

Separate Directors' Report
and Financial Statements
Ferrovial, S.A.



2015

ferrovial

SEPARATE DIRECTORS' REPORT

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1. PROFIT (LOSS) FOR 2015

The company's net profit amounts to EUR 132,875 thousand at 31 December 2015, of which EUR 154,841 thousand come from profit (loss) from operations obtained in the year. In this sense, being Ferrovial S.A. a holding company, dividends received from subsidiaries and finance income associated with the financing of these, are part of the company's revenue. Accordingly, in 2015 a revenue of EUR 198,681 thousand was generated, of which EUR 156,127 thousand relate to dividends received by Ferrovial S.A. from its subsidiaries (see Note 10 in the accompanying financial statements).

The financial result amounts to EUR (90,517) thousand, primarily corresponding to credit received by Ferrovial S.A. from other companies in the group as discussed in note 17 of the accompanying financial statements. It is also included in this result the measurement of certain financial instruments (mainly Equity Swap) which resulted in income in the year of EUR 51,792 thousand (see Note 8 in the accompanying financial statements).

Until completion of the above mentioned net profit of EUR 132,875 thousand, two concepts should be highlighted:

- Impairment and results for disposal of financial instruments related to the measurement of certain group companies (EUR -82,032 thousand as indicated in Note 17 of the accompanying financial statements).

- Corporate tax representing an income of EUR 68,552 thousand (see in detail Note 15 Tax Matters in the accompanying financial statements).

2 NON FINANCIAL INