operation of concessions
Euroglosa 45 Concesionaria de la Comunidad de Madrid, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Concession and operation of M-45 road (Madrid)
Grupo Autopistas Nacionales, S.A.	Avda. Paseo de la Reforma, no. 222, Piso 25, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Road construction, operation and maintenance in Mexico
Latina México, S.A. de C.V.	Avda. Paseo de la Reforma, no. 222, Piso 25, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Road maintenance and repair
Libramiento Elevado de Puebla, S.A. de C.V.	Lateral de la autopista México-Toluca no. 1235 piso 3 oficina 302, Colonia Santa Fe Cuajimalpa, Delegación	Road construction, operation and maintenance in Mexico
OHL Concesiones Argentina, S.A.	CL/ Avenida Córdoba 632 - Piso 7, C1054AA5 Buenos Aires	Operation of concessions
OHL Concesiones Chile, S.A.	C/ Cerro El Plomo, no. 5855 Piso 16. Las Condes oficina 1607 y 1608 (Santiago de Chile)	Operation of concessions
OHL Concesiones Colombia, S.A.S.	C/CR17 93 09 OF 703 704, Bogotá D.C. Colombia	Operation of concessions
OHL Concesiones Perú, S.A.	Avda. 28 de Julio. no. 150 (Piso 4 oficina 401) Lima- Lima, Miraflores	Operation of concessions
OHL Concesiones, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Operation of concessions
OHL Concessoes Brasil Ltda	Avda. Angélica 2,491, Planta 19, Conj. 192.01227-200 São Paulo	Operation of concessions
OHL Emisiones, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Issue of shares and of debt instruments of any kind
OHL Infrastructures. Inc.	555 The Odore Fremd Ave, Suite B 201 RYE. 10580 New York	Financial studies
OHL Investments, S.A.	15, Rue Edward Steichen, L-2540, Luxembourg	Issue of shares and of debt instruments of any kind
OHL México, S.A.B. de C.V.	Avda. Paseo de la Reforma, no. 222, Piso 22, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Operation of concessions
OHL Toluca, S.A. de C.V.	Avda. Paseo de la Reforma, no. 222, Piso 25, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06601	Operation of concessions
OPCEM, S.A.P.I. de C.V.	Avda. Paseo de la Reforma, no. 222, Piso 25, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Operation of concessions
Operaciones Portuarias Valparaíso, SpA	Avda. Errazuriz 755 Oficina 708-B. Valparaíso. Chile	Operation of concessions
Operadora AVO, S.A.	C/ Presidente Riesco no. 5711, OF.802, Las Condes, 001 Santiago de Chile.	Operation of concessions
Operadora Concesionaria Mexiquense, S.A. de C.V.	Avda. Paseo de la Reforma, no. 222, Piso 25, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Operation of concessions
Operadora de Carreteras, S.A.C.	Avda. del Pacífico no. 360 Urb. Buenos Aires Ancash - Santa - Nuevo Chimbote. Peru	Operation of concessions
Operadora Libramiento Elevado Puebla, S.A. de C.V.	CL/ Lateral de la Autopista México-Toluca no. 1235 Piso 3 Oficina 302,05348 Colonia Santa Fe Cuajimalpa	Operation of concessions
Operadora Vía Rápida Poetas, S.A.P.I. de C.V.	Avda. Santa Fe 495, Piso 8, Cruz Manca, Mexico City 05349	Operation of concessions
Organización de Proyectos de Infraestructura, S.A.P.I. de C.V.	Avda. Paseo de la Reforma, no. 222, Piso 25, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Operation of concessions
Pachira, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Operation of concessions
Prestadora de Servicios Vía Rápida Poniente, S.A.P.I. de C.V.	Avda. Santa Fe 495, Piso 8, Cruz Manca, Mexico City 05349	Operation of concessions
Seconmex Administración, S.A. de C.V.	Avda. Paseo de la Reforma, no. 222, Piso 25, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Operation of concessions
Sestibalsa Alicante, S.A., de Gestión de Estibadores Portuarios	C/ Muelle de Poniente, 11. 03003 Alicante	Operation of ports and canals
Sociedad Concesionaria Nuevo Camino Nogales - Puchuncaví, S.A.	C/ Cerro El Plomo, no. 5855 Oficina 1607.001. Las Condes (Santiago de Chile)	Operation of concessions
Sociedad Concesionaria Puente Industrial, S.A.	C/ Cerro El Plomo, no. 5855 Piso 16. Las Condes Oficina 1607 y 1608 (Santiago de Chile)	Construction and operation of toll road in Chile
Sociedad Concesionaria Vespucio Oriente, S.A.	C/ Presidente Riesco no. 5711, OF.802, Las Condes, 001 Santiago de Chile.	Operation of concessions
Terminal Cerros de Valparaíso, S.A.	Avda. Errazuriz 755 Oficina 708-B. Valparaíso. Chile	Operation of concessions
Terminal de Contenedores de Tenerife, S.A.	Nueva Terminal del Dique del Este Vía de Servicio, s/n 38180. S.C.T.	Loading and unloading of vessels
Terminal Polivalente Sureste, S.L.	Av/ Prolongación Sur Puerto de Alicante, muelle 23 (Buzón 41) 03008 Alicante	Port terminal operation
Terminales Marítimas del Sureste, S.A.	Av/ Prolongación Sur Puerto de Alicante, muelle 23 (Buzón 41) 03008 Alicante	Port terminal operation
Tráfico y Transporte Sistemas, S.A.U.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Research and development of new technologies
Viaducto Bicentenario, S.A. de C.V.	C/ 4 no. 25, Local 2 and C. Col Industrial Alce Blanco Municipio Naucalpan de Juárez, 53370.	Road construction and operation

APPENDIX II

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Identification of the most significant companies composing the consolidated Group at 31 December 2016

COMPANY	REGISTERED OFFICE	MAIN LINE OF BUSINESS
Construction		
Agrupación Guinovart Obras y Servicios Hispania, S.A.	C/ Tarragona 149-157 planta 15, (08014 Barcelona)	Construction
Asfaltos y Construcciones Elsan, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Infrastructure and urban services
BNS International, Inc.	9675 N.W. 117 th Avenue, Suite 108, Miami, FL, 33178 USA	Construction
CAC Vero I, LLC	9675 N.W. 117 th Avenue, Suite 108, Miami, FL, 33178 USA	Construction
Community Asphalt Corp.	9675 N.W. 117 th Avenue, Suite 108, Miami, FL, 33178 USA	Construction
Consortio Aura - OHL, S.A.	Territorio del Registro de Comercio del Conservador de Bienes Raíces de Santiago	Construction
Consortio Conpax OHL-VALKO, S.A.	Palacio Riesco N° 4583, Comuna De Huechuraba, Santiago de Chile	Construction
Construcciones Adolfo Sobrino, S.A.	Gran Vía de Don Diego López de Haro, 33 - 4º 48009 Bilbao	Construction
Construcciones Colombianas OHL, S.A.S.	Cra. 17 no. 93-09 Piso 8 Edificio Ecotower	Construction
Construtora de Proyectos Viales de México, S.A. de C.V.	Avda. Paseo de la Reforma, no. 222 piso 22, Colonia Juárez, Delegación Cuauhtemec, Mexico City 06600	Construction
Construtora e Inmobiliaria Huarte Ltda.	C/ Cerro El Plomo, no. 5855 Piso 15. Las Condes (Santiago de Chile)	Construction
Construtora TP, S.A.C.	Av. 28 de Julio, no. 150, piso 7, Miraflores - Lima - Peru	Construction
E y M Arabia, LLC	Sultan Road (North) // Ahmed Al-Hamoodi St (Al Naeem District 4) - Building 8, 4th floor - Jeddah. Saudi Arabia	Construction
Empresa Constructora Huarte San José, Ltda.	C/ Cerro El Plomo, no. 5855 Piso 15. Las Condes (Santiago de Chile)	Construction
EyM Instalaciones, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Construction
Guinovart Rail, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Construction
Health Montreal Collective CJV L.P.	810 St-Antoine str East. Montreal, H2Y 1A6. Quebec. Canada	Construction
Health Montreal Collective Limited Partnership	1440 St Catherine West, Suite 500 Montreal, Quebec H3G1R8	Construction
Judlau Contracting, Inc.	26-15 Umer Street, Collage Point, NY 11354	Construction
Navarra Gestión del Agua, S.A.	Camino Labiano, no. 45, 1ª derecha (31192 - Mutilva) Navarre	Construction
Nuevo Hospital de Burgos, S.A.	C/ Islas Baleares, s/n 09006 Burgos	Construction and operation of new Burgos hospital
Nuevo Hospital de Toledo, S.A.	Avda. de Europa 24 Bajo 45003 Toledo	Construction
Obalovna Boskovice, s.r.o.	Rovná 2146, 680 01 Boskovice. Brno	Construction
Obrascón Huarte Lain, Construcción Internacional, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Construction and operation
OHL Andina, S.A.	C/ Cerro El Plomo, no. 5855 Piso 15. Las Condes (Santiago de Chile)	Construction
OHL Arabia, LLC	Jameel Square - Thalia, Po Box 8909 - Jeddah 23326	Construction and maintenance
OHL Arellano Construction Company	7051 S.W. 12 th Street, Miami, FL 33144, USA	Construction
OHL Austral, S.A.	C/ Cerro El Plomo, no. 5855 Piso 15. Las Condes (Santiago de Chile)	Construction
OHL Brasil, S.A.	Rua Tabapuã, 1.123 - 16º Andar. Brazil	Construction
OHL Building, Inc.	7051 S.W. 12 th Street, Miami, FL 33144, US	Construction
OHL Central Europe, a.s.	C/ Olsanska, 2643/1A, 130 80 (Prague - Czech Republic)	Construction
OHL Colombia, S.A.S.	Cra. 17 no. 93-09 Piso 8, Bogotá (Colombia)	Construction
OHL Construction Canadá and FCC Canadá Limited Partnership	5945 Airport Road, N.144, Mississauga. Ontario. Canada. L4V1R9	Construction
OHL Construction Canadá, Inc.	5915 Airport Road, Mississauga. Ontario. Canada. L4V 1T1, Canada	Construction
OHL Construction India Private Limited	Unit 701, 7th Floor, Tower 4A, DLF Corporate Park, DLF Phase 3, Gurgaon 122010, Haryana, India	Construction
OHL Construction Pacific PTY LTD	40 Creek Street Level 11, 4000 Brisbane - Australia	Construction
OHL Finance, S.à.r.l.	14 rue Edward Steichen, L - 2540, Luxembourg,	Management
OHL Health Montreal (Holding) Inc.	1440 St Catherine West, Suite 500 Montreal, Quebec H3G1R8	Construction
OHL Health Montreal (Partner) Inc.	1441 St Catherine West, Suite 500 Montreal, Quebec H3G1R8	Construction
OHL Uruguay, S.A.	Edificio Argela, calle Rio Negro, 1354, piso 3, escritorio 16 Montevideo 11105, Uruguay	Construction
OHL USA, Inc.	9725 N.W. 117th Avenue, Miami, FL 33178, US	Construction
OHL ZS MO, S.R.L.	65, Stefan cel Mare blvd, of 806, Chisinau, MD-2012, Moldavia	Construction
OHL ZS Polska, S.p. z o.o.	Al. Armii Krajowej 59, 50-541 (Wroclaw - Poland)	Construction
OHL ZS SK, a.s.	Furmanská 6, 84103 Bratislava	Construction
OHL ZS, a.s.	C/ Buresova 938/17, 660 02 (Brno - Czech Republic)	Construction
OHL-FCC North Tunnels Canadá INC	5945 Airport Road, N.144, Mississauga. Ontario. Canada. L4V1R9	Construction
Posmar Inversiones 2008, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Construction
Premol, S.A. de C.V.	Avda. Paseo de la Reforma, no. 222 piso 22, Colonia Juárez, Delegación Cuauhtemec, Mexico City 06600	Construction
Puente Logístico Mediterráneo, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Construction
S.A. Trabajos y Obras	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Construction
Sawgrass Rock Quarry, Inc.	9725 N.W. 117 th Avenue, Suite 108, Miami, FL, 33178 US	Construction

APPENDIX II

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Identification of the most significant companies composing the consolidated Group at 31 December 2016

COMPANY	REGISTERED OFFICE	MAIN LINE OF BUSINESS
Servicios Administrativos TMT, S.A. de C.V.	Avda. Paseo de la Reforma, no. 383, Piso 8, Colonia Cuauhtemoc, Delegación Cuauhtemoc, Mexico City 06500	Construction
Sociedad Concesionaria Aguas de Navarra, S.A.	Camino Labiano, no. 45, 1ª derecha (31.192 - Mutilva) Navarre	Construction
Sociedad Concesionaria Centro de Justicia de Santiago, S.A.	C/ Cerro El Plomo, no. 5855 Piso 15. Las Condes (Santiago de Chile)	Construction
Sociedad de Obras Civiles e Infraestructuras Viales, S.A. de C.V.	Avda. Paseo de la Reforma, no. 222 piso 22, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Construction
Tomi Remont, a.s.	C/ Premyslovka c.p. 2514/4, PSC 796 01 (Prostejov - Czech Republic)	Construction
Vacua, S.A.	Los Militares 6191, Piso 8. Las Condes, Santiago de Chile	Construction
ZPSV Caña, a.s.	C/ Osloboditeľ'ov 127, 044 14 (Caña - Slovak Republic)	Construction
ZPSV Eood, a.s.	9000 Varna, 45 "Al.Dyakovich" Str. Office No 40. Bulgaria	Construction
ZPSV, a.s.	C/ Trebizskeho 207, 687 24 (Uhersky Ostroh - Czech Republic)	Construction
ZS Bratislava, a.s.	C/ Furmanská 8, PSC 841 03 (Bratislava - Slovak Republic)	Construction
Industrial		
Arenales Solar PS, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Construction and operation of a fossil-fuel power plant
Catalana de Seguretat i Comunicacions, S.L.	C/ Laurea Miro 401, nave 8, Sant Feliu de Llobregat	Installation and maintenance of security and fire safety systems
Chemtrol Proyectos y Sistemas, S.L.	C/ Arturo Soria 343 (28033 Madrid)	Installation and maintenance of security and fire safety systems
Cogeneración Complejo Pajaritos, S.A.P.I. de C.V.	C/ Juan Racine no. 112, Piso 10, Colonia Los Morales. Delegación Miguel Hidalgo. Mexico City 11510	Industrial engineering and maintenance at industrial plants
Comercial de Materiales de Incendios, S.L.	Pg. El Rincón Nave 44-45, 21007 Huelva	Installation and maintenance of security and fire safety systems
Consortio Instalaciones Mecánicas Hospital Dr. Gustavo Fricke SpA.	Los Militares 6191, Piso 8. Las Condes. Santiago de Chile. Chile	Execution of HVAC projects
Ecolaire España, S.A.	C/ Arturo Soria 343 (28033 Madrid)	Design and performance of industrial engineering projects
Estación Rebombeo Degollado, S.A.P.I. de C.V.	Hamburgo 213, piso 7, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Industrial engineering for a repumping station
Hidro Parsifal, S.A. de C.V.	Hamburgo 213, piso 7, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Civil engineering construction
Hidrógeno Cadereyta, S.A.P.I. de C.V.	Hamburgo 213, piso 7, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Civil engineering construction
IEPI México, S.A. de C.V.	Hamburgo 213, piso 7, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Industrial engineering and maintenance at industrial plants
OHL Industrial and Partners, LLC	Muscat, Governorate Muscat 112	Industrial engineering and maintenance at industrial plants
OHL Industrial Brasil, Ltda.	Rua Joel Jorge de Melo, 713 - Sala 4 Itaim Bibi, CEP 04128-081, São Paulo, SP, Brazil	Industrial engineering and maintenance at industrial plants
OHL Industrial Chile, S.A.	Los Militares 6191, Piso 8. Las Condes. Santiago de Chile. Chile	Engineering works, technical advisory services, water treatment and distribution
OHL Industrial Colombia, S.A.S.	Cra 17 No. 93-09 Oficina 702. Edificio Ecotower	Industrial engineering and maintenance at industrial plants
OHL Industrial Delegación Guatemala, S.A.	13 Calle 3-40 zona 10 edificio Atlantis nivel 13, oficina 1304	Industrial engineering and maintenance at industrial plants
OHL Industrial Mining & Cement, S.A.	C/ Arturo Soria 343 (28033 Madrid)	Industrial engineering and maintenance at industrial plants
OHL Industrial Perú, S.A.C.	Av. 28 de Julio, no. 150, piso 8, Miraflores - Lima - Peru	Construction of industrial plants in the mining and cement, oil and gas, and energy industries
OHL Industrial Power, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Industrial engineering and maintenance at industrial plants
OHL Industrial USA, Inc.	1000 Elwell Court, Suite 225, Palo Alto CA 94302	Industrial engineering and maintenance at industrial plants
OHL Industrial, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Industrial engineering and maintenance at industrial plants
Proyecto CCC Empalme I, S.A.P.I. de C.V.	Hamburgo 213, piso 7, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Development of a fossil-fuel power plant
Refinería Madero Tamaulipas, S.A.P.I. de C.V.	Juan Racine No. 112, Piso 10. Colonia Los Morales. Delegación Miguel Hidalgo. Mexico City C.P. 11510	Industrial engineering for a refinery
Sthim Maquinaria de México, S.A. de C.V.	Hamburgo 213, piso 7, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06600	Administration consultancy services
Services		
Ingesan Servicios México S.A. de C.V.	Hamburgo 213, piso 9, Colonia Juárez, Delegación Cuauhtemoc, Mexico City 06601	Building maintenance and upkeep
OHL Servicios-Ingesan, S.A.U.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Building maintenance and upkeep

APPENDIX II

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Identification of the most significant companies composing the consolidated Group at 31 December 2016

COMPANY	REGISTERED OFFICE	MAIN LINE OF BUSINESS
Other		
Avalora América, S.A.C.	Av. 28 De Julio No. 150 Piso 7. Miraflores. Lima	New technologies
Avalora Tecnologías de la Información, S.A.	Torre Espacio, Pº de la Castellana nº 259 D, planta 7, (28046 Madrid)	New technologies
Marina Urola, S.A.	Barrio Santiago - Puerto deportivo - (Zumaia - Guipúzcoa)	Concession and operation of marina, Zumaia (Guipúzcoa)
Nova Dársena Esportiva de Bara, S.A.	C/ Puerto deportivo Roda de Bará. Edificio Capitanía, Bajos. Pº Marítimo s/n, 43883 Roda de Bara. Tarragona	Port concession and operation
Port Torredembarra, S.A.	Puerto Deportivo Pesquero, s/n Edf. de Capitanía. 43830 Torredembarra. Tarragona	Port concession and operation
Tenedora de Participaciones Tecnológicas, S.A.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	New technologies
Development		
57 Whitehall Holdings S.A.R.L.	20 Avenue Marie - Therese 2132 Luxembourg - Luxembourg	Operation, upkeep and maintenance of car parks
ALSE Park, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Operation of hotels and leisure centres
Aqua Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Property project development
Centro Canalejas Madrid, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Operation of hotels and leisure centres
Constructora Mayalum, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Property project development services
Controladora Hoyo 1, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Controladora L 4 - 5 Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Property project development
Desarrollo Vivienda MK1, S.A.P.I. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Construction of housing
Desarrollos RBK en la Rivera, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Espacio - OHLD Proyectos Singulares, S.L.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
FHP Villas Lote 2, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Fideicomiso Desarrollo OV CIB/2185	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Construction of housing
Gastronómica Santa Fé, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operating of shopping and leisure centres
Golf de Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of golf courses
Golf Mayakoba Servicios, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
HH1 Servicios S de R.L. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Hotel Hoyo Uno, S. de R.L. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Huaribe Servicios, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Real estate project development services
Huaribe, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Real estate project development services
Islas de Mayakoba Servicios, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Islas de Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
L6 Hotel Mayakoba, S.R.L. de C.V.	Carretera Federal Chetumal-Puerto Juárez KM 298 Ent. Hotel Capitán Lafitte Playa Del Carmen Solidaridad CP 77712	Operation of hotels and leisure centres
La Ceiba en Ciudad de Mayakoba, S.A.P.I. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Property project development
Lagunas de Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Lotes 3 Servicios, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Lotes 4-5 Hotel Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Marina Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Mayakoba Thai, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
MKB Real Estate, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Novaterra Caribe, S.A.P.I. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Property project development
Obrascon Huarte Lain, Desarrollos, S.L.	Torre Espacio, Pº de la Castellana no. 259 D (28046 Madrid)	Real estate project development services
OHL Desarrollos México, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Real estate project development services
Operadora Hotelera del Corredor Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Operadora Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Playa 4 - 5 Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Servicios Hoteleros del Corredor Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Villas de Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Operation of hotels and leisure centres
Viveros de Mayakoba, S.A. de C.V.	Carretera Federal Chetumal-Puerto Juárez Km. 298, Playa del Carmen, Solidaridad, Quintana Roo, Mexico C.P. 77710	Construction of single-family housing
Westminster Development Services Limited	33 St. James's Square, London Executive Offices, Eo M.05 London SW1Y 4JS	Growing of indigenous plants and reforestation services

**APPENDIX III
OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES**

Detail of the equity and the net cost of the investment in the main companies composing the consolidated Group at 31 December 2016

Thousands of euros

COMPANY	Ownership interest			Share capital	Uncalled capital payments payable	Reserves	Profit (Loss) for 2016	Interim dividend	Total shareholders' equity	Valuation adjustments	Total equity	Participating loans	Total equity + participating loans	Underlying carrying amount	Net cost of the investment
	Direct	Indirect	Total												
Fully consolidated companies															
0606 Investments S.a r.l.	-	100.00	100.00	150	-	-	217	-	367	-	367	-	367	367	150
Agrupación Guinovart Obras y Servicios Hispania, S.A.	100.00	-	100.00	30,050	-	49,649	30,469	-	110,168	-	110,168	-	110,168	110,168	69,056
Aqua Mayakoba, S.A. de C.V.	-	100.00	100.00	116,161	-	(27)	(6)	-	116,128	-	116,128	-	116,128	116,128	67,616
Asfaltos y Construcciones Elsan, S.A.	100.00	-	100.00	7,603	-	(2,455)	2,133	-	7,281	-	7,281	5,000	12,281	12,281	12,269
Autopista del Norte, S.A.C.	-	100.00	100.00	80,298	-	34,329	11,475	-	126,102	(2,579)	123,523	-	123,523	123,523	73,189
Autopista Río Magdalena, S.A.S.	-	100.00	100.00	790	-	47,468	1,236	-	49,494	-	49,494	-	49,494	49,494	49,063
Autopista Urbana Norte, S.A. de C.V.	-	56.85	56.85	240,447	-	266,996	97,583	-	605,026	2,635	607,661	-	607,661	345,455	136,694
Autovía de Aragón-Tramo 1, S.A.	-	95.00	95.00	42,633	-	2,100	10,092	-	54,825	(11,619)	43,206	16,800	60,006	57,006	56,461
Autovías Concesionadas OHL, S.A. de C.V.	-	56.85	56.85	36,903	-	(1,731)	2,193	-	37,365	-	37,365	-	37,365	21,242	20,979
Avalora América, S.A.C.	-	100.00	100.00	254	-	(68)	1	-	187	-	187	-	187	187	250
Avalora Tecnologías de la Información, S.A.	-	100.00	100.00	455	-	5,709	1,120	-	7,284	-	7,284	-	7,284	7,284	12,407
BNS International, Inc.	-	100.00	100.00	3	-	(1,262)	44	-	(1,215)	-	(1,215)	-	(1,215)	(1,215)	-
CAC Vero I, LLC	-	92.25	92.25	3,320	-	537	71	-	3,928	-	3,928	-	3,928	3,624	3,063
Catalana de Seguretat i Comunicacions, S.L.	-	100.00	100.00	180	-	(515)	(6,737)	-	(7,072)	-	(7,072)	500	(6,572)	(6,572)	-
Cercanías Móstoles Navalcarnero, S.A.	-	100.00	100.00	95,549	-	(1,398)	(34,240)	-	59,911	-	59,911	125,879	185,790	185,790	185,790
Chemtrol Proyectos y Sistemas, S.L.	-	100.00	100.00	630	-	1,346	(5,705)	-	(3,729)	-	(3,729)	-	(3,729)	(3,729)	-
Cogeneración Complejo Pajaritos, S.A.P.I. de C.V.	-	50.00	50.00	6	-	(157)	(3,581)	-	(3,732)	-	(3,732)	-	(3,732)	(1,866)	-
Comercial de Materiales de Incendios, S.L.	-	100.00	100.00	161	-	(1,397)	(1,009)	-	(2,245)	-	(2,245)	1,400	(845)	(845)	-
Community Asphalt Corp.	6.50	85.75	92.25	2	-	70,345	1,102	-	71,449	-	71,449	-	71,449	65,912	159,234
Concesionaria AT - AT, S.A. de C.V.	-	56.85	56.85	144,495	(12,401)	-	-	-	132,094	-	132,094	-	132,094	75,095	75,095
Concesionaria Mexiquense, S.A. de C.V.	-	42.64	42.64	256,263	-	998,966	214,984	-	1,470,213	7,605	1,477,818	-	1,477,818	630,142	129,561
Consortio Aura - OHL, S.A.	65.00	-	65.00	212	(212)	-	-	-	-	-	-	-	-	-	-
Consortio Instalaciones Mecánicas Hospital Dr. Gustavo Fricke SpA.	-	100.00	100.00	1	-	133	(14)	-	120	-	120	-	120	120	1
Construcciones Adolfo Sobrino, S.A.	100.00	-	100.00	1,520	-	8,386	3,508	-	13,414	-	13,414	-	13,414	13,414	16,822
Construcciones Amozoc Perote, S.A. de C.V.	-	39.33	39.33	2	-	125	2,289	-	2,416	-	2,416	-	2,416	950	47
Construcciones Colombianas OHL, S.A.S.	30.00	70.00	100.00	88	-	12,350	(10,053)	-	2,385	-	2,385	-	2,385	2,385	104
Constructora de Proyectos Viales de México, S.A. de C.V.	-	100.00	100.00	2,299	-	113,157	7,822	-	123,278	-	123,278	-	123,278	123,278	4,453
Constructora e Inmobiliaria Huarte Ltda.	89.90	10.10	100.00	736	-	(143)	(38)	-	555	-	555	-	555	555	572
Constructora Mayalum, S.A. de C.V.	-	100.00	100.00	3,757	-	483	(58)	-	4,182	-	4,182	-	4,182	4,182	4,712
Constructora TP, S.A.C.	-	100.00	100.00	2,827	-	(25)	200	-	3,002	-	3,002	-	3,002	3,002	5,359
Controladora Hoyo 1, S.A. de C.V.	-	100.00	100.00	19,118	-	63	(33)	-	19,148	-	19,148	-	19,148	19,148	19,118
Controladora L 4 - 5 Mayakoba, S.A. de C.V.	-	100.00	100.00	5,254	-	(34)	3	-	5,223	-	5,223	-	5,223	5,223	7,607
Desarrollo Vivienda MK1, S.A.P.I. de C.V.	-	100.00	100.00	7,819	-	(406)	(123)	-	7,290	-	7,290	-	7,290	7,290	9,830
Desarrollos RBK en la Riviera, S.A. de C.V.	-	100.00	100.00	8,311	-	1,783	602	-	10,696	-	10,696	-	10,696	10,696	9,413
E y M Arabia, LLC	-	100.00	100.00	126	-	14,516	5,962	-	20,604	-	20,604	-	20,604	20,604	102
Ecolaire España, S.A.	-	100.00	100.00	905	-	(8,583)	(11,713)	-	(19,391)	-	(19,391)	10,000	(9,391)	(9,391)	-
Empresa Constructora Huarte San José, Ltda.	95.00	5.00	100.00	18	(17)	245	(18)	-	228	-	228	-	228	228	13
Estación Rebombeo Degollado, S.A.P.I. de C.V.	-	50.00	50.00	-	-	235	(2,555)	-	(2,320)	-	(2,320)	-	(2,320)	(1,160)	-
Euroconcesiones, S.L.	-	100.00	100.00	3,641	-	156	209	-	4,006	(14,508)	(10,502)	-	(10,502)	(10,502)	3,641
Euroglosa 45 Concesionaria de la Comunidad de Madrid, S.A.	-	100.00	100.00	22,697	-	15,743	4,633	-	43,073	-	43,073	-	43,073	43,073	23,075
EyM Instalaciones, S.A.	-	100.00	100.00	601	-	8,350	(3,270)	-	5,681	-	5,681	-	5,681	5,681	4,490
Gastronómica Santa Fé, S.A. de C.V.	-	100.00	100.00	5,069	-	662	650	-	6,381	-	6,381	-	6,381	6,381	3,890
Golf de Mayakoba, S.A. de C.V.	0.00	100.00	100.00	44,690	-	(25,868)	(674)	-	18,148	-	18,148	-	18,148	18,148	21,917
Golf Mayakoba Servicios, S.A. de C.V.	0.00	100.00	100.00	3	-	66	14	-	83	-	83	-	83	83	86
Grupo Autopistas Nacionales, S.A.	-	39.33	39.33	15,846	-	5,732	2,804	-	24,382	-	24,382	-	24,382	9,589	9,813
Guinovart Rail, S.A.	-	100.00	100.00	100	-	(45)	8	-	63	-	63	500	563	563	600
HH1 Servicios S de R.L. de C.V.	-	60.00	60.00	-	-	-	36	-	36	-	36	-	36	22	-
Hidro Parsifal, S.A. de C.V.	-	79.66	79.66	35	-	-	(4,434)	-	(4,399)	-	(4,399)	-	(4,399)	(3,504)	-
Hidrógeno Cadereyta, S.A.P.I. de C.V.	-	53.90	53.90	-	-	(1,171)	2,959	-	1,788	-	1,788	-	1,788	964	-
Hotel Hoyo Uno, S. de R.L. de C.V.	-	60.00	60.00	34,028	-	-	4,978	-	39,006	-	39,006	-	39,006	23,404	20,417
Huaribe, S.A. de C.V.	-	100.00	100.00	69,543	-	(42,151)	(684)	-	26,708	-	26,708	-	26,708	26,708	60,974
Huaribe Servicios, S.A. de C.V.	-	100.00	100.00	2	-	458	74	-	534	-	534	-	534	534	3
IEPI México, S.A. de C.V.	-	100.00	100.00	1,052	-	4,342	3,345	-	8,739	-	8,739	-	8,739	8,739	1,168
Ingesan Servicios México S.A. de C.V.	-	100.00	100.00	130	-	-	(638)	-	(508)	-	(508)	-	(508)	(508)	132

**APPENDIX III
OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES**

Detail of the equity and the net cost of the investment in the main companies composing the consolidated Group at 31 December 2016

Thousands of euros

COMPANY	Ownership interest			Share capital	Uncalled capital payments payable	Reserves	Profit (Loss) for 2016	Interim dividend	Total shareholders' equity	Valuation adjustments	Total equity	Participating loans	Total equity + participating loans	Underlying carrying amount	Net cost of the investment
	Direct	Indirect	Total												
Islas de Mayakoba Servicios, S.A. de C.V.	-	100.00	100.00	33	-	90	79	-	202	-	202	-	202	202	34
Islas de Mayakoba, S.A. de C.V.	-	100.00	100.00	48,801	-	1,359	4,443	-	54,603	(432)	54,171	-	54,171	54,171	29,774
Josefa Valcárcel 42, S.A.	100.00	-	100.00	69	-	(685)	(278)	-	(894)	-	(894)	962	68	68	310
Judlau Contracting, Inc.	-	100.00	100.00	25	-	97,331	13,377	-	110,733	-	110,733	-	110,733	110,733	173,061
L 6 Hotel Mayakoba, S.R.L. de C.V.	30.35	69.65	100.00	27,913	-	(22,796)	(9)	-	5,108	-	5,108	-	5,108	5,108	5,357
La Ceiba en Ciudad de Mayakoba, S.A.P.I. de C.V.	-	100.00	100.00	919	-	-	(2)	-	917	-	917	-	917	917	918
Lagunas de Mayakoba, S.A. de C.V.	-	100.00	100.00	95,138	-	(152)	(6)	-	94,980	-	94,980	-	94,980	94,980	57,295
Latina México. S.A. de C.V.	-	56.85	56.85	2	-	1,526	3,250	-	4,778	-	4,778	-	4,778	2,716	1
Lotes 3 Servicios, S.A. de C.V.	-	80.00	80.00	2	-	375	101	-	478	-	478	-	478	382	3
Lotes 4-5 Hotel Mayakoba, S.A. de C.V.	-	100.00	100.00	3,266	-	(5,691)	(3,646)	-	(6,071)	-	(6,071)	-	(6,071)	(6,071)	3,266
Marina Mayakoba, S.A. de C.V.	-	100.00	100.00	792	-	(176)	32	-	648	-	648	-	648	648	843
Marina Urola, S.A.	39.17	39.17	78.34	503	-	770	145	-	1,418	-	1,418	-	1,418	1,111	706
Mayakoba Thai, S.A. de C.V.	-	94.32	94.32	123,109	-	(37,056)	(1,303)	-	84,750	(490)	84,260	-	84,260	79,474	116,092
MKB Real Estate, S.A. de C.V.	-	100.00	100.00	513	-	148	27	-	688	-	688	-	688	688	513
Obrascón Huarte Lain, Construcción Internacional, S.L.	100.00	-	100.00	41,330	-	60,625	(257,107)	-	(155,152)	-	(155,152)	-	(155,152)	(155,152)	-
Obrascon Huarte Lain, Desarrollos, S.L.	100.00	-	100.00	80,334	-	239,542	(11,562)	-	308,314	-	308,314	-	308,314	308,314	379,136
OHL Andina, S.A.	99.00	1.00	100.00	3,293	-	20,626	2,391	-	26,310	-	26,310	-	26,310	26,310	3,288
OHL Arabia, LLC	95.00	5.00	100.00	126	-	46,724	(9,598)	-	37,252	-	37,252	-	37,252	37,252	105
OHL Arellano Construction Company	-	100.00	100.00	1	-	9,155	3,335	-	12,491	-	12,491	-	12,491	12,491	65,793
OHL Austral, S.A.	-	100.00	100.00	14,638	-	(5,378)	5,161	-	14,421	-	14,421	-	14,421	14,421	5,691
OHL Brasil, S.A.	1.00	99.00	100.00	376	-	(210)	(21)	-	145	-	145	-	145	145	145
OHL Building, Inc.	-	100.00	100.00	1	-	21,643	(5,903)	-	15,741	-	15,741	-	15,741	15,741	50,048
OHL Central Europe, a.s.	-	100.00	100.00	18,540	-	1,893	76,093	-	96,526	-	96,526	-	96,526	96,526	17,391
OHL Colombia, S.A.S.	-	100.00	100.00	117	-	77	630	-	824	-	824	-	824	824	10,537
OHL Concesiones Argentina, S.A.	10.00	90.00	100.00	538	(500)	(185)	(107)	-	(254)	-	(254)	-	(254)	(254)	-
OHL Concesiones Chile, S.A.	0.00	100.00	100.00	61,787	-	2,054	(5,637)	(112)	58,092	-	58,092	-	58,092	58,092	52,096
OHL Concesiones Colombia, S.A.S.	-	100.00	100.00	379	-	38,323	(3,406)	-	35,296	-	35,296	-	35,296	35,296	42,664
OHL Concesiones Perú, S.A.	-	100.00	100.00	2,897	-	(981)	(1,374)	-	542	-	542	-	542	542	542
OHL Concesiones, S.A.	100.00	-	100.00	167,455	-	788,987	53,484	-	1,009,926	-	1,009,926	-	1,009,926	1,009,926	600,078
OHL Concessoes Brasil Ltda.	-	100.00	100.00	2,415	-	(251)	(2,024)	-	140	-	140	-	140	140	140
OHL Construction Canadá, Inc.	-	100.00	100.00	32,989	-	(9,949)	(8,294)	-	14,746	-	14,746	-	14,746	14,746	32,565
OHL Construction India Private Limited	1.00	99.00	100.00	521	-	13	(98)	-	436	-	436	-	436	436	436
OHL Construction Pacific PTY LTD	100.00	-	100.00	-	-	(6,333)	(1,424)	-	(7,757)	-	(7,757)	-	(7,757)	(7,757)	-
OHL Desarrollos México, S.A. de C.V.	0.00	100.00	100.00	347,027	-	(40,622)	(5,782)	-	300,623	-	300,623	-	300,623	300,623	388,829
OHL Emisiones, S.A.U.	-	100.00	100.00	60	-	10,743	277,996	-	288,799	89,264	378,063	-	378,063	378,063	60
OHL Finance, S.à.r.l.	-	100.00	100.00	2,456	-	29,949	(80)	-	32,325	-	32,325	-	32,325	32,325	-
OHL Health Montreal (Holding) Inc.	-	100.00	100.00	-	-	(13)	(3)	-	(16)	-	(16)	-	(16)	(16)	-
OHL Health Montreal (Partner) Inc.	-	100.00	100.00	1,588	-	(13)	(3)	-	1,572	-	1,572	-	1,572	1,572	1,588
OHL Industrial and Partners, LLC	-	70.00	70.00	616	(185)	(1,616)	(8,718)	-	(9,903)	-	(9,903)	-	(9,903)	(6,932)	-
OHL Industrial Brasil, Ltda.	-	100.00	100.00	358	-	(340)	(15)	-	3	-	3	-	3	3	3
OHL Industrial Chile, S.A.	0.00	100.00	100.00	33,677	-	(34,742)	(10,117)	-	(11,182)	(254)	(11,436)	-	(11,436)	(11,436)	-
OHL Industrial Colombia, S.A.S.	-	100.00	100.00	561	-	(111)	(408)	-	42	-	42	-	42	42	504
OHL Industrial Delegación Guatemala, S.A.	-	100.00	100.00	1	-	5,106	(14,184)	-	(9,077)	-	(9,077)	-	(9,077)	(9,077)	-
OHL Industrial Mining & Cement, S.A.	-	100.00	100.00	1,964	-	1,980	(3,847)	-	97	-	97	-	97	97	8,063
OHL Industrial Perú, S.A.C.	-	100.00	100.00	4,495	-	(167)	(1,840)	-	2,488	-	2,488	-	2,488	2,488	2,488
OHL Industrial Power, S.A.	-	100.00	100.00	337	-	(98)	(2,362)	-	(2,123)	-	(2,123)	-	(2,123)	(2,123)	-
OHL Industrial USA, Inc.	-	100.00	100.00	3	-	(227)	(118)	-	(342)	-	(342)	-	(342)	(342)	-
OHL Industrial, S.L.	100.00	-	100.00	46,394	-	858	(100,832)	-	(53,580)	-	(53,580)	-	(53,580)	(53,580)	-
OHL Infrastructures. Inc.	-	100.00	100.00	26,894	-	(24,590)	(2,540)	-	(236)	-	(236)	-	(236)	(236)	-
OHL Investments, S.A.	-	100.00	100.00	208,320	-	72,875	806	-	282,001	-	282,001	-	282,001	282,001	181,095
OHL México, S.A.B. de C.V.	0.00	56.85	56.85	704,327	-	663,797	60,239	-	1,428,363	-	1,428,363	-	1,428,363	812,024	221,629
OHL Servicios-Ingesan, S.A.U.	100.00	-	100.00	790	-	10,485	1,224	-	12,499	-	12,499	-	12,499	12,499	1,172
OHL Toluca, S.A. de C.V.	-	56.85	56.85	75,883	(30)	(2,930)	(340)	-	72,583	-	72,583	-	72,583	41,263	46,940
OHL USA, Inc.	-	100.00	100.00	7,115	-	361,477	(62,538)	-	306,054	-	306,054	-	306,054	306,054	342,968
OHL ZS MO, S.R.L.	-	97.74	97.74	-	-	(499)	(1,596)	-	(2,095)	-	(2,095)	-	(2,095)	(2,048)	-
OHL ZS Polska, S.Z.o.o.	-	97.74	97.74	11	-	449	(256)	-	204	-	204	-	204	199	-

**APPENDIX III
OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES**

Detail of the equity and the net cost of the investment in the main companies composing the consolidated Group at 31 December 2016

Thousands of euros

COMPANY	Ownership interest			Share capital	Uncalled capital payments payable	Reserves	Profit (Loss) for 2016	Interim dividend	Total shareholders' equity	Valuation adjustments	Total equity	Participating loans	Total equity + participating loans	Underlying carrying amount	Net cost of the investment
	Direct	Indirect	Total												
OHL ZS SK, a.s.	-	97.74	97.74	166	-	519	(3,036)	-	(2,351)	-	(2,351)	-	(2,351)	(2,298)	-
OHL ZS, a.s.	-	97.74	97.74	18,003	-	34,952	(51,279)	-	1,676	(1,134)	542	-	542	530	16,467
OPCEM, S.A.P.I. de C.V.	-	42.64	42.64	-	-	30	3,012	-	3,042	-	3,042	-	3,042	1,297	-
Operaciones Portuarias Valparaíso, SpA.	-	100.00	100.00	71	-	(130)	(71)	-	(130)	-	(130)	-	(130)	(130)	71
Operadora Concesionaria Mexiquense, S.A. de C.V.	-	56.85	56.85	2	-	6,356	3,475	-	9,833	-	9,833	-	9,833	5,590	1
Operadora de Carreteras, S.A.C.	-	100.00	100.00	42	-	911	266	-	1,219	-	1,219	-	1,219	1,219	38
Operadora Hotelera del Corredor Mayakoba, S.A. de C.V.	-	89.84	89.84	105,736	-	(47,195)	5,648	-	64,189	933	65,122	-	65,122	58,506	94,996
Operadora Mayakoba, S.A. de C.V.	-	89.84	89.84	105,847	-	(83)	(5)	-	105,759	-	105,759	-	105,759	95,014	94,968
Organización de Proyectos de Infraestructura, S.A.P.I. de C.V.	-	42.64	42.64	244,029	-	(44,134)	(20,125)	-	179,770	-	179,770	-	179,770	76,654	102,317
Pachira, S.L.	-	100.00	100.00	4	-	(235)	(392)	-	(623)	-	(623)	4,866	4,243	4,243	4,866
Playa 4 - 5 Mayakoba, S.A. de C.V.	-	100.00	100.00	1,941	-	(3,522)	(2,399)	-	(3,980)	-	(3,980)	-	(3,980)	(3,980)	1,941
Posmar Inversiones 2008, S.L.	-	100.00	100.00	3	-	(1,060)	(176)	-	(1,233)	-	(1,233)	1,266	33	33	43
Premol, S.A. de C.V.	-	100.00	100.00	48	-	1,350	398	-	1,796	-	1,796	-	1,796	1,796	49
Puente Logístico Mediterráneo, S.A.	-	100.00	100.00	105	-	(1,182)	(153)	-	(1,230)	-	(1,230)	1,281	51	51	56
S.A. Trabajos y Obras	100.00	-	100.00	1,854	-	43,182	27,673	-	72,709	-	72,709	-	72,709	72,709	43,347
Sawgrass Rock Quarry, Inc.	-	92.25	92.25	1	-	3,339	82	-	3,422	-	3,422	-	3,422	3,157	10,064
Seconmex Administración, S.A. de C.V.	-	56.85	56.85	2	-	1,521	648	-	2,171	-	2,171	-	2,171	1,234	55
Servicios Hoteleros del Corredor Mayakoba, S.A. de C.V.	-	89.84	89.84	2	-	908	128	-	1,038	-	1,038	-	1,038	933	4
Sociedad Concesionaria Aguas de Navarra, S.A.	65.00	-	65.00	7,370	-	2,218	547	-	10,135	(2,953)	7,182	-	7,182	4,668	4,791
Sociedad Concesionaria Centro de Justicia de Santiago, S.A.	100.00	-	100.00	14,732	-	7,550	651	-	22,933	-	22,933	-	22,933	22,933	11,744
Sociedad Concesionaria Nuevo Camino Nogales - Puchuncavi, S.A.	-	100.00	100.00	36,507	(29,006)	-	924	-	8,425	-	8,425	-	8,425	8,425	7,501
Sociedad Concesionaria Puente Industrial, S.A.	-	100.00	100.00	29,196	-	-	1,146	-	30,342	-	30,342	-	30,342	30,342	29,197
Sociedad de Obras Civiles e Infraestructuras Viales, S.A. de C.V.	-	100.00	100.00	18,146	-	(18,113)	(9)	-	24	-	24	-	24	24	-
Sthim Maquinaria de México, S.A. de C.V.	-	100.00	100.00	2	(2)	(145)	(50)	-	(195)	-	(195)	-	(195)	(195)	-
Tenedora de Participaciones Tecnológicas, S.A.	100.00	-	100.00	601	-	(33,261)	(1,498)	-	(34,158)	-	(34,158)	38,162	4,004	4,004	3,939
Terminal Cerros de Valparaíso, S.A.	-	100.00	100.00	38,916	-	6,470	(2,137)	-	43,249	-	43,249	-	43,249	43,249	38,919
Terminal de Contenedores de Tenerife, S.A.	-	100.00	100.00	22,606	-	(5,933)	(253)	-	16,420	(1,324)	15,096	-	15,096	15,096	23,470
Terminal Polivalente Sureste, S.L.	-	100.00	100.00	48	-	(25)	(3)	-	20	-	20	15	35	35	63
Terminales Marítimas del Sureste, S.A.	-	100.00	100.00	17,820	-	(22,259)	(1,604)	-	(6,043)	(3,523)	(9,566)	40,400	30,834	30,834	62,720
Tomi Remont, a.s.	-	97.74	97.74	1,832	-	8,428	2,098	-	12,358	-	12,358	-	12,358	12,079	6,872
Tráfico y Transporte Sistemas, S.A.U.	-	100.00	100.00	1,350	-	219	(657)	-	912	-	912	100	1,012	1,012	995
Vacua, S.A.	99.11	0.89	100.00	16,230	-	(15,580)	19	-	669	-	669	-	669	669	604
Viaducto Bicentenario, S.A. de C.V.	-	56.85	56.85	373,890	(5,764)	257,883	63,935	-	689,944	-	689,944	-	689,944	392,233	209,280
Villas de Mayakoba, S.A. de C.V.	-	100.00	100.00	2,853	-	(4,188)	216	-	(1,119)	-	(1,119)	-	(1,119)	(1,119)	3,138
Viveros de Mayakoba, S.A. de C.V.	-	100.00	100.00	581	-	(490)	(15)	-	76	-	76	-	76	76	635
ZPSV Caña, a.s.	-	56.95	56.95	3,564	-	3,444	84	-	7,092	-	7,092	-	7,092	4,039	1,907
ZPSV Eood, a.s.	-	96.63	96.63	1,802	-	(1,495)	(1,862)	-	(1,555)	-	(1,555)	-	(1,555)	(1,503)	-
ZPSV, a.s.	-	96.63	96.63	22,068	-	209	61,388	(41,919)	41,746	-	41,746	-	41,746	40,339	46,991
ZS Bratislava, a.s.	-	97.74	97.74	5,232	-	1,313	(7,140)	-	(595)	-	(595)	-	(595)	(582)	-

APPENDIX III
OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Detail of the equity and the net cost of the investment in the main companies composing the consolidated Group at 31 December 2016

Thousands of euros

COMPANY	Ownership interest			Share capital	Uncalled capital payments payable	Reserves	Profit (Loss) for 2016	Interim dividend	Total shareholders' equity	Valuation adjustments	Total equity	Participating loans	Total equity + participating loans	Underlying carrying amount	Net cost of the investment
	Direct	Indirect	Total												
Companies accounted for using the equity method															
Joint ventures															
Consorcio Conpax OHL VALKO, S.A.	-	49.00	49.00	1,415	(708)	-	-	-	708	-	708	-	708	347	584
Constructora Libramiento Elevado de Puebla, S.A. de C.V.	-	28.99	28.99	2	-	18,266	4,041	-	22,309	-	22,309	-	22,309	6,467	1
Controladora Vía Rápida Poetas, S.A.P.I. de C.V.	-	28.43	28.43	99,673	-	164,322	54,225	-	318,219	-	318,219	-	318,219	90,470	27,978
Coordinadora Vía Rápida Poniente, S.A.P.I. de C.V.	-	28.43	28.43	2	-	2,602	49	-	2,654	-	2,654	-	2,654	754	1
FHP Villas Lote 2, S.A. de C.V.	-	50.00	50.00	5,929	-	(1,693)	(1,760)	-	2,476	-	2,476	-	2,476	1,238	2,965
Fideicomiso Desarrollo OV CIB/2185	-	50.00	50.00	5,512	-	(27)	(348)	-	5,137	-	5,137	-	5,137	2,568	2,756
Health Montreal Collective CJV L.P.	-	50.00	50.00	1	-	(22,937)	(303,425)	-	(326,362)	-	(326,362)	230,661	(95,701)	(47,850)	115,331
Libramiento Elevado de Puebla, S.A. de C.V.	-	28.99	28.99	157,070	-	(2,293)	(2,664)	-	152,114	-	152,114	-	152,114	44,098	44,971
Nova Dársena Esportiva de Bara, S.A.	-	50.00	50.00	3,731	-	(5,934)	(880)	-	(3,083)	-	(3,083)	32,006	28,923	14,462	16,003
Novaterra Caribe, S.A.P.I. de C.V.	-	50.00	50.00	6,080	-	125	(1,497)	-	4,708	-	4,708	-	4,708	2,354	3,040
OHL Construction Canadá and FCC Canadá Limited Partnership	-	50.00	50.00	1	-	(122,917)	(3,659)	-	(126,576)	-	(126,576)	141,064	14,488	7,244	70,532
OHL FCC North Tunnels Canadá, Inc.	-	50.00	50.00	-	-	-	-	-	-	-	-	18,027	18,027	9,013	9,013
Operadora AVO, S.A.	-	50.00	50.00	28	-	(31)	31	-	29	-	29	-	29	14	14
Operadora Libramiento Elevado Puebla, S.A. de C.V.	-	28.99	28.99	2	-	-	(109)	-	(107)	-	(107)	-	(107)	(31)	1
Operadora Vía Rápida Poetas, S.A.P.I. de C.V.	-	28.43	28.43	2	-	1,351	613	-	1,966	-	1,966	-	1,966	559	1
Prestadora de Servicios Vía Rápida Poniente, S.A.P.I. de C.V.	-	28.43	28.43	2	-	159	17	-	179	-	179	-	179	51	1
Proyecto CCC Empalme I, S.A.P.I. de C.V.	-	50.00	50.00	-	-	1,945	11,080	-	13,025	-	13,025	-	13,025	6,512	-
Refinería Madero Tamaulipas, S.A.P.I. de C.V.	-	50.00	50.00	-	-	868	(666)	-	203	-	203	-	203	102	-
Servicios Administrativos TMT, S.A. de C.V.	-	50.00	50.00	-	-	81	(45)	-	36	-	36	-	36	18	-
Sociedad Concesionaria Vespucio Oriente, S.A.	-	50.00	50.00	127,350	(78,529)	1,277	1,462	-	51,560	-	51,560	-	51,560	25,780	22,232
Westminster Development Services Limited	-	50.00	50.00	12	-	(248)	405	-	169	-	169	-	169	85	7
Associates															
57 Whitehall Holdings S.A.R.L.	-	49.00	49.00	29	-	117,383	(79)	-	117,333	-	117,333	-	117,333	57,493	62,487
Administr. Mexiquense del Aeropt. Inter. de Toluca, S.A. de C.V.	-	27.86	27.86	100,148	-	36,878	(1,898)	-	135,128	-	135,128	-	137,026	37,647	40,751
ALSE Park, S.L.	-	35.00	35.00	4,298	-	9,015	451	-	13,764	-	13,764	-	13,764	4,817	5,444
Arenales Solar PS, S.L.	-	25.02	25.02	71	-	(35,398)	(9,587)	-	(44,914)	(29,460)	(74,374)	148,501	74,127	18,547	31,523
Centro Canalejas Madrid, S.L.	-	35.00	35.00	71,670	-	140,150	(1,603)	-	210,217	(11,136)	199,081	-	199,081	69,678	84,846
E.M.V. Alcalá de Henares, S.A.	34.00	-	34.00	1,202	-	4,608	-	-	5,810	-	5,810	-	5,810	1,975	409
Espacio-OHLD Proyectos Singulares, S.L.	-	25.00	25.00	50	-	34	156	-	240	-	240	-	240	60	12
Health Montreal Collective Limited Partnership	-	25.00	25.00	6,352	-	12,811	8,731	-	27,893	-	27,893	-	27,893	6,973	1,588
Navarra Gestión del Agua, S.A.	30.00	-	30.00	60	-	134	64	-	258	-	258	-	258	77	18
Nuevo Hospital de Burgos, S.A.	20.75	-	20.75	55,033	-	(45,887)	(7,377)	-	1,769	(1,769)	-	-	-	-	11,420
Nuevo Hospital de Toledo, S.A.	33.34	-	33.34	23,803	(17,852)	12	150	-	6,113	-	6,113	-	6,113	2,038	1,983
Obalovna Boskovice, s.r.o.	-	43.98	43.98	1,410	-	210	159	-	1,779	-	1,779	-	1,779	782	525

APPENDIX IV OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

Detail of the changes in the scope of consolidation at 31 December 2016

Subsidiaries (fully consolidated)

INCLUSIONS		EXCLUSIONS	
COMPANY	REASON	COMPANY	REASON
0606 Investments S.a r.l.	Incorporation	Avalora Servicios Informáticos, S.L.	Merger
Consortio Aura - OHL, S.A.	Incorporation	OHL Construction Singapore PTE. Ltd.	Liquidation
EYM México Instalaciones, S.A. de C.V.	Incorporation	OHL Investments 1407, S.A.	Liquidation
HH1 Servicios S de R.L. de C.V.	Incorporation	OHL Rus Private Limited	Liquidation
Ingesan Servicios Administrativos México, S.A. de C.V.	Incorporation	Sector Huesca Tres, S.A.	Liquidation
Ingesan Servicios México S.A. de C.V.	Incorporation	Superficialia Los Bermejales, S.A.	Sale
Ingesan Servicios Profesionales México, S.A. de C.V.	Incorporation		
Magenta Infraestructuras, S.L.U.	Incorporation		
Sociedad Concesionaria Nuevo Camino Nogales - Puchuncaví, S.A.	Incorporation		
Tráfico y Transporte Sistemas México, S.A. de C.V.	Incorporation		

Joint ventures and associates (accounted for using the equity method)

INCLUSIONS		EXCLUSIONS	
COMPANY	REASON	COMPANY	REASON
57 Whitehall Holdings S.A.R.L.	Incorporation	Abertis Infraestructuras, S.A.	Investment securities
57 Whitehall S.A.R.L.	Incorporation	Concessió Estacions Aeroport L 9, S.A.	Sale
Concepteur-Constructeur St-Charles SEC	Incorporation	Kozepszolg Kft.	Liquidation
Consortio Compax OHL VALKO, S.A.	Incorporation	Phunciona Gestión Hospitalaria, S.A.	Sale
Gestión PCC SC INC	Incorporation	Urbs Institia Commodo Opera, S.A.	Liquidation
Operadora Libramiento Elevado Puebla, S.A. de C.V.	Incorporation	Urbs Iudex et Causidicus, S.A.	Sale
Partenariat Ferroviaire ST. Charles SEC	Incorporation		
PFSC General Partner INC	Incorporation		

Companies included in the scope of consolidation in 2015 whose situation changed in 2016

COMPANY	SCOPE OF CONSOLIDATION IN 2015	COMPANY	SCOPE OF CONSOLIDATION IN 2016
Consortio Instalaciones Mecánicas Hospital Dr. Gustavo Fricke SpA.	Accounted for using the equity method	Consortio Instalaciones Mecánicas Hospital Dr. Gustavo Fricke SpA.	Fully consolidated
Controladora L 4 - 5 Mayakoba, S.A. de C.V.	Accounted for using the equity method	Controladora L 4 - 5 Mayakoba, S.A. de C.V.	Fully consolidated
Desarrollo Vivienda MK1, S.A.P.I. de C.V.	Accounted for using the equity method	Desarrollo Vivienda MK1, S.A.P.I. de C.V.	Fully consolidated
Lotes 4-5 Hotel Mayakoba, S.A. de C.V.	Accounted for using the equity method	Lotes 4-5 Hotel Mayakoba, S.A. de C.V.	Fully consolidated
Metro Ligero Oeste, S.A.	Fully consolidated	Metro Ligero Oeste, S.A.	Accounted for using the equity method
Playa 4 - 5 Mayakoba, S.A. de C.V.	Accounted for using the equity method	Playa 4 - 5 Mayakoba, S.A. de C.V.	Fully consolidated
Westminster Development Services Limited	Fully consolidated	Westminster Development Services Limited	Accounted for using the equity method



OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

2016 Directors' Report



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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

OBRASCÓN HUARTE LAIN, S.A. AND SUBSIDIARIES

2016 DIRECTORS' REPORT

1.- ECONOMIC OVERVIEW

2016 was a year of major volatility in the securities markets, influenced by unprecedented political questions such as the Brexit referendum, the difficulties in forming the Spanish Government or the advance of the populist parties in both Europe and the Americas. The same volatility affected the money market, influenced by the policies of the central banks and commodities prices.

In Spain, Spanish GDP growth in 2016 was once more + 3.2%, one of the economies with the highest growth despite the caretaker nature of the government. The IMF expects GDP to continue to grow at rates above that of the European Union (+2.1% vs. +1.6% for the eurozone) over the next two years, but it will be foreseeably be heavily influenced by possible changes in the monetary policies of the central banks, Brussels' deficit dictates that might require budgetary adjustments and the political instability that may result from having a minority government that will have to reach agreements point-by-point in order to successfully implement its political agenda.

Also, according to the FUNCAS Spanish Economic Forecasts Panel average for gross fixed capital formation in the construction industry, investment in construction increased in 2016 by +2.4% compared to 2015. This same source, in its review after the approval of the General State Budgets, expects that it will grow by +2.8% with respect to 2016.

2.- BUSINESS PERFORMANCE

The Group's performance

Broadly speaking, 2016 was year of poor results heavily influenced by the one-off impact of fully recognising losses in the legacy projects and the adverse evolution of exchange rates. However, it leaves a sound and strengthened balance sheet that constitutes a firm foundation on which to build for the future. 2016 was marked by actions in two fundamental areas:

- The **reduction of debt** and the **simplification of the financial structure**. In this connection, among other actions, in 2016 the corporate debt of the Concessions Division was reduced by 73%, eliminating all the financing with trigger risk, and bonds amounting to EUR 84.8 million were redeemed early.

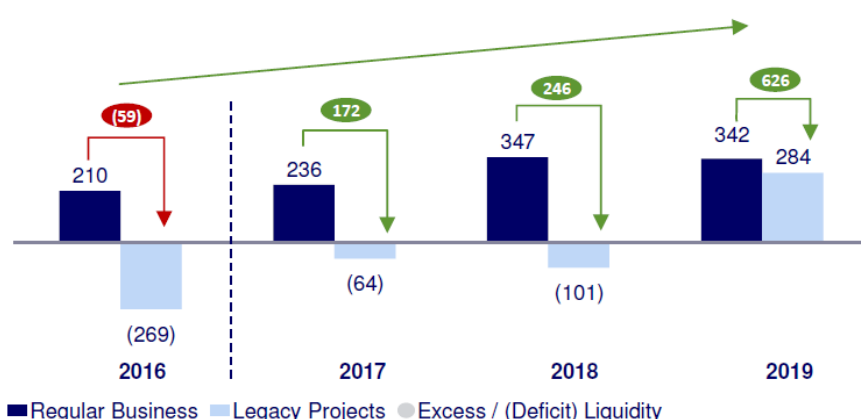
This reduction was greatly aided by the **rotation of non-strategic assets**. This rotation, EUR 1,590 million in 2016 and EUR 627 million in the first two months of 2017, which was performed with particular intensity from the second half of the year onwards with gains in

each and every case, resulted in a net gain of EUR 330.2 million in 2016 and an approximate additional EUR 100 million in the first two months of 2017.

- The **in-depth analysis of the status of the legacy projects** to neutralise their future impact on the statement of profit or loss and to limit the impact on cash.

In this regard, the ultimate objectives of these projects were re-estimated, resulting in a reduction in EBITDA and an increase in the loss attributable to the Parent totalling EUR 520.2 million and EUR 669.6 million, respectively (see Chapter 4, Financial Statements - Consolidated Statement of Profit or Loss). Once this chapter has been closed, the Group will be able to focus on the management of the rest of the construction business, more streamlined, healthier and producing positive cash flows.

The estimated cash impact of these projects for the coming years is:



This represents a total cash outflow in the coming two years of EUR 165 million and an inflow of EUR 284 million in 2018.

At **operational level**, entering into more detail and in addition to the effect described above, the statement of profit or loss for 2016 was weighed down by the strong devaluation in the period of the exchange rate of the main currencies in which the Group operates against the euro (especially the Mexican peso). The main aggregates in the statement of profit or loss disregarding the effect of these two impacts would be as follows:

	2016	Projects restated	Fx effect	Normalized 2016	Var. (%) 2016 / 2015	Var. (%) 2016N / 2015
Revenue	3,862.6	154.8	117.0	4,134.4	-11.6%	-5.4%
EBITDA	222.9	520.2	103.4	846.5	-76.9%	-12.5%
Profit (Loss) attributable to the Parent	-432.3	669.6	10.2	247.5	n.a.	345.1%

Euro Mn

Disregarding the effect of the re-estimation of objectives and considering exchange rate on a like-for-like basis, the Group's revenue, EBITDA and net profit would have changed by -5.4%, -12.5% and 345.1%, respectively.

The excellent performance of the Concessions Division should be noted, where revenue and EBITDA with tolls in like-for-like terms (i.e. at constant exchange rate and without the effect of the change in the method used to account for Metro Liger Oeste) increased by +11.7% and +20.5%, respectively, especially in Mexico, which posted increases of +14.7% and +14.8%, respectively, in local currency.

Also of note was the impact on the bottom line of the gains obtained on the sale of 7.0% and 4.425% of Abertis Infraestructuras, S.A., and from the sale of 28.0% of Metro Liger Oeste, S.A. (and the concomitant increase in value of the remaining 23.3%), which amounted to EUR 276.2 million and EUR 41.0 million, respectively.

In the **financial area**, the following matters should be noted:

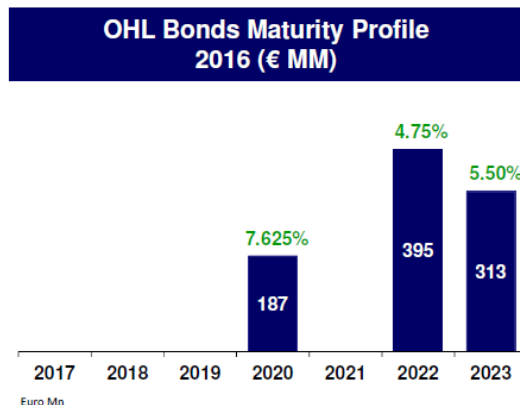
▪ **Transactions in the capital markets**

In 2016 OHL repurchased bonds in the capital markets on two occasions:

- On 23 February 2016, by offering a cash repurchase of its bonds maturing in 2020 at a fixed price of 98%. The offer was accepted by bond holders holding EUR 32.0 million (12% of the outstanding balance at that date).
- From August onwards, after the falls witnessed in their market price, through open market repurchases for a nominal total of EUR 52.8 million: EUR 43.3 million of the bonds maturing in 2020, EUR 5.5 million of those maturing in 2022 and EUR 4.0 million of those maturing in 2023. The average purchase price was 85.89%.

Although these amounts were relatively modest, the two liability management actions had a very positive impact on the price levels of the bonds on the secondary market, which evidences the scanty representative nature of the prices in the secondary market at times of high volatility.

As a result of these two transactions, the OHL Group has an outstanding Eurobond balance of EUR 894.5 million with an **undemanding maturity profile**:



▪ **Asset rotation**

- Sale of 28.0% of Metro Liger Oeste, S.A.

As part of the asset rotation policy in the Concessions Division, in September the sale of 28.0% of Metro Liger Oeste was completed for a total of EUR 101.7 million. The Company continues to hold an ownership interest of 23.3%. For this transaction a total gain of EUR 41.0 million was recognised, including the increase in value of the equity interest retained.

- Sale of 11.425% of Abertis.

This transaction was performed in two blocks, one of 7.0% on 29 June and another of 4.425% on 3 October, from which net proceeds totalling EUR 1,329.0 million were obtained, making it possible to: (i) provide OHL Concesiones with additional funds to cater for the equity commitments of the new concessions awarded; (ii) eliminate in full the debt with trigger risk; and (iii) reduce gross recourse borrowings.

All of which generated total gains of EUR 276.2 million and a total IRR of 26.7%.

In addition, on 23 January 2017, the remaining 2.5% of Abertis was sold, resulting in net proceeds of EUR 329.8 million, which were used to (i) repay the collar financing amounting to EUR 272.9 million; and ii) reduce gross recourse borrowings by the remaining amount.

- Sale of 24.01% of OPI by OHL México

On 4 October 2016, OHL México reached an agreement with IFM Global Infrastructure Fund for the sale of 24.01% of Organización de Proyectos de Infraestructuras, S.A. de C.V. ("OPI") for MXN 8,644 million. Once the transaction is closed, OHL México will continue to hold 51% of OPI, while IFM will increase its share from 24.99% to 49%. The proceeds from this transaction will improve the capital structure of OHL México with the objective of being able to continue investing in new concession projects. As the OHL Group will not lose control of the aforementioned concession, this transaction does not affect the statement of profit or loss, with the gain being recognised in equity.

- Partial sale of Mayakoba's assets

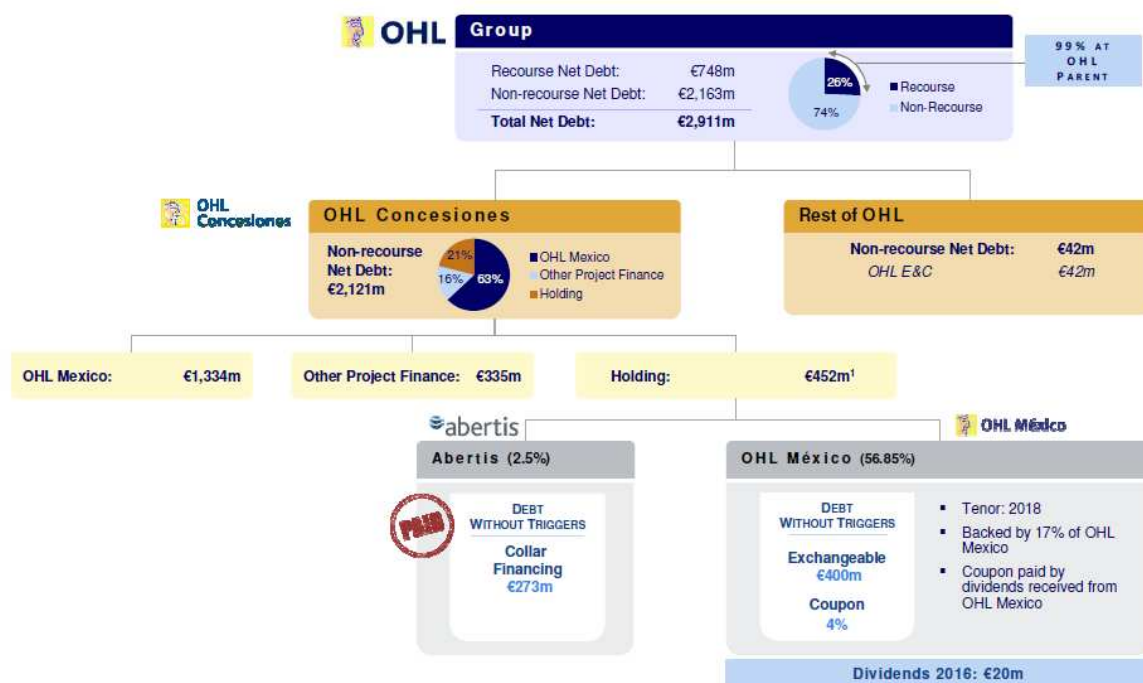
The sale agreement, dated 21 December 2016, covers, specifically, a percentage of up to 80% of Fairmont and Rosewood (guaranteed minimum of 51%) and 51% of Banyan Tree, Andaz and Golf. This transaction, to be carried out in 2017, will provide funds of between EUR 158 million and EUR 218 million and will generate a gain of approximately EUR 71 million. The completion of the transaction, set for 2017, is conditional upon compliance with certain conditions habitual in transactions of this nature including the corresponding authorisation of the Mexican Federal Economic Competition Commission.

- Sale of a 17.5% stake in Canalejas

On 9 February 2017, OHL entered into an agreement to sell 17.5% of Canalejas for which it will receive EUR 79 million and a gain of EUR 29 million. Completion of the transaction is conditional upon compliance with certain conditions precedent foreseen for the coming weeks.

▪ **Strengthening and simplification of the Group's financial structure**

- Both the capital increase and asset rotation transactions contributed very positively to achieving a comfortable and perfectly sustainable financial structure, notwithstanding the intention already expressed to continue to reduce corporate debt, at both OHL, S.A. and OHL Concesiones, S.A.



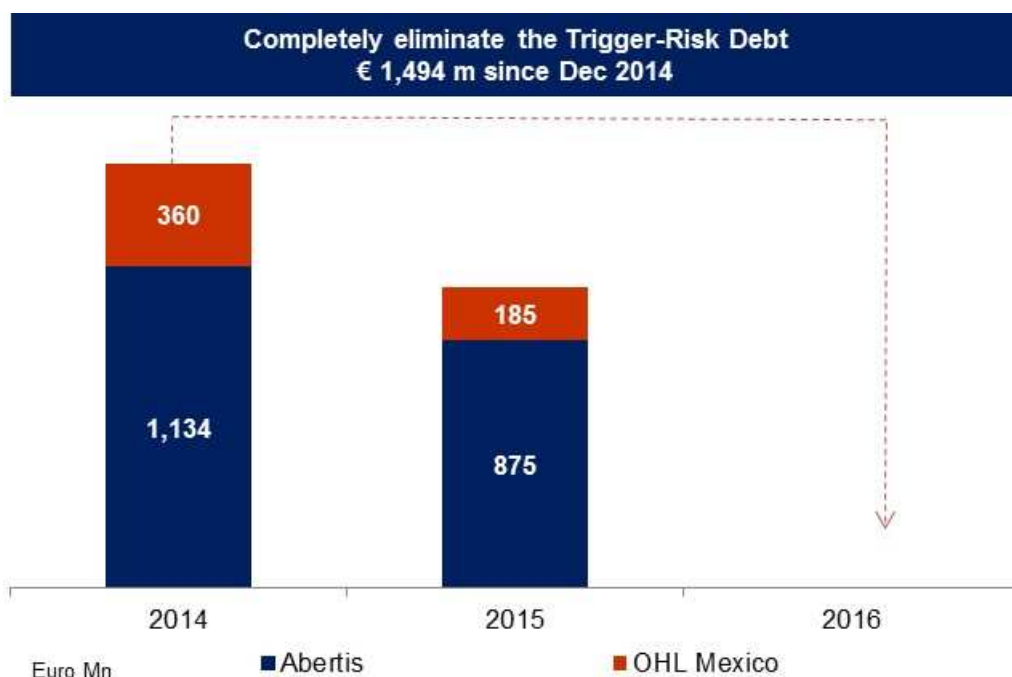
- **Reduction** in 2016 of the **corporate debt of OHL Concesiones** by 73%, which stood at EUR 451.8 million at the end of 2016 (compared to EUR 1,672.7 million at the end of 2015).

OHL Concesiones non-recourse net debt	31/12/2015	31/12/2016
Project financing	1,837.8	1,669.1
Collar Financing (backed by 2.50% Abertis)	272.9	272.9
Margin Loan (backed by 11.43% Abertis)	874.9	-
Exchangeable Bond (backed by 16.99% OHL México)	400.0	400.0
Margin Loan (backed by 29.96% OHL México)	184.9	-
Others	-60.0	-221.1
Holding debt	1,672.7	451.8
Total OHL Concesiones	3,510.5	2,120.9

Euro Mn

- **Complete elimination of the risk of triggers.**

With the sale of 4.425% of Abertis on 3 October 2016 and the full early repayment of the margin loan of EUR 266.3 million, the process of total elimination of financing with risk of triggers was completed. This financing, totalling EUR 1,494.0 million at the beginning of 2015 was repaid in full in 2016.



- **Reduction of the commitments to contribute equity** for the **new** concessions awarded due to: i) the elimination of the concession schedule of La Molina Angamos; and ii) the inclusion of a shareholder/shareholders with a stake of 49% at the end of 2017, in relation to which discussions are at an advances stage. This inclusion would reduce, as shown in the chart, these contributions by approximately half and would entail a cash inflow of approximately EUR 116 million, corresponding to the proportional part of the equity already contributed in these projects. In addition, the delay in obtaining environmental permits and other administrative obstacles has led to a delay in the timing of equity contributions. Based on the foregoing, the schedule projected by OHL Concesiones would be as follows:



- **Financial flexibility** thanks to a **position of drawable recourse liquidity**, EUR 897.0 million at 2016 year-end, which combines credit lines and bond issues, with both long- and short-term instruments in both cases. The events in this area in 2016 were as follows:
 - Renewal on 3 May 2016 of the **Euro Commercial Paper Programme**, which allows the Group to be financed at short term in the capital market and maintain up

to a maximum outstanding amount of EUR 500.0 million.

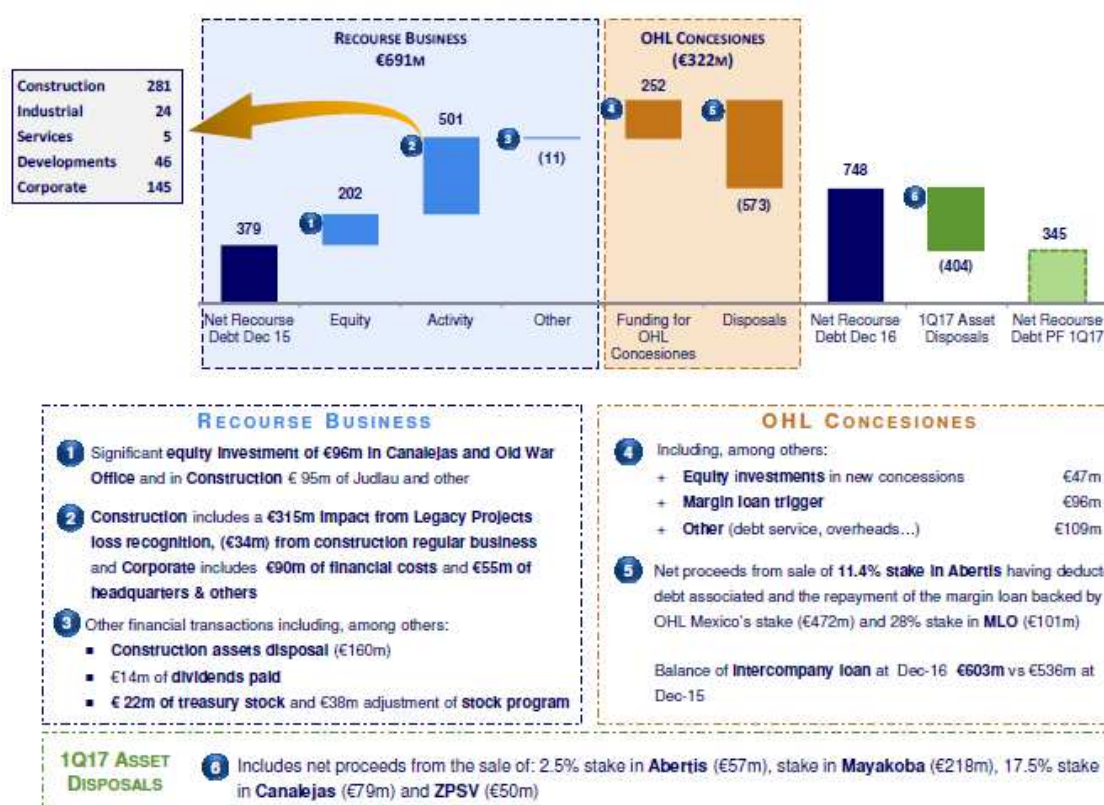
- Approval, on 2 August 2016, of the first extension of the maturity (to July 2019) of the **long-term syndicated loan** of EUR 250.0 million, currently amounting to EUR 209.0 million (84% of the initial principal). This loan affords OHL long-term financial flexibility at a very competitive cost.
- An **agreement has recently been entered into with the Group's main banks** to increase this position with credit lines amounting to EUR 190 million.


On 27 February 2017, the Company reached an agreement with that Group of Entities to proceed before 31 March 2017 with the formal documentation and signing of a new multi-product syndicated financing agreement (which would fully novate and replace the previous agreement) for an aggregate amount of EUR 747 million, for the issue of guarantees (EUR 465 million) and reverse factoring (EUR 92 million), which also includes a revolving credit line of EUR 190 million.

The combination of this new financing package, which allows the OHL Group to guarantee the coverage of the working capital needs arising from its business plan, with the debt reduction measures planned for 2017, will significantly strengthen the Company's liquidity profile.

i) Changes in net recourse borrowings

The changes in the net recourse borrowings in 2016 were as follows:





As can be seen, the impact on cash of the legacy projects and the investments in the Construction and Development areas -exceptionally high in 2016- are that main factors that explain the increase in debt. The Company has stated its commitment to reduce this debt which, on a pro forma basis at the end of the first quarter of 2017 as a result of the divestments made in the quarter, would stand at levels below those of 2015.

ii) Share repurchase plan

On 2 August a share repurchase plan was launched for a maximum of 3.0% of capital or EUR 45.0 million. At 31 December 2016, a total of 8,202,962 shares, representing 2.75% of the share capital, had been acquired for a total of EUR 22.5 million. The plan ended on 2 February, with a total of 8,849,190 shares representing 2.96% of the capital having been acquired for a total of EUR 24.7 million.

iii) Value of OHL México

Lastly, mention should be made of the **significant value** of OHL México, **a listed company**, which is a liquid asset with a market value at 2016 year-end of approximately EUR 922,3 million, or EUR 522,3 million net of associated borrowings, which represents **1.2x** the amount of the **recourse borrowings** at the end of 2016 in gross terms, 0.7x without the borrowings secured by the shares of OHL México (EUR 400 million of the exchangeable bonds).

Main Figures	2016	2015	Var. (%)
Revenue	3,862.6	4,368.9	-11.6%
EBITDA	222.9	967.0	-76.9%
% o/ Revenue	5.8%	22.1%	
EBIT	21.9	684.8	-96.8%
% o/ Revenue	0.6%	15.7%	
Profit (Loss) attributable to the Parent	-432.3	55.6	-877.5%
% o/ Revenue	-11.2%	1.3%	

Euro Mn

Revenue and EBITDA breakdown	2016	2015	Var. (%)
Revenue	3,862.6	4,368.9	-11.6%
Concessions	520.3	444.9	16.9%
% o/ Total	13.5%	10.2%	
Engineering & Construction	3,211.6	3,799.5	-15.5%
% o/ Total	83.1%	87.0%	
Developments	130.7	124.5	5.0%
% o/ Total	3.4%	2.8%	
EBITDA	222.9	967.0	-76.9%
Concessions	799.2	819.8	-2.5%
% o/ Total	358.5%	84.8%	
Engineering & Construction	-604.7	139.5	-533.5%
% o/ Total	-271.3%	14.4%	
Developments	28.4	7.7	268.8%
% o/ Total	12.7%	0.8%	

Euro Mn

Net Debt	2016	2015	Var. (%)
Recourse net debt	748.4	379.4	97.3%
Non-recourse net debt	2,162.5	3,627.6	-40.4%
Total net debt	2,910.9	4,007.0	-27.4%

Euros Mn

Order book	2016	2015	Var. (%)
Short-term	6,674.9	7,151.6	-6.7%
Long-term	75,674.8	57,818.6	30.9%

Euro Mn

Human Resources	2016	2015	Var. (%)
Permanent employees	15,920	16,213	-1.8%
Temporary employees	8,331	9,765	-14.7%
Total	24,251	25,978	-6.6%

Other Magnitudes	2016	2015
Recourse EBITDA (LTM)	204,2*	303.3

Euro Mn

* Calculated in accordance with contractual terms including €250m dividends from OHL Concesiones and excluding EUR520m of non-recurring losses related to Legacy projects.

OHL CONCESIONES

Main Figures	2016	2015	Var. (%)
Revenue	520.3	444.9	16.9%
EBITDA	799.2	819.8	-2.5%
% o/ Revenue	153.6%	184.3%	
EBIT	728.0	775.0	-6.1%
% o/ Revenue	139.9%	174.2%	

Euro M n

The figures for this activity are strongly affected by the performance of currencies, mainly the Mexican peso, which suffered a fall in value of 17.1% in 2016. Comparable revenue and EBITDA (i.e. excluding exchange rate changes and without the effect of the change in the method used to account for Metro Ligero Oeste) increased by +31.6% and +19.3%, respectively.

The changes in revenue and EBITDA of Concesiones with respect to the prior period are as follows:

Revenue	2016	2015	Var. (%)
Concessional activity	387.5	388.9	-0.4%
Proper construction activity	6.0	20.1	-70.1%
IFRIC-12	126.8	35.9	253.2%
TOTAL Revenue	520.3	444.9	16.9%

Euro M n

EBITDA	2016	2015	Var. (%)
EBITDA for concessional activity	256.7	285.1	-10.0%
EBITDA for returns guaranteed	542.5	534.7	1.5%
TOTAL EBITDA	799.2	819.8	-2.5%

Euro M n

Revenue and EBITDA with like-for-like tolls (excluding the exchange rate effect and changes in the scope of consolidation) grew by +11.7% and +20.5%, respectively.

The main factors that influenced the growth in revenue and EBITDA were as follows:

- Toll revenue held stable in euros, although it grew by 11.7% at constant exchange rates with respect to 2015.

The trend in traffic and tolls in the Group's concessions is shown in the table below:

	Traffic performance			Tariffs update	
	From 01/01/16 to 12/31/16	From 01/01/15 to 12/31/15	Var. (%)	% Update ⁽⁵⁾	Last update
Mexico					
Amozoc-Perote ⁽¹⁾	37,664	34,936	7.8%	6.00%	July 2016
Concesionaria Mexiquense ⁽¹⁾	337,219	319,389	5.6%	8.30%	February 2016
Viaducto Bicentenario ⁽²⁾	32,764	32,000	2.4%	8.30%	July 2016
Autopista Urbana Norte ⁽²⁾	53,874	50,394	6.9%	5,1% ⁽⁶⁾	September 2016
Spain					
Euroglosa M-45 ⁽²⁾	86,024	81,626	5.4%	-0.80%	March 2016
Autovía de Aragón ⁽²⁾	108,615	105,634	2.8%	-0.80%	January 2015
Puerto de Alicante (T.M.S.) ⁽³⁾	82,056	69,337	18.3%	-	-
Terminal de Contenedores de Tenerife ⁽³⁾	92,652	83,710	10.7%	-	-
Chile					
Nuevo Camino Nogales - Puchuncaví ⁽¹⁾	5,727	-	n.a.	-	-
Terminal Cerros de Valparaíso ⁽⁴⁾	120,236	139,804	-14.0%	1.07%	January 2015
Peru					
Autopista del Norte ⁽¹⁾	48,643	35,954	35.3%	23.50%	October 2016

(1) Equivalent average paying traffic.

(2) Average daily traffic (ADT): total km travelled by all the users of the toll road, divided by the total km in operation on the road. This measurement represents the number of users that would have travelled the total km in operation along the toll road.

(3) Cumulative number of TEUs shipped.

(4) Average tonnes of general goods.

(5) Average increase in toll applied at each toll plaza, obtained from the toll revision provided for in each concession arrangement.

(6) Average increase in toll revision at off-peak and peak hours.

- The appreciation/depreciation of the average exchange rate of the euro in December 2016 vis-à-vis the Latin American currencies compared to December 2015 was as follows:

	12/31/2016	12/31/2015	Var. (%)
Mexican Peso	20.65	17.63	17.1%
Chilean Peso	742.39	726.74	2.2%
Peruvian New Sol	3.72	3.53	5.4%

As a result of these factors, the changes in revenue and EBITDA of the main concession operators, grouped together by country, were as follows:

Main Figures	Sales			EBITDA		
	2016	2015	Var. (%)	2016	2015	Var. (%)
Mexico	261.4	267.1	-2.1%	726.6	721.2	0.7%
Amozoc-Perote	29.4	31.1	-5.5%	17.5	20.3	-13.8%
Concesionaria Mexiquense ⁽¹⁾	163.6	166.8	-1.9%	413.8	411.4	0.6%
Viaducto Bicentenario ⁽¹⁾	35.1	38.1	-7.9%	119.7	114.7	4.4%
Autopista Urbana Norte ⁽¹⁾	33.3	31.1	7.1%	175.6	174.8	0.5%
Spain	71.0	67.1	5.8%	88.8	119.0	-25.4%
Euroglosa M-45	13.3	13.2	0.8%	11.2	11.8	-5.1%
Autovía de Aragón	31.7	31.7	0.0%	32.0	25.1	27.5%
Metro Ligero Oeste	-	-	n.a.	39.7	78.3	-49.3%
Puerto de Alicante (T.M.S.)	16.0	13.3	20.3%	3.9	2.2	77.3%
Terminal de Contenedores de Tenerife	10.0	8.9	12.4%	2.0	1.6	25.0%
Chile	21.6	26.7	-19.1%	9.6	9.8	-2.0%
Nuevo Camino Nogales - Puchuncaví	1.5	-	n.a.	1.1	-	n.a.
Terminal Cerros de Valparaíso	20.1	26.7	-24.7%	8.5	9.8	-13.3%
Peru	33.5	28.0	19.6%	23.6	11.9	98.3%
Autopista del Norte	33.5	28.0	19.6%	23.6	11.9	98.3%
Total Concessions	387.5	388.9	-0.4%	848.6	861.9	-1.5%
Headquarters and others	132.8	56.0	137.1%	-49.4	-42.1	17.3%
Total	520.3	444.9	16.9%	799.2	819.8	-2.5%

Euro Mn

(1) Including EBITDA from the guaranteed revenue adjustment pursuant to the concession arrangements, which is classified under "Other Operating Income" and is excluded from "Revenue", as in the case of the other concession operators accounted for using the financial asset model. The detail at 31 December 2016 is as follows: Concesionaria Mexiquense EUR 287.7 million, Viaducto Bicentenario EUR 98.0 million and Autopista Urbana Norte EUR 156.8 million.

In Mexico the growth in revenue (+14.7%) and EBITDA (+14.8%) of tolls in local currency should be noted.

"Head Office and Other" includes the revenue and costs relating to the construction business carried on by the concession operators themselves, net of intra-Group transactions, pursuant to IFRIC 12. In accordance with the accounting principle of prudence, the OHL Concesiones Group matched the revenue figure of the construction business from the concession operators to the costs of this construction work, which therefore did not affect EBITDA for these years.

OHL Concessions manages a direct portfolio of 18 major concessions including: 14 toll road concessions (with a total of 1,070 kilometres), 1 airport, and 3 ports.

At 31 December 2016, the long-term backlog amounted to EUR 75,449.4 million.

Mexico

- In June 2016 Amozoc-Perote obtained the Second Amendment to the Concession Title through which the Secretariat of Communications and Transport of Mexico recognised certain additional investments, thereby restoring the feasibility of the concession arrangement by extending the concession term by a further 30 years and gradually increasing tolls over the next six years. In this regard, in July the toll increases by 6%.
- Also, in June 2016 Autopista Urbana Norte obtained a new toll structure in recognition of the additional investments that the project required. The tolls will gradually increase over the year.
- On 4 October 2016, OHL México reached an agreement with IFM Global Infrastructure Fund ("IFM") to increase its ownership interest in Organización de Proyectos de Infraestructura ("OPI") by 24.01%. The manner and the terms and conditions in which the ownership interest of the IFM in OPI will be increased is conditional upon the consent of third parties and government authorisations. Once the transaction has been completed, IFM will increase its holding in OPI from 24.99% to 49%, and OHL México will retain its 51% stake. OPI controls Concesionaria Mexiquense.


IFM agreed to pay MXN 8,644 million as consideration for the increase in its ownership interest in OPI.

This agreement is in line with OHL México's strategy of rotating mature assets and strengthening the company's financial capacity. The proceeds from this transaction will improve its capital position with the objective of investing in new concession projects and capitalising on any opportunity for growth.

- In October 2016 the Libramiento Elevado de Puebla toll road came into service, complying in due time and form with the infrastructure development programme. The construction project was completed in under two years.

Spain

- At 31 December 2015, **Metro Ligero Oeste** was classified in the balance sheet under non-current assets and liabilities classified as held for sale in accordance with IFRS 5, as it was involved in a divestment process. In relation to the foregoing, in June and July 2016 two sales corresponding to 28.0% of this company were completed and, as a result, a net gain was recognised, together with an increase in the value of the equity interest retained (23.3%) of EUR 41.0 million.
- On 20 July 2016, the Madrid High Court handed down a judgment in favour of recognising the restoration of the economic and financial feasibility of **Euroglosa M-45** due to higher compulsory purchase costs than those set as maximums in the Technical and Economic Specifications, quantifying the aforementioned restoration in the amount of EUR 47.4 million to be paid by the grantor. The grantor has filed an appeal against this judgment.
- Since 27 January 2014, **Autopista Eje Aeropuerto** Concesionaria Española, S.A. and Aeropistas, S.L.U. have been involved in voluntary insolvency proceedings and on 21 October 2015 an order was issued by the courts authorising their liquidation.
- On 14 July 2016, **Cercanías Móstoles-Navalcarnero** received notice of the order issued by Madrid Commercial Court no. 1, declaring it to be involved in a voluntary insolvency proceeding. The Ministry of Transport, Housing and Infrastructure of the Madrid



Autonomous Community Government imposed a penalty of EUR 34.1 million for what it considered to be a breach of the concession arrangement. This penalty was appealed against in a timely and well-founded manner by the concession operator. However, in accordance with the accounting principle of prudence, the Group recognised a provision for this amount, which it expects to recover in the future.

Chile

- On 9 June 2016, a copy of the notice of award of the tender for the so-called "Re-tendering of the **Concesión Camino Nogales-Puchuncavi**" was received from the Coordination of Public Works Concessions of the Government of Chile.

The new concession, which will total 43 km in length, envisages upgrade work on the existing 27-km two-way carriageway, as well as the construction of an additional 16 km for the Bypass Puchuncaví and the Variante Ventanas. The term of the new concession is for a maximum of 38 years and the investment amounts to USD 210 million. This concession has existing infrastructure that will be modernised to respond to the economic growth being witnessed in the region. On 1 September 2016, operation of the existing infrastructure with the corresponding collection of tolls commenced.

Peru

- On 28 January 2016, the Metropolitan Council of Lima approved the award of the private initiative promoted by OHL Concesiones known as **Conexión La Molina - Angamos**, consisting of an 12-km urban toll road with an expected investment of USD 500 million. Recently, the decision was taken not to execute the project since certain modifications requested by the customer affect the financial viability of the project.
- On 22 July 2016, an addendum was signed for the construction of the **Chimbote ring road** forming part of the Autopista del Norte project in Peru, and the extension to the concession term by an additional eight years. This project will require an investment of PEN 520 million and includes a 34-km two-lane toll road, two additional bridges and overpasses.

Abertis

In June 2016 OHL Emisiones, a wholly-owned subsidiary of OHL, sold 69,326,692 shares of Abertis representing 7.0% of its share capital for a price of EUR 11.75 per share. After this transaction, OHL Emisiones continued to hold an ownership interest of 6.925% in Abertis.

Subsequently, in October, OHL Emisiones sold 43,826,542 shares of Abertis representing 4.425% of its share capital for a price of EUR 13.65 per share. After this transaction, OHL Emisiones continued to hold an ownership interest of 2.5% in Abertis.

The origin and use of the proceeds from the two transactions were as follows:

% of Abertis	June 2016 7.00%	October 2016 4.425%	TOTAL
Revenue amount	814.6	598.2	1,412.8
Expenses directly associated with the sale	-14.1	-19.1	-33.2
Commissions and interests ^(*)	-10.6	-40.0	-50.6
Net funds	789.9	539.1	1,329.0
Use of proceeds:			
Funds for equity in concessions	199.6	-	199.6
Trigger-risk debt reduction	590.3	266.4	856.7
Gross recourse debt reduction	-	272.7	272.7
Net funds	789.9	539.1	1,329.0

Euro M n

(*) Includes commissions and expenses linked to the cancellation of associated loans

These transactions represent an extraordinary strengthening of the balance sheet, with the proceeds used in full to reduce gross borrowings:

- Major strengthening of the financial structure of OHL Concesiones, through a considerable reduction of its corporate debt and the complete elimination of the risk of triggers.
- Contribution of additional funds to the Group companies with recourse borrowings (EUR 272.7 million) to be used to reduce gross recourse borrowings.

Realisation of a total gain on the two divestments of EUR 276.2 million (of which EUR 172.1 million were recognised in October 2016).

In addition, on 23 January 2017 the remaining 2.5% of Abertis was sold, thereby obtaining EUR 329.8 million of net proceeds used to i) repay the collar financing amounting to EUR 272.9 million; and ii) reduce gross recourse borrowings by the remaining amount.

OHL ENGINEERING AND CONSTRUCTION

Main Figures	2016	2015	Var. (%)
Revenue	3,211.6	3,799.5	-15.5%
EBITDA	-604.7	139.5	n.a.
% o/ Revenue	-18.8%	3.7%	
EBIT	-722.1	-86.8	-731.9%
% o/ Revenue	-22.5%	-2.3%	

Euro M n

The Engineering and Construction Division accounted for 83.1% of the Group's revenue in 2016, providing revenue of EUR 3,211.6 million, which represents a decrease of 15.5% compared with respect to 2015.

As mentioned above, the aggregates of this activity are affected by the re-estimation of objectives of the legacy projects -contracted prior to June 2014- of the Construction Division and other smaller projects of the Industrial Division, which as a whole reduced EBITDA by EUR 520.2 million, specifically EUR -476.2 million and EUR -44.0 million in Construction and Industrial, respectively. In addition, "Result of Companies Accounted for Using the Equity Method" includes a loss of EUR 149.4 million incurred in the Montreal University Hospital Center (CHUM) project (see Chapter 4, Financial Statements - Consolidated Statement of Profit or Loss).

CONSTRUCTION

Main Figures	2016	2015	Var. (%)
Revenue	2,773.6	3,248.2	-14.6%
EBITDA	-519.9	150.0	n.a.
% o/ Revenue	-18.7%	4.6%	
EBIT	-618.1	-55.4	n.a.
% o/ Revenue	-22.3%	-1.7%	

Euro M n

Construction is the main line of business of the Engineering and Construction Division and accounts for 86.4% of its revenue (71.8% of total Group revenue), representing a decrease of -14.6% in revenue.

EBITDA stands at -18.7% of revenue, and is affected by: (i) the effect of the re-estimation of legacy project objectives mentioned above, which has an impact of EUR 476.2 million; (ii) the increase in the weight of small and medium-sized projects in the mix of construction projects in developed economies, where the margins are usually slightly lower; and (iii) the delay in the start of the construction work on the new concessions awarded in Mexico, Chile and Colombia. The inclusion in the revenue figure of larger projects, such as the recent award of I-405 in California, will improve margins in the near future.

The short-term backlog at 31 December 2016, EUR 5,880.9 million, represents 25.5 months of revenue, which provides great visibility to the future growth of this activity. The backlog has a balanced profile both geographically and in terms of the size of the construction projects, with 88.1% coming from the home markets (including most notably 39.7% from the Pacific Alliance and 28.8% from the US and Canada), and with only 23.0% of the projects of more than EUR 300 million (70.2% corresponding to construction projects for our Group concessions).

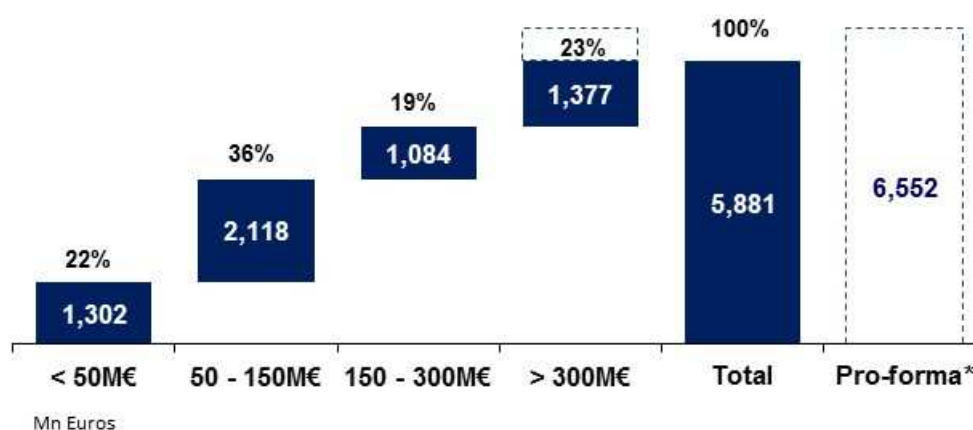
Recently, on 3 February 2017 the OHL Group, through its subsidiary OHL USA, was the successful bidder for the contract to design and construct the I-405 in California. With a budget of close to EUR 1,118 million, this is the most important contract in the US in the company's history. The project was awarded by the local authority of California, the Orange County Transportation Authority (OCTA), to the joint venture between OHL (60%) and Astaldi (40%). It is a project for the design and construction of the upgrade of the 25.7-km interstate highway aimed at increasing the thoroughfare's capacity and road safety. It includes, inter alia, work to add an additional lane in both directions, improved slip roads and bridges, and the construction of express toll lanes.

The pro forma inclusion of this award in the backlog at 2016 year-end would lead to a total figure of EUR 6,552.0 million, representing 28.4 months of revenue and the achievement of a book-to-bill ratio of 1.1x. Due to its importance, we have included this project in the backlog, resulting in the pro forma backlog shown by geographical area below.

	2016	Pro-forma*
Home Markets	88.1%	89.4%
Pacific Alliance	39.7%	35.6%
USA & Canada	28.8%	36.1%
Spain	16.5%	14.8%
Czech Rep. And catchment area	3.2%	2.9%
Other	11.9%	10.6%

* Including the newly awarded I-405 in USA

Based on the size of the construction project, the distribution of the pro forma backlog is as follows:



* Including the newly awarded I-405 in USA.

Of the total construction backlog, 25.6% corresponds to construction projects to be performed for proprietary concessions, the most noteworthy due to their importance being: Río Magdalena (Colombia), Américo Vespucio Oriente (Chile), Atizapán-Atlacomulco (Mexico), Puerto de Valparaíso (Chile), Evitamiento de Chimbote (Peru) and Camino Nogales-Puchuncaví (Chile). The

start-up of this type of construction project will contribute to an improvement in the Division's margins.

The ten principal contracts currently in the backlog are as follows:

	Country	2016	Pro-forma*
Interstate 405 Improvement Project	USA	-	671.0
FF.CC. Marmaray Project	Turkey	409.7	409.7
Autopista Río Magdalena	Colombia	340.0	340.0
Autopista Vespucio Oriente	Chile	317.0	317.0
Autopista Atizapán-Atlacomulco	Mexico	310.4	310.4
Hospital de Curicó	Chile	227.2	227.2
LAV Oslo-Ski (Follo Line project)	Norway	183.9	183.9
Puerto de Valparaíso	Chile	175.2	175.2
Rehabilitación túnel Queens Midtown	USA	173.8	173.8
Tren Ligero Guadalajara	Mexico	133.5	133.5
Evitamiento de Chimbote	Peru	117.0	-
10 largest projects in backlog		2,387.7	2,941.7

* Including the newly awarded I-405 in USA

Euro Mn

Of particular note among them: the major focus on the home markets (75.1% of the total) and that five of them (52.8% of the total) are projects for Group concessions.

Contracts in 2016 amounted to EUR 2,310.3 million, of which 46.5% are located in the US.

The new awards in 2016 include most notably:

	Country	2016
Hospital de Curicó	Chile	228.9
Owen's Lake Dust Mitigation project	USA	195.7
Evitamiento de Chimbote	Peru	117.0
Ellis CO. - IH 35E. Ellis North	USA	116.0
Camino Nogales Puchuncavi	Chile	115.1
Widening from North of SW 40th Street to SR-836	USA	100.5
Elevación presa Antamina	Peru	72.9
Tranque Talabre	Chile	71.1
Travis Ct - IH35 Widening at Wm Canon Dr	USA	71.0
Ampliación puerto de Bilbao - Espigón central	Spain	63.4
Total main awards in 2016		1,151.6
Interstate 405 Improvement Project	USA	671.0
Total pro-forma* in 2016		1,822.6

* Including the newly awarded I-405 in USA

Euro Mn

INDUSTRIAL

Main Figures	2016	2015	Var. (%)
Revenue	243.6	352.1	-30.8%
EBITDA	-87.3	-20.8	-319.7%
% o/ Revenue	-35.8%	-5.9%	
EBIT	-105.9	-39.0	-171.5%
% o/ Revenue	-43.5%	-11.1%	

Euro Mn

The Industrial Division recorded revenue of EUR 243.6 million, which represents a reduction of 30.8% with respect to 2015. This decrease was due mainly to: (i) the completion of construction projects in progress; (ii) the temporary slowdown in the performance of certain projects, mainly in Mexico; and (iii) the adverse effect of exchange rates (fundamentally the Mexican peso) which explains 3.0% of this change.

As the foregoing interests are accounted for using the equity method in accordance with IFRSs, the foregoing figures do not include the 50% that OHL Industrial holds in the joint venture that is constructing the Empalme I combined cycle facility in Mexico for CFE (awarded in April 2015). If this ownership interest were proportionately consolidated, the revenue and backlog figures for this period would increase by EUR +118.5 million and EUR +52.9 million, respectively, which would represent changes of -9.9% in revenue and +24.8% in the backlog with respect to 2015.

EBITDA is negatively affected by, in addition to the above, (i) the re-estimation of objectives at the end of the construction projects mentioned above by approximately EUR -44.0 million; and (ii) certain fixed overheads that are necessary to be able to undertake new projects, but are not yet being absorbed by the Division.

It is important to note that due to the adverse performance of the oil and gas segment and the significant restrictions on the countries' investment in this subsector, as well as the negative results obtained in projects in this segment, the submission of bids in international tender processes was limited or restricted, thereby lessening the risk of this product line in the future.

At 31 December 2016, the order backlog of the Industrial Division stood at EUR 437.3 million, equal to 21.5 months of revenue, including the recent award of the construction of a cement works in Colombia for EUR 218.4 million. This significant award in Colombia, which alone doubles the size of the backlog, will contribute to the generation of a change of scale and will significantly improve this Division's profitability.

SERVICES

Main Figures	2016	2015	Var. (%)
Revenue	194.4	199.2	-2.4%
EBITDA	2.5	10.3	-75.7%
% o/ Revenue	1.3%	5.2%	
EBIT	1.9	7.6	-75.0%
% o/ Revenue	1.0%	3.8%	

Euro M n

The revenue of this Division amounted to EUR 194.4 million, and in comparable terms (excluding in 2015 the sales of Sacova, which was sold in November 2015) represent growth of +11.3%.

That said, the Services business (which is the smallest in size of the three that compose the Engineering and Construction Division) obtained an EBITDA margin of 1.3%, compared to 2.5% in the prior period (in comparable terms), due to the effect of greater competition in the Spanish industry, which is more mature and is affected by the scant market opportunities.


This situation should improve as the presence of this Division abroad (Mexico, the US and Chile, where commercial actions are being intensified) takes root.

OHL DEVELOPMENT

Main Figures	2016	2015	Var. (%)
Revenue	130.7	124.5	5.0%
EBITDA	28.4	7.7	268.8%
% o/ Revenue	21.7%	6.2%	
EBIT	16.0	-3.4	-570.6%
% o/ Revenue	12.2%	-2.7%	

Euro M n

The revenue of the Development Division, which amounted to EUR 130.7 million, increased by 5.0% with respect to 2015, which reflects the sound performance of sales of the Mayakoba hotels and the reference currency, the US dollar. Mention should be made of the positive performance of the Mayakoba hotels, with occupancy levels in 2016 of 61%, similar to the levels of 2015.



EBITDA, which amounted to EUR 28.4 million in 2016, was significantly higher than in 2015. This positive performance was contributed to both by the improvement in EBITDA of the Mayakoba hotels, due to both improved occupancy and margins and the increase in real estate sales in both Mayakoba and the Ciudad Mayakoba project.

Of particular note was the agreement entered into in December 2016 with RLH Properties S.A.B. de C.V. for the sale of between 51% and 80% of the Group's ownership interest in Mayakoba's main hotel subsidiaries, as well as in the Golf Course. Subject to certain habitual conditions in transactions of this nature, the sale should be completed in 2017 and will generate estimated cash of between EUR 158 million and EUR 218 million.

For this reason, at year-end the Group classified all the assets and liabilities of these subsidiaries as held for sale.

3.- FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2015	2016	Var. (%) 16/15	Projects revision	Fx effect	Normalized 2016	Var. (%) 16N/15
Revenue	4,368.9	3,862.6	-11.6%	154.8	117.0	4,134.4	-5.4%
Other operating income	849.4	776.2	-8.6%	0.0	93.4	869.6	2.4%
Total operating income	5,218.3	4,638.8	-11.1%	154.8	210.4	5,004.0	-4.1%
% o/ Revenue	119.4%	120.1%		4.0%	4.8%	121.0%	
Other operating expenses	-3,359.9	-3,488.6	3.8%	365.4	-100.5	-3,223.7	-4.1%
Staff costs	-891.4	-927.3	4.0%	-	-6.5	-933.8	4.8%
EBITDA	967.0	222.9	-76.9%	520.2	103.4	846.5	-12.5%
% o/ Revenue	22.1%	5.8%		13.5%	2.4%	20.5%	
Depreciation and amortisation charge	-165.8	-137.5	-17.1%	-	-1.3	-138.8	-16.3%
Changes in provisions and allowances	-116.4	-63.5	-45.4%	-	-	-63.5	-45.4%
EBIT	684.8	21.9	-96.8%	520.2	102.1	644.2	-5.9%
% o/ Revenue	15.7%	0.6%		13.5%	2.3%	15.6%	
Finance income	46.1	55.5	20.4%	-	-32.8	22.7	-50.8%
Finance costs	-494.9	-462.3	-6.6%	-	-	-462.3	-6.6%
Net losses on remeasurement of financial instruments at fair value	-14.1	-24.2	71.6%	-	-	-24.2	71.6%
Net exchange differences	0.6	1.7	183.3%	-	-	1.7	183.3%
Impairment and gains or losses on disposals of financial instruments	-15.4	364.3	n.a.	-	-	364.3	-2465.6%
Financial profit / (loss)	-477.7	-65.0	-86.4%	0.0	-32.8	-97.8	-79.5%
Equity accounted entities	226.9	-35.2	-115.5%	149.4	2.7	116.9	-48.5%
Profit / (loss) on continuing activities before taxes	434.0	-78.3	-118.0%	669.6	72.0	663.3	52.8%
% o/ Revenue	9.9%	-2.0%		17.3%	1.6%	16.0%	
Income tax	-175.4	-157.0	-10.5%	-	-29.5	-186.5	6.3%
Profit / (loss) for the year from continuing operations	258.6	-235.3	-191.0%	669.6	42.5	476.8	84.4%
% o/ Revenue	5.9%	-6.1%		17.3%	1.0%	11.5%	
Profit from discontinued operations attributable to non-controlling interests	0.0	0.0	n.a.	-	-	0.0	n.a.
Profit / (loss) for the year	258.6	-235.3	-191.0%	669.6	42.5	476.8	1475.5%
% o/ Revenue	5.9%	-6.1%		17.3%	1.0%	11.5%	
Minority interests	-203.0	-197.0	-3.0%	-	-32.3	-229.3	13.0%
Result attributed to the parent company	55.6	-432.3	-877.5%	669.6	10.2	247.5	345.1%
% o/ Revenue	1.3%	-11.2%		17.3%	0.2%	6.0%	

Euro Mn

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The Group's **revenue** in 2016 amounted to EUR 3,862.6 million, down 11.6% from 2015, due mainly to the Construction Division and to the adverse effect of the average exchange rates of the currencies in which the Group operates.

The revenue of the Concessions business, which amounted to EUR 520.3 million in 2016, grew by 16.9% despite the 17.1% drop in the average exchange rate of the Mexican peso against the euro. Disregarding this effect and applying the exchange rates prevailing in 2015, revenue would have increased by 31.6%.

The Engineering and Construction Division obtained revenue of EUR 3,211.6 million, which represents a decrease of 15.5% and accounts for 83.1% of the Group's total revenue.

The most important line of business is Construction, which with revenue of EUR 2,773.6 million in 2016 accounts for 71.8% of the Group's total revenue. However, its revenue figure was 14.6% lower than in 2015.

The Development Division, which accounts for a much lower 3.4% of the total, saw a year-on-year increase in revenue of 5.0% with respect to the preceding year.

In 2016 79.4% of revenue was generated outside Spain, as compared with 82.6% in 2015.

As regards the distribution of revenue by geographical area, the US and Canada represent 33.8% of the total, Spain 20.6%, Mexico 20.1% and Central and Eastern Europe 7.3%.

Other operating income, which totalled EUR 776.2 million in 2016, includes mainly income relating to concessions accounted for using the financial asset model and, in particular, income relating to the Mexican concessions with a guaranteed revenue clause, which fell by -8.6% with respect to 2015, due mainly to the exchange rate effect.

Total operating income amounted to EUR 4,638.8 million in 2016, a drop of 11.1% with respect to 2015.

EBITDA for 2016 stood at EUR 222.9 million, representing 5.8% of revenue and a decrease of 76.9% from 2015, largely as a result of the significant impact of the changes in the estimated revenue from projects (Legacy) of the Construction Division and from other more minor projects of the Industrial Division.

The Engineering and Construction Division reported EBITDA of EUR -604.7 million, of which EUR -520.2 million relate to the aforementioned projects (EUR -476.2 million corresponding to Construction and EUR -44.0 million to the Industrial Division). Also, the loss incurred in the Montreal University Hospital Center (CHUM) project was recognised under "Result of Companies Accounted for Using the Equity Method".

As a result of all the foregoing, the change in the revenue estimate in 2016 totalled EUR -669.6 million.

Concessions EBITDA amounted to EUR 799.2 million in 2016, down 2.5% from 2015, due to the depreciation of the Mexican peso against the euro, since toll revenue increased by 11.7%.

Disregarding this effect, Concessions EBITDA would have grown by 12.8% to EUR 924.4 million.

The Development Division achieved EBITDA of EUR 28.4 million in 2016, representing 21.7% of revenue and a year-on-year increase of 20.7%, due mainly to the improvement in the EBITDA of the Mayakoba hotel operation.

Substantially all the Group's positive EBITDA was generated outside Spain, primarily in Mexico.

In accordance with the disclosure obligations provided for in the Parent's bond issue agreements, in 2016 recourse EBITDA, calculated on the basis of the bond issue agreements, and the recourse consolidated interest expenses, calculated on the basis of the definitions set forth in the agreements, amounted to EUR 204.0 million and EUR 66.1 million, respectively.

EBIT totalled EUR 21.9 million in 2016, 0.6% of revenue.

The net amount of **finance income and finance costs** in 2016 totalled EUR -406.8 million, representing an improvement of EUR 42.0 million with respect to 2015, due mainly to a reduction in borrowings and lower interest rates.

Noteworthy in relation to this line item were the borrowing costs amounting to EUR -462.3 million, including EUR 50.6 million relating to the sale of 11.425% of Abertis Infraestructuras, S.A. Disregarding this effect, these costs would have totalled EUR -411.7 million, as compared with the EUR -494.9 million incurred in 2015, as a result of the significant reduction in gross borrowings. 50.5%, i.e. EUR -233.3 million, of this figure relates to concession operators.

The balance of "**Net losses on remeasurement of financial instruments at fair value**" amounted to EUR -24.2 million in 2016, as compared with EUR -14.1 million in 2015. This was due to the fact that, as required by IFRSs, the derivative associated with the investments in the Construction Division concession operators and Metro Liger Oeste, S.A., which were sold in 2016, that had previously been included in equity (EUR -77.9 million and EUR -24.9 million, respectively) were recognised as revaluation losses in profit or loss. This transaction had an adverse effect of EUR 102.8 million in the balance of this line item and a positive effect of the same amount on the balance of "Valuation Adjustments" in the consolidated balance sheet, leaving equity unchanged.

Exchange differences amounted to EUR 1.7 million in 2016, similar to the EUR 0.6 million recognised in 2015.

"Impairment and Gains or Losses on Disposals of Financial Instruments" totalled EUR 364.3 million and related principally to:

- The gain of EUR 249.0 million obtained on the sale in 2016 of 11.425% of Abertis Infraestructuras, S.A.
- The gain of EUR 90.9 million obtained on the sale of the Construction Division concession operators that had been classified as held for sale at 31 December 2015 (Superficialia Los Bermejales, S.A., Concessió Estacions Aeroport L-9, S.A., Phunciona Gestión Hospitalaria, S.A. and Urbs Iudex et Causidicius, S.A.). As indicated above, this gain was reduced by the loss of EUR -77.9 million included under "Changes in Fair Value of Financial Instruments", meaning that the sale gave rise to a total gain of EUR 13.0 million. This sale gave rise to a cash inflow of EUR 142.0 million.

- The gain of EUR 16.3 million obtained on the sale of 28.0% of Metro Ligero Oeste, S.A.

"Equity accounted entities" amounted to EUR -35.2 million in 2016 and included most notably:

- The profit of Abertis Infraestructuras, S.A. amounting to EUR 47.2 million. Following the sales in June and October 2016, the Group had an ownership interest of 2.5% Abertis Infraestructuras, S.A. and, as a result, the significant influence was lost and the investments started to be accounted for using the equity method under "Other Current Financial Assets".
- The loss of EUR -149.4 million of Health Montreal Collective CJV L.P., which is building Centre Hospitalier de L'Université de Montreal (CHUM) recognised as a result of the re-estimate of project revenue in 2016. The profit of EUR 49.6 million due to accounting for the 23.3% holding in Metro Ligero Oeste, S.A. following the sale of 28.0% of the shares of this company. The gain on this transaction, including the measurement of the derivatives, the gain on the sale, and the profit accounted for using the equity method totalled EUR 41.0 million.

The loss on continuing activities before taxes amounted to EUR -78.3 million, representing -2.0% of revenue.

"Income Tax" totalled EUR -157.0 million in 2016, as compared with EUR -175.4 million in 2015.

The effective tax rate was 31.2% in 2016 (2015: 29.2%).

This rate was calculated by eliminating the results of companies accounted for using the equity method and other items with no tax effect, and it must be taken into consideration that the Group does not recognise tax assets if it is not certain that they will be recovered.

"Profit Attributable to Minority interests" amounted to EUR 197.0 million in 2016, down EUR 6.0 million from that of 2015.

The **loss attributable to the Parent Company** totalled EUR -432.3 million. Deducting from this result the re-estimate of project revenue and the exchange rate effect the profit attributable to the Parent would have amounted to EUR 247.5 million.

CONSOLIDATED BALANCE SHEET

	12/31/2016	12/31/2015	Var. (%)
Non-current assets	8,589.0	10,233.6	-16.1%
Intangible assets	287.0	316.3	-9.3%
Concession infrastructure	6,439.6	6,515.6	-1.2%
Property, plant and equipment	257.0	636.0	-59.6%
Investment property	66.8	61.9	7.9%
Investments accounted for using the equity method	513.6	1,668.2	-69.2%
Non-current financial assets	402.9	411.5	-2.1%
Deferred-tax assets	622.1	624.1	-0.3%
Current assets	4,331.3	5,055.3	-14.3%
Non-current assets classified as held for sale	492.0	833.3	-41.0%
Inventories	211.9	270.4	-21.6%
Trade and other receivables	2,103.2	2,462.3	-14.6%
Current financial assets	663.5	334.6	98.3%
Other current assets	42.8	56.8	-24.6%
Cash and cash equivalents	817.9	1,097.9	-25.5%
Total assets	12,920.3	15,288.9	-15.5%
Total equity	4,042.9	4,811.7	-16.0%
Shareholder's equity	3,027.9	3,494.0	-13.3%
Share capital	179.3	179.3	0.0%
Share premium	1,265.3	1,265.3	0.0%
Reserves	2,015.6	1,993.8	1.1%
Consolidated profit (loss) for the year attributable to the Parent	-432.3	55.6	-877.5%
Valuation adjustments	-588.2	-447.0	31.6%
Total equity attributable to the parent	2,439.7	3,047.0	-19.9%
Non-controlling interests	1,603.2	1,764.7	-9.2%
Non-current liabilities	5,453.9	6,583.5	-17.2%
Subsidies	2.1	52.7	-96.0%
Provisions	199.4	168.8	18.1%
Non-current financial debt (*)	3,777.1	4,723.2	-20.0%
Other financial liabilities	53.0	88.6	-40.2%
Deferred tax liabilities	1,246.3	1,211.4	2.9%
Other non-current liabilities	176.0	338.8	-48.1%
Total Current liabilities	3,423.5	3,893.7	-12.1%
Liabilities associated with non-current assets classified as held for sale	220.0	567.2	-61.2%
Provisions	298.2	289.3	3.1%
Current financial debt (*)	615.2	716.3	-14.1%
Other financial liabilities	7.1	44.9	-84.2%
Trade creditors and other accounts payable	1,915.4	1,921.4	-0.3%
Other current liabilities	367.6	354.6	3.7%
Total equity and liabilities	12,920.3	15,288.9	-15.5%

* Includes Bank debt + Bonds

Euro Mn

The detail of the main headings in the consolidated balance sheet as at 31 December 2016 and of the changes therein with respect to 31 December 2015 is as follows:

Concession infrastructure: this heading includes all of the Group's concession infrastructure in concessions accounted for using both the financial asset model and the intangible asset model.

The balance of this heading amounted to EUR 6,439.6 million at 31 December 2016, a decrease of EUR 76.0 million with respect to 31 December 2015 as a result of the net effect of:

- The net increase of EUR 577.6 million at the Mexican concession operators with guaranteed revenue (Autopista Urbana Norte, S.A. de C.V., Concesionaria Mexiquense, S.A. de C.V. and Viaducto Bicentenario, S.A. de C.V.).
- The decrease of EUR 797.3 million due to the 15.1% drop in the value of the Mexican peso against the euro.
- A net increase of EUR 143.7 million at the other concessions.

EUR 5,115.0 million of the total balance relate to Mexican concession operators accounted for using the financial asset model, 79.4% of the total.

Also, 48.4% of the financial asset, i.e. EUR 3,114.8 million, corresponds to the guaranteed revenue.

Investments accounted for using the equity method: the balance of this line item at 31 December 2016 amounts to EUR 513.6 million, down EUR 1,154.6 million with respect to 31 December 2015, due mainly to the fact that Abertis Infraestructuras, S.A. ceased to be accounted for using the equity method following the sales made in 2016 which reduced the percentage of ownership to 2.5%, with the concomitant loss of significant influence by the Group and the recognition of the residual ownership interest under "Other Current Financial Assets".

Non-Current Assets Classified as Held for Sale" and "Liabilities Associated with Non-Current Assets Classified as Held for Sale": these line items, which at 31 December 2015 amounted to EUR 833.3 million and EUR 567.2 million, respectively, related to the assets and liabilities of the Construction Division concession operators and of Metro Ligero Oeste, S.A.


In 2016 the Construction Division concession operators and 28.0% of the shares of Metro Ligero Oeste, S.A. were sold (leaving the Group with an ownership interest in the latter of 23.3%) and these balances were derecognised.

At 31 December 2016, as a result of the divestment decision taken, EUR 492.0 million and EUR 220.0 million were included under these headings relating to the assets and liabilities, respectively, of the hotel companies and golf course at the Mayakoba resort in Riviera Maya (Mexico).

Trade and other receivables: at 31 December 2016, the balance of this line item amounted to EUR 2,103.2 million, accounting for 16.3% of total assets.

Progress billings receivable and amounts to be billed for work performed represent 71.0% of the total "Trade and Other Receivables" balance and amounted to EUR 1,493.3 million (4.7 months of revenue), as compared with EUR 1,744.4 million in 2015 (4.8 months of revenue).

It should be noted that at 31 December 2016 the Construction Division projects the revenue from which was re-estimated accounted for 14% of the balance (31 December 2015: 20%).



The balance of "Trade and Other Receivables" was reduced by EUR 53.3 million (31 December 2015: EUR 125.1 million) in relation to trade receivables factored without recourse (which is why they were deducted from the balance).

"Equity Attributable to the Parent": amounted to EUR 2,439.7 million at 31 December 2016, which represents 18.9% of total assets and a decrease of EUR 607.3 million with respect to 31 December 2015, due to the net effect of:

- The decrease in the attributable profit for 2016, which amounted to EUR -432.3 million.
- The decrease of EUR 13.7 million due to the dividend paid in July 2016.
- The decrease in reserves of EUR 272.5 million arising from the translation of the financial statements in foreign currency, mainly of the Mexican companies.
- The increase of EUR 131.4 million in reserves due to the effect of the net fair value of the financial instruments transferred to profit or loss.
- The drop of EUR 42.1 million relating to treasury shares. At 31 December 2016, 11,961,801 treasury shares with a value of EUR 46.1 million were held.
- The increase of EUR 21.9 million relating to other changes in reserves, due mainly to changes in the scope of consolidation.

"Non-Controlling Interests": the balance of this heading amounted to EUR 1,603.2 million at 31 December 2016, down EUR 161.5 million with respect to 31 December 2015 as a result of the net effect of:

- The increase of EUR 197.0 million as a result of the profit for 2016 attributable to non-controlling interests.
- The decrease of EUR 217.1 million arising from the translation of the financial statements in foreign currency.
- The increase of EUR 13.6 million due to the effect of the remeasurement of financial instruments.
- The decrease of EUR 155.0 million relating to other changes, due mainly to changes in the scope of consolidation, including most notably the sale of 28.0% of the shares of Metro Ligero Oeste, S.A., which had an impact of EUR 116.7 million.

Borrowings: the detail of the borrowings at 31 December 2016 and 2015 is as follows:

Gross debt ⁽¹⁾	12/31/2016	%	12/31/2015	%	Var. (%)
Recourse debt	1,519.9	34.6%	1,238.3	22.8%	22.7%
Non-recourse debt	2,872.4	65.4%	4,201.2	77.2%	-31.6%
Total	4,392.3		5,439.5		-19.3%

Euro Mn

(1) The gross borrowings group together the non-current and current debt items, which include both bank debt and bonds.

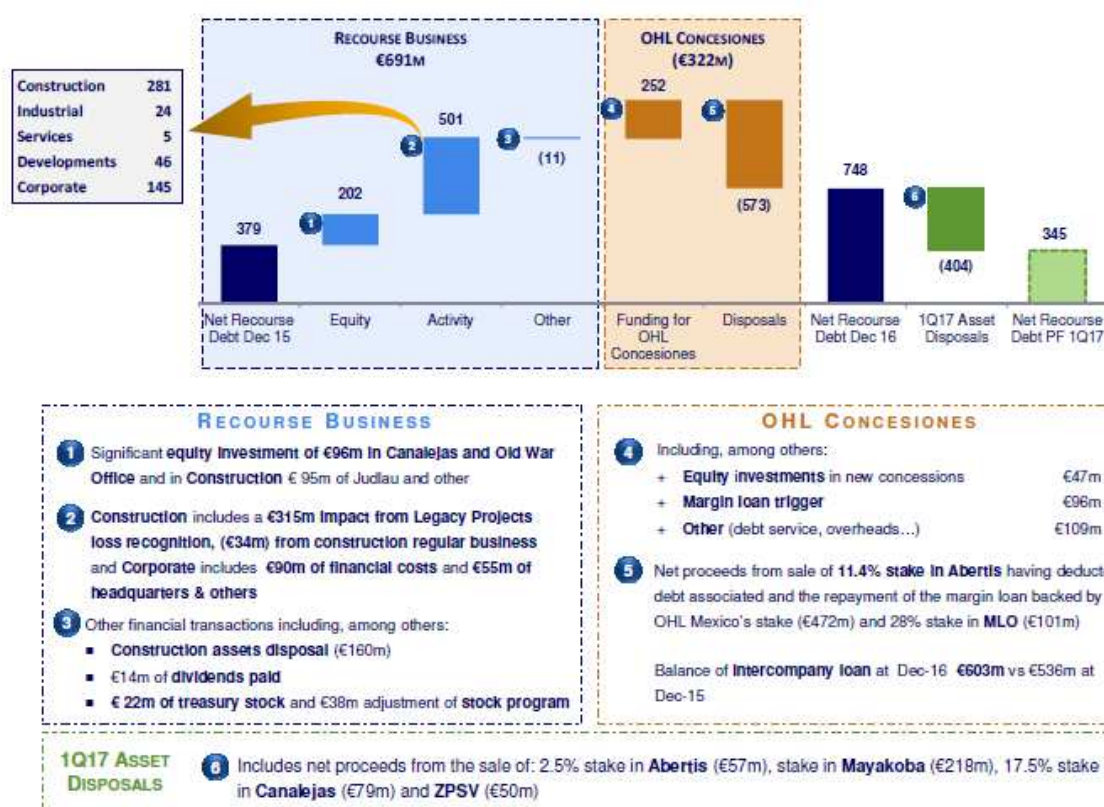
Net debt ⁽²⁾	12/31/2016	%	12/31/2015	%	Var. (%)
Recourse net debt	748.4	25.7%	379.4	9.5%	97.3%
Non-recourse net debt	2,162.5	74.3%	3,627.6	90.5%	-40.4%
Total	2,910.9		4,007.0		-27.4%

Euro Mn

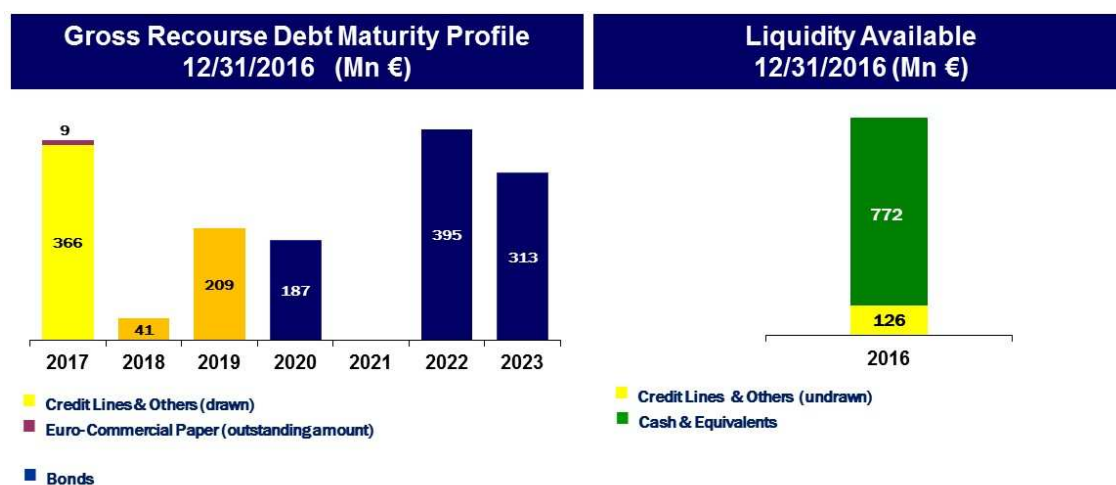
(2) The net borrowings are comprised by the gross borrowings minus other financial assets and cash and cash equivalents.

The gross recourse borrowings amount to EUR 1,519.9 million at 31 December 2016.

The changes in the net recourse borrowings in 2016 were as follows:



The detail of the maturities of the Group's bonds and of the available liquidity is as follows:



The detail of the recourse liquidity position at 31 December 2016 and 2015 is as follows:

Recourse liquidity	12/31/2016	12/31/2015
Bonds	894.5	979.3
Euro Commercial Paper	9.4	180.5
Syndicated Facility	250.0	250.0
Credit lines and others	491.5	887.9
Availability with recourse	1,645.4	2,297.7
Gross recourse debt	1,519.9	1,238.3
Financing with Recourse available	125.5	1,059.4
Cash and IFT	771.5	858.9
Recourse liquidity available	897.0	1,918.3

Euro Mn


In 2016 offers were made to repurchase, for cash, bonds maturing in 2020, 2022 and 2023 amounting to EUR 84.8 million. The outstanding balance at 31 December 2016 was EUR 894.5 million.

An **agreement has recently been entered into with the Group's main banks** to increase this position with credit lines amounting to EUR 190 million.

The Group's drawable recourse funds amounted to EUR 1,645.4 million.

The Group's recourse liquidity, measured as cash and cash equivalents and available recourse financing, amounted to EUR 897.0 million.

86.0 % of the total gross bank borrowings falls due at long term and the remaining 14.0 % matures at short term.



The gross non-recourse borrowings amounted to EUR 2,872.4 million and represent 65.4 % of total gross borrowings, down EUR 1,328.8 million, due mainly to.

- (i) the early repayment of a loan of EUR 874.9 million secured by Abertis Infraestructuras, S.A. as a result of the divestments made;
- (ii) the early repayment of a loan of EUR 169.5 million secured by OHL México;
- (iii) the decrease due to the transfer to non-current liabilities held for sale of the borrowings of the hotel companies and golf course at Mayakoba resort (Mexico) totalling EUR 139.7 million.
- (iv) the decrease of EUR 233.3 million due to the 15.1% drop in the year-end exchange rate of the Mexican peso against the euro; and
- (v) the net increase of EUR 88.6 million in other loans.

The gross non-recourse borrowings amount to EUR 2,872.4 million (net borrowings of EUR 2,162.6 million), the detail being as follows:

Non-recourse net debt	12/31/2016		12/31/2015	
	Gross	Net	Gross	Net
Mexico				
Concesionaria Mexiquense / OPI	939.3	803.4	1,022.8	867.4
Amozoc-Perote	84.5	53.7	97.0	52.6
Viaducto Bicentenario	256.0	249.7	291.7	285.4
Autopista Urbana Norte	262.9	253.4	319.0	300.4
Atizapán-Atlacomulco	-	-26.3	-	-17.2
Spain				
Euroglosa M-45 / Euroconcesiones	106.8	105.5	109.9	107.6
Autovía de Aragón - Tramo 1	95.4	48.1	101.5	70.4
Terminal de Contenedores de Tenerife	28.5	25.1	29.8	26.6
Puerto de Alicante	56.6	55.7	57.3	56.6
Chile				
Puerto de Valparaíso	-	-5.4	-	-1.0
Puente Industrial	-	-0.1	-	-0.2
Nogales - Puchuncaví	-	-6.4	-	-
Peru				
Autopista del Norte	118.2	98.2	115.2	95.6
Colombia				
Autopista Río Magdalena	37.9	14.5	3.6	-6.4
Total Main Concessions	1,986.1	1,669.1	2,147.8	1,837.8
Non-recourse financing backed by the 2.5% stake in Abertis	272.9	272.9	1,147.8	1,147.8
Non-recourse financing backed by the 17% stake in OHL Mexico	400.0	400.0	584.9	584.9
Others	171.6	-221.1	166.2	-60.0
Total OHL Concesiones	2,830.6	2,120.9	4,046.7	3,510.5
OHL Engineering & Construction	41.8	41.6	14.8	13.7
OHL Developments	-	-	139.7	103.4
Total Non-recourse net debt	2,872.4	2,162.5	4,201.2	3,627.6

Euro M n

It should be noted that the non-recourse financing secured by Abertis shares includes financing of EUR 272.9 million and "Other" includes as a current financial asset 2.5% of the investment valued at EUR 329.2 million. On 23 January this ownership interest was sold and the loan was repaid.

CASH FLOW

This section provides an additional breakdown, based on internal criteria established by the Group for the purposes of analysing its business, which in certain cases depart from the provisions of IAS 7.

	2016	2015
EBITDA	222.9	967.0
Adjustments	-736.7	-973.1
Financial results	-429.3	-460.5
Equity accounted results	-35.2	226.9
Deterioration and result from disposals of financial instruments	364.3	-
Taxes	-157.0	-175.5
Minorities	-197.0	-203.0
Guaranteed Return Adjustment	-218.9	-227.5
Changes in provisions and others	-63.6	-133.5
Cash flow from operating activities	-513.8	-6.1
Changes in working capital	409.6	221.1
Trade and other receivables	251.1	-89.7
Trade creditors and other payables	73.0	114.0
Other changes in working capital	85.5	196.8
Cash flows from operating activities	-104.2	215.0
Cash flow from investment activities	1,200.3	1,403.3
Minority interest	-161.5	393.4
Other	1,361.8	1,009.9
Change in net non-recourse debt	-1,465.1	-1,169.7
Change in net recourse debt	369.0	-448.6
Cash flow of financing activities	-1,096.1	-1,618.3

Euro M n

EBITDA amounted to EUR 222.9 million, down 76.9 % from 2015.

The **adjustments to profit or loss** amount to EUR -736.7 million and relate mainly to the effect of finance income and costs, the result of companies accounted for using the equity method, income tax, the adjustment made in relation to the guaranteed revenue, non-controlling interests and the effect of the gain on the aforementioned sales of 11.425% of Abertis Infraestructuras, S.A., of the Construction Division concession operators and of 28.0% of Metro Ligero Oeste, S.A.

The **cash flows from operating activities** amounted to EUR -513.8 million.

The **changes in working capital** amounted to EUR 409.6 million.

These changes were the reason for the drop in **cash flows from operating activities**, which amounted to EUR -104.2 million. It should be noted that a portion of this effect arose from the negative cash flows of the projects (Legacy) of the Construction Division (EUR -315.3 million in

2016). Disregarding these projects, cash flows from operating activities would have amounted to a positive figure of EUR 211.1 million.

Cash flows from investing activities are made up of changes in equity and in non-current assets and liabilities and in 2016 amounted to EUR 1,200.3 million.

The changes in non-controlling interests included most notably the impact of the sale of 28.0% of Metro Liger Oeste, S.A., which led to a reduction of EUR -116.7 million in non-controlling interests as the latter ceased to be fully consolidated, and the negative effect of the translation of financial statements denominated in foreign currencies.

The changes in non-controlling interests in 2015 included most notably the impact of the sale of 25.0% of the shares of ConMex, which increased non-controlling interests by EUR 358.9 million.

The other cash flows from investing activities included most notably the aggregate impact of the sales of 11.425% of Abertis, of the Construction Division concession operators and of 28.0% of Metro Liger Oeste, S.A.

Cash flows from financing activities in 2016 amounted to EUR -1,096.1 million, as a result of the reduction of EUR -1,465.1 million in the Group's non-recourse borrowings and an increase of EUR 369.0 million in its net recourse borrowings.

4.- BACKLOG

At 31 December 2016, the Group's backlog amounted to EUR 82,349.7 thousand, an increase of EUR 17,379.5 million (26.7%) with respect to that at 31 December 2015, due to the net effect of:

- The EUR 2,312.8 million drop in the long-term backlog attributable to Metro Liger Oeste, S.A.
- The update of projections due to changes in tariffs and tolls and extensions of concession terms, which increased the backlog by EUR 25,394.6 million.
- The award of a toll road in Chile called Concesión Camino Nogales-Puchuncaví amounting to EUR 438.8 million.
- The reduction of EUR 5,581.1 million due to the impact of the depreciation of certain currencies, mainly the Mexican peso, against the euro.
- The EUR 476.7 million decrease in the short-term backlog.
- Other reductions totalling EUR 83.3 million.

8.1% of the total backlog related to short-term projects, with long-term projects accounting for the other 91.9%

The short-term backlog amounts to EUR 6,674.9 million, representing approximately 20.7 months of revenue and is 6.7% lower than at 31 December 2015 due mainly to a decrease in contracts with respect to 2015 as a result of adopting more restrictive criteria when submitting bids outside local markets and to the current situation in other countries.

The short-term backlog corresponds in full to the Engineering and Construction Division, and within that Division, Construction accounts for 88.1%

The long-term backlog amounts to EUR 75,674.8 million, which represents an increase of EUR 17,856.2 million (30.9%) with respect to 31 December 2015.

	12/31/2016	%	12/31/2015	%	Var. (%)
Short-term	6,674.9		7,151.6		-6.7%
Construction	5,880.9	88.1%	6,586.5	92.1%	-10.7%
Industrial	437.3	6.6%	224.3	3.1%	95.0%
Services	356.7	5.3%	340.8	4.8%	4.7%
Long-term	75,674.8		57,818.6		30.9%
Concessions	75,449.4	99.7%	57,509.8	99.5%	31.2%
Construction	225.4	0.3%	308.8	0.5%	-27.0%
Total	82,349.7		64,970.2		26.7%

Euro Mn

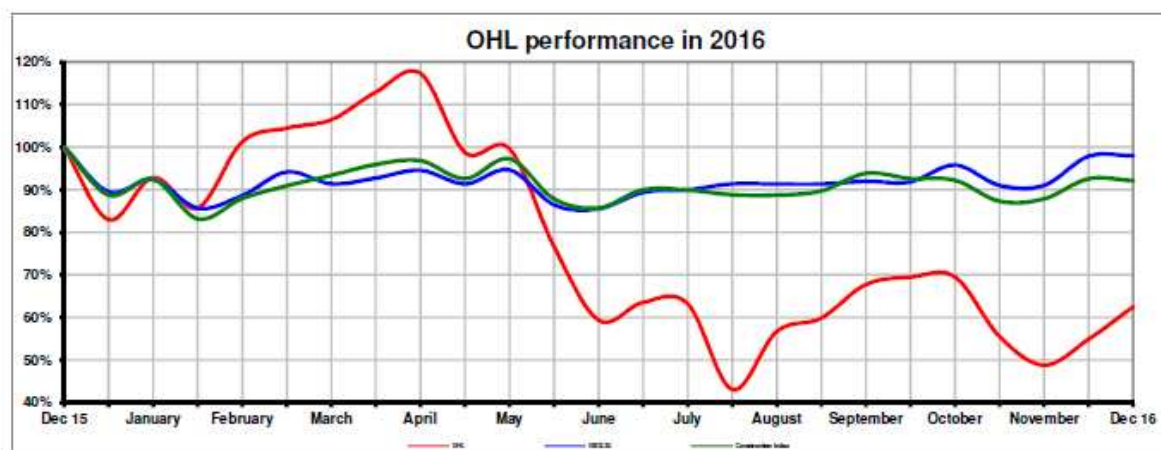
5.- STOCK MARKET INFORMATION

At 31 December 2016, the share capital amounted to EUR 179,255,398.80, represented by 298,758,998 ordinary shares of EUR 0.60 par value each and all of the same class and series, with a market price of EUR 3.30 and a PER of -2.3 times in 2016.

In 2016 a total of 850,290,271 shares were traded on the stock market (284.6% of the total shares admitted for trading) with an average daily volume of 3,308,522 shares and a drop in the share price of -37.5% in the year.

At 2016 year-end OHL held a total of 11,961,801 treasury shares, equal to 4.004% of the Company's current share capital. That figure includes 3,453,908 shares acquired to cater for the executive share option plan that ended on 21 March 2016. This executive share option plan was settled without giving rise to any income for any of the executives included, due to the drop in the share price.

	2016
Closing price	3.30
OHL YtD performance	-37.5%
Number of shares	298,758,998
Market capitalization (Euro Mn)	984.4
Ibex 35 YtD performance	-2.0%
Construction Index YtD performance	-7.9%



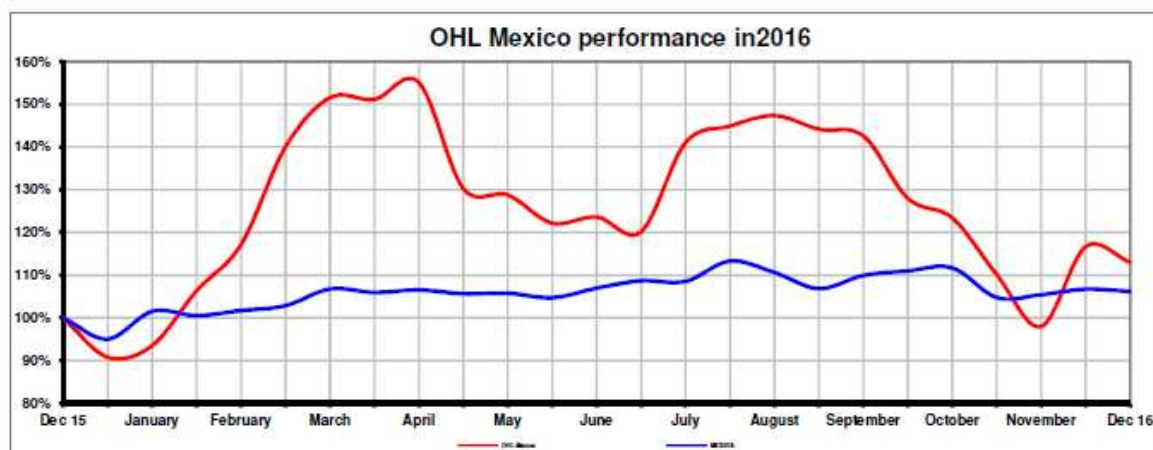
The most relevant data on the bonds issued by OHL and its subsidiary OHL Investments, S.A. (a subsidiary of OHL Concessions), are as follows:

Issuer	Maturity	Coupon	Amount	Price	YtM
OHL S.A.	March 2020	7.625%	187.1	89.650%	11.582%
OHL S.A.	March 2022	4.750%	394.5	73.188%	11.793%
OHL S.A.	March 2023	5.500%	312.9	73.083%	11.729%
OHL Investment	March 2018	4.000%	400.0	92.470%	10.291%

As part of its Concessions Division, the OHL Group has a subsidiary OHL México S.A.B. de C.V. listed in Mexico, the main data on which are as follows:

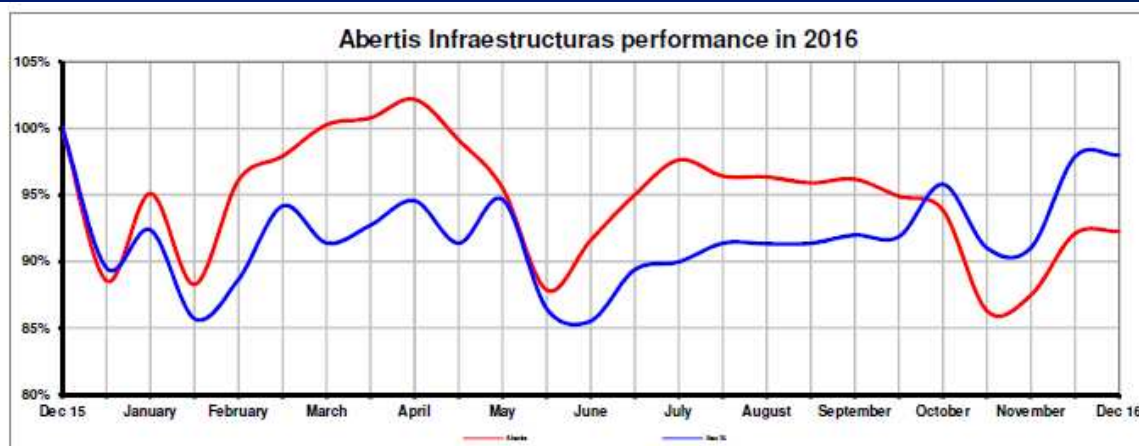
	2016
Closing price (MXN)	20.39
YtD performance	13.0%
Number of shares	1,732,185,269
Market capitalization (MXN Mn)	35,319.3
56.85% stake value (Mn Euro)*	922.3

*Exchange rate EUR/MXN 21,77



At 31 December 2016, the OHL Group also held an ownership interest in Abertis Infraestructuras, S.A., a company listed in Spain, the main data on which are:

	2016
Closing price	13.30
YtD performance	-7.7%
Number of shares	990,381,308
Market capitalization (EUR Mn)	13,167.1
2,50% stake value (Euro Mn)	329.2



6.- DEVELOPMENT

In 2016 the Group invested EUR 852 thousand in development projects and incurred expenditure of EUR 2,043 thousand. Also, EUR 29,544 thousand relating to research and development projects has been capitalised to "Other Intangible Assets" in the consolidated balance sheet as at 31 December 2016.

7.- MAIN RISKS AND UNCERTAINTIES


Financial risks affect mainly the obtainment of the necessary financing when required and at a reasonable cost and the maximisation of the available financial resources. The most significant financial risks are as follows:

- Interest rate risk.
- Foreign currency risk.
- Credit risk.
- Liquidity risk.
- Risk relating to financial instruments associated with the Parent's shares.
- Risk relating to changes in the market price of shares of certain investees.

Interest rate risk

Interest rate fluctuations change the future flows from assets and liabilities tied to floating interest rates.

This interest rate risk is particularly important in relation to the financing of infrastructure projects and other projects in which project profitability depends on possible changes in interest rates because it is directly linked to project cash flows.



The Group finances its operations using fixed- or floating-rate financial products and, based on estimates of the trend in interest rates and of debt structure targets, it either performs hedging transactions by arranging derivatives to mitigate these risks, also conducting a sensitivity analysis in this connection, or it arranges fixed-rate financing.

Of the Group's total gross debt at 31 December 2016, 15.7% had been hedged while 60.5% was bearing interest at a fixed rate.

The sensitivity of the Group's profit to an increase of 0.5% in interest rates, excluding the debt hedged with hedging instruments and the debt bearing a fixed rate of interest, would have an impact of EUR 3,619 thousand on the profit or loss attributable to the Parent.

Foreign currency risk

Foreign currency risk management is centralised at the Group and various hedging mechanisms are applied to minimise the impact of the changes in foreign currencies against the euro.

The foreign currency risks relate basically to:

- Debt denominated in foreign currencies.
- Payments to be made in international markets for the acquisition of procurements or non-current assets.
- Collections arising on projects tied to currencies other than the functional currency of the Parent or of the subsidiaries.
- Investments in foreign subsidiaries.

The Group arranges foreign currency derivatives and currency forwards to hedge significant future transactions and cash flows, in keeping with the acceptable risk limits.

Also, the net assets relating to net investments in foreign operations with a functional currency other than the euro are exposed to the risk of exchange rate fluctuations on the translation of the financial statements of these foreign operations on consolidation.

EUR (529,917) thousand were recognised in this connection under "Valuation Adjustments - Translation Differences" in the consolidated balance sheet as at 31 December 2016 (31 December 2015: EUR (257,404) thousand).

Credit risk

Credit risk is the probability that a counterparty to a contract does not meet its contractual obligations, giving rise to a loss.

The Group has adopted a policy of only trading with solvent third parties and obtaining sufficient guarantees to mitigate the risk of incurring losses in the event of non-compliance. The Group obtains information on its counterparty through independent company valuation agencies, other public sources of financial information or the information it obtains from its own relationships with customers and third parties.

At 31 December 2016, the net balances of the Group's financial assets exposed to credit risk are:

	Thousands of euros
Non-current financial assets	380,950
Non-current hedging instruments	21,881
Trade and other receivables	2,080,218
Current financial assets	661,601
Current hedging instruments	1,847
Cash and cash equivalents	817,872

Non-current financial assets

Non-current financial assets include loans to associates totalling EUR 102,121 thousand. The Group is aware of the solvency of its associates and does not expect any losses to arise in relation to these financial assets. No impairment losses were recognised on these financial assets in 2016.

Non-current hedging instruments

The credit risk of hedging instruments with a positive fair value is limited by the Group, since derivatives are arranged with highly solvent counterparties with high credit ratings and no counterparty accounts for a significant percentage of the total credit risk.

Trade and other receivables

Trade and other receivables includes the balances of "Trade Receivables for Sales and Services" totalling EUR 1,806,382 thousand, of which 57.2% relate to public-sector customers in relation to which the Group does not expect any losses to arise. In certain cases, the Group is entitled to demand interest. The remaining 42.8% related to private-sector customers which, in general, have a high level of solvency.

Customers are assessed prior to entering into contracts. This assessment includes a solvency study. Over the course of the contract term, changes in debt are monitored on a constant basis and the recoverable amounts are reviewed, and valuation adjustments are recognised whenever necessary.

Current financial assets.

Current financial assets include EUR 211,467 thousand relating to reserve accounts associated with the financing of projects of certain concession operators, which are earmarked for guaranteeing to the bank that the debt will be paid.

No write-downs were recognised on these current financial assets in 2016.

Liquidity risk

This risk is managed by maintaining adequate levels of cash and marketable securities as well as by arranging and maintaining sufficient financing lines to cover all financing needs and to maintain at all times adequate levels of financial flexibility for the Group's activity.

In order to improve this liquidity position, the Group takes measures in relation to:

- Permanent management of working capital and, particularly, of "Trade and Other Receivables".
- Optimisation of all its companies' financial position through ongoing monitoring of cash projections.
- Management of the arrangement of financing lines in capital markets.

The Group presents the repayment schedule at 31 December 2016, of which EUR 615,201 thousand mature in 2017 (see Note 3.17.).

The Group's liquidity position at 31 December 2016 comprises the following:

- Current financial assets amounting to EUR 663,448 thousand. "Current Financial Assets" includes the restricted reserve accounts of certain concession operators, amounting to EUR 211,467 thousand, for debt servicing.
- Cash and cash equivalents amounting to EUR 817,872 thousand.
- Drawable credit lines and discount facilities amounting to EUR 261,206 thousand.

In 2016 there were a total of four reductions in the Group's credit rating by rating agencies, three levels in the case of Moody's and one level in the case of Fitch, ultimately leaving it at Caa1 and B + (in both cases with a negative outlook), respectively, in November.

In order to mitigate the risk of reactions to these rating reductions from the banks with which the Group operates potentially having an adverse impact on the Group's liquidity profile, the Company initiated a process of dialogue and joint negotiation with its main relationship entities (the "Group of Entities"), with a twofold objective: (i) to ensure the maintenance of their support for the OHL Group by signing a formal standstill agreement to maintain the terms and conditions, drawability and limits of the existing financing from that Group of Entities; and (ii) to negotiate a new financing package that would allow the OHL Group to ensure the coverage of its future working capital needs arising from the implementation of its business plan.

As a result of the foregoing, the OHL Group entered into the following with these entities on 30 December 2016: (i) a standstill agreement; and (ii) a multi-product syndicated financing agreement for a total amount of EUR 280 million for the issue of guarantees (EUR 233 million) and reverse factoring (EUR 47 million), both maturing on 31 March 2017.

Subsequently, and following the successful completion by the Group of Entities of an independent review of the Company's business plan for 2017-2020, on 27 February 2017 the Company reached an agreement with that Group of Entities, documented in the corresponding term sheet, to proceed before 31 March 2017 with the formal documentation and signing of a new multi-product syndicated financing agreement (which would fully novate and replace the previous agreement) for an aggregate amount of EUR 747 million, for the issue of guarantees (EUR 465 million) and reverse factoring (EUR 92 million), which also includes a revolving credit line of EUR 190 million. All maturing at 18 months, thereby extending the standstill period until that date, and secured by the shares of OHL Concesiones, S.A. and OHL Desarrollos, S.L., as well as the obligation to implement a non-strategic asset divestment plan. This agreement is subject to the usual terms and conditions in transactions of this nature.

The combination of this new financing package, which allows the OHL Group to guarantee the coverage of the working capital needs arising from its business plan, with the debt reduction measures planned for 2017, will significantly strengthen the Company's liquidity profile.

Risk relating to financial instruments associated with the Parent's shares

The Group does not have any financial instruments associated with the Parent's shares.

8.- OUTLOOK

2017 is expected to see a continuation of recent volatility because of the various challenges arising from the events of 2016 mentioned above, such as the implementation of Brexit, the shift towards protectionism in the US undertaken by the new Government or the possible reduction of quantitative easing measures as a result of changes in Central Bank policies.

Against this backdrop, the IMF has not yet changed its growth forecasts for the next few years and in its report of January 2017 it is still predicting growth in GWP of around +3.5%, due to the upturn in economic activity in the second half of 2016 and the fiscal stimuli envisaged in the US. This growth is expected to continue driven by the emerging economies with growth +4.5%, as compared with the + 2.0% expected in the advanced economies. For the eurozone in particular, growth of +1.6% is predicted, a figure very similar to that achieved in 2016.

Focusing on the geographical areas that most affect the OHL Group, the IMF forecasts five more years of growth for Spain, with average annual GDP growth of +2.0%, a CPI of 1.7% and an unemployment rate at the end of the period in 2021 of 15.3%. It is considered that Spain will continue to be one of the driving forces behind the growth of the eurozone, although political risk stands out as a negative factor for its economy. Prospects for US GDP growth are somewhat higher, +2.3% in 2017 and +2.5% in 2018, whereas those in Mexico have been revised slightly downwards at +1.7% for 2017 and +2.0% for 2018. These two geographical areas are very important for the Group since they account for approximately half of its revenue.

However, in the same report the IMF includes certain caveats arising from the potential risks facing the world economy due to the events indicated above, meaning that there is a degree of downside risk in its next review of estimates scheduled for April 2017, once it becomes clearer what their possible impact on the economy might be and there is more certainty regarding possible mitigating factors.


9.- OUTLOOK FOR THE NEAR FUTURE

In 2016 progress was made with the strategic lines established in 2015 through the strategic plan presented in March, namely *Strategy Update 2020*, and reinforced with the capital increase carried out in November. The focus remains on sustainable cash generation in each of the divisions, strengthening the risk control mechanisms and making progress on the concentration of activity in the home markets. All the foregoing has facilitated the achievement of a balanced portfolio that is highly diversified in terms of project size, geographical area and project type/specialisation.

The Group is currently structured around three divisions: **Concessions**, **Engineering and Construction** and **Development**.

The **Concessions** Division comprises certain concessions in Spain and Pacific Alliance countries, made up of Mexico (through the 56.85% stake in OHL México), Chile, Peru and Colombia. OHL has traditionally played a role more as a developer than as a concession operator, rotating assets as they reach maturity, with exposure more focused on emerging economies than on developed economies. OHL has young assets in its portfolio (26.5 years of average life in its road concessions) that constitute a solid springboard for growth. In 2016 the 38-year 43 km Nogales-Puchuncaví toll road (Chile) was added to the Concessions portfolio, together with the 12 km La Molina-Angamos (Peru) connection and the Chimbote ring road forming part of the Autopista del Norte (Peru) project.

OHL's concessions include 14 toll roads (1,070 km), 3 ports and one airport located in strategic locations such as Mexico, Chile, Peru, Colombia and Spain. The Mexican concessions are operated through OHL México, a listed company in which the Group has a 56.85% ownership interest.



The US continues to be a new geographical area in which OHL aims to have a presence in the future. Several projects are being studied in the US which will be pursued provided that the financing and contractual security standards applied by the Group are met. As regards the requirements relating to returns and foreign currency hedges, the same selective policies will continue to be applied, targeting a return for the shareholder and the financing of concessions without recourse to the Group in local currency, while maintaining the preference for majority ownership interests.

The **Engineering and Construction** Division comprises three activities: **Construction**, **Industrial** and **Services**. In the latter two -both smaller in size- the Group generates additional value based on its experience as a constructor, having developed a joint cooperation model that generates synergies among the businesses.

In the **Construction** business, in which it has more than one hundred years of experience, the Group also has a very prominent position, having led world-level emblematic construction projects and with specialist expertise in segments of high technological value such as railways, hospitals and intelligent buildings. That, added to its proven capacity to structure financing plus the global management of the Group's excellent human capital through a technical office, places OHL in a highly advantageous position. The Group also has an adequate geographical presence that is highly focused on its home markets, where it conducts its business through local subsidiaries and there is greater capillarity of projects. These markets include Spain, Mexico, Peru, Chile, Colombia, the Czech Republic and its area of influence and the US. It has also targeted, more selectively and reinforcing its risk control mechanisms where necessary, other markets in which the projects that are carried out tend to be unique and larger scale. In this regard, projects in western Europe and Scandinavia, and more specifically in Ireland and Norway, have been added to the portfolio.

The organic growth of this Division is ensured by the significant backlog which is equivalent to two years of revenue and comprises major contracts, mostly project design and performance.

The **Industrial** business, engages in the design and performance of large turnkey industrial facilities in the electricity production and mining fields. With a clear international vocation, it is based on the enhancement of this portfolio and the positive outlook for the Division linked to the economic recovery under way.

As regards the **Services** business, through Ingesan, the Group carries on facility management, technical maintenance, cleaning and energy efficiency management activities. The aim for this Division is to consolidate growth in Spain and continue with the prudent international expansion initiated this year with the first contracts in Chile, linked to the Group's presence in the home markets.

Through its third division, **Development**, the Group is present in three unique prime-quality mixed-use projects, operated by the most prestigious hotel chains in the world. In all cases these are very iconic and visible projects that do not require large injections of capital by the Group and in which the role played by OHL is primarily that of developer: The natural path for these projects is to fully or partially rotate them once they have reached maturity. The Group is participating in three projects:

- Mayakobá, a holiday resort on the Riviera Maya development positioned as one of the most exclusive in the world, currently comprises four luxury hotels, Fairmont, Rosewood, Banyan Tree and Andaz and a golf course, El Camaleón. The second phase of development has begun Ciudad Mayakobá which envisages, among other uses, the construction of 17,000 housing units, a commercial area and a second golf course.
- The Canalejas development, destined to become an emblematic project in Madrid, encompassing seven historic buildings in the city and including the only Four Seasons hotel in Spain, luxury residences, an exclusive shopping area and a car park.

- Old War Office, located in the heart of London in the historic building that housed the Ministry of Defence and in which the office of Winston Churchill is preserved. Management of this project will be shared with the internationally renowned Hinduja Group.

As regards **financial policy**, the commitment to financial discipline continues in place, which translates into efforts to control indebtedness and the self-sufficiency of each division that has to be able to pre-finance the projects in which it aims to invest. In this regard, 2016 was characterised by the simplification of the financial structure, the significant reduction of debt and the complete elimination of all financing with risk of triggers. A very positive contribution was made to achieving these targets by the successful policy of rotation of mature assets, as in the case of the partial rotation of Development projects such as Mayakoba and Canalejas, or Metro Liger Oeste and Abertis in the Concessions Division. These sales evidence the positive impact of co-operation among the various different activities and have materialised the value generated as gains were obtained in all cases.

OHL has traditionally enjoyed an excellent reputation and benefits from unhindered access to bank financing (corporate and project finance) and capital markets.

The Group has a strong presence in the **stock market** with an ownership interest of 56.85% in the listed company OHL México, with a market value of EUR 922 million at year-end, and in the **capital markets** both at long term, with three bond issues listed on the London Stock Exchange amounting to EUR 895 million, and at short term, with a commercial paper programme registered at the Irish Stock Exchange, under which it can issue short-term securities for a maximum amount of EUR 500 million.

As far as **corporate policy** is concerned, all the foregoing lies within the Group's commitment to human capital and Corporate Social Responsibility as the cornerstones of the business plan and generators of value for the Group. The Group has renewed its commitment by strengthening the emphasis placed on the sustainable development policies and the promotion of R&D+i, furthering the idea that excellence of human capital, research, development and innovation and the comprehensive management of Corporate Social Responsibility are mechanisms with which to generate value for the Group.

10.- ALTERNATIVE PERFORMANCE MEASURES

The OHL Group presents its results in accordance with International Financial Reporting Standards (IFRSs) and also uses certain Alternative Performance Measures (APMs) that facilitate a better understanding and comparability of the financial information. In order to comply with the guidelines of the European Securities and Markets Authority (ESMA), we hereby disclose the following:

EBITDA: profit from operations before the depreciation and amortisation charge and changes in provisions and allowances, deducting, where appropriate, extraordinary/non-recurring gains or losses with no impact on cash.

Recourse EBITDA: Total EBITDA (including interest income and excluding non-recurring extraordinary losses), less the EBITDA of the project companies, and including, where appropriate, dividends paid to the Parent by the project companies.

Project companies: companies for whose debt there is no recourse to the Parent OHL, S.A.

EBIT: calculated on the basis of the following line items in the consolidated statement of profit or loss: "Revenue", "Other Operating Income", "Operating Expenses", "Staff Costs", "Depreciation and Amortisation Charge" and "Changes in Provisions and Allowances".

Gross borrowings: groups together the balances of the "Non-Current Liabilities - Debt Instruments and Other Marketable Securities", "Non-Current Liabilities - Bank Borrowings", "Current Liabilities - Debt Instruments and Other Marketable Securities" and "Current Liabilities - Bank Borrowings" headings on the liability side of the consolidated balance sheet, including bank borrowings and bonds.

Net borrowings: made up of gross borrowings less "Other Current Assets" and "Cash and Cash Equivalents" on the asset side of the consolidated balance sheet.

Non-recourse borrowings (gross or net): the borrowings (gross or net) of the project companies.

Recourse borrowings (gross or net): total borrowings (gross or net) less non-recourse borrowings (gross or net).

Backlog: short-and long-term unearned revenue from contracts awarded. Once they have been formalised, these contracts are included in the backlog.

- **Short-term backlog:** represents the estimated unearned Construction, Industrial and Services revenue, and also includes expected revenue from changes in contracts or additional work estimated on the basis of the percentage of completion of the projects.
- **Long-term backlog:** represents the estimated future revenue of the concessions, over the concession term, based on the financial plan of each concession and including assumptions concerning changes in the exchange rates between the euro and other currencies, inflation, prices, tolls and traffic volumes.

Market capitalisation: number of shares at year-end multiplied by the year-end share price.

Earnings per share (EPS): profit or loss attributable to the Parent divided by the average number of shares in the year.

PER: year-end share price divided by the earnings per share for the last twelve months.

Comparable: sometimes adjustments are made to certain figures to make them comparable between years, for example by eliminating extraordinary impairment, significant inclusions in or exclusions from the scope of consolidation that can distort the comparison between years of aggregates such as revenue, the exchange rate effect, etc. The adjustments made in each case are detailed in the corresponding heading.

11.- EVENTS AFTER THE REPORTING PERIOD

On 23 January 2017, OHL Emisiones, S.A.U., an OHL Group subsidiary, sold 24,759,486 shares of Abertis Infraestructuras, S.A., 2.5% of its ownership interest, for a price of EUR 13.59 per share.

The net proceeds obtained amounting to EUR 331.9 were used to (i) repay early the non-recourse financing secured by 2.5% of this ownership interest, amounting to EUR 272.9 million, as a result of which the related hedge (collar) was also settled; and (ii) reduce the Group's gross recourse borrowings.

On 9 February 2017, OHL Desarrollos S.L., a wholly-owned subsidiary of the OHL Group, sold 17.5% of its ownership interest in Centro Canalejas Madrid, S.L. (Canalejas) for EUR 78.8 million, giving rise to an estimated gain of approximately EUR 29.0 million.

Completion of this transaction is conditional upon the fulfilment of certain conditions precedent that are expected to be met in the near future.



ANNUAL CORPORATE GOVERNANCE REPORT AND OTHER SALIENT INFORMATION

Pursuant to the Spanish Limited Liability Companies Law, the Annual Corporate Governance Report is an integral part of the directors' report of Obrascón Huarte Lain, S.A. That report is submitted separately to the Spanish National Securities Market Commission (CNMV) and is available on the Company's website.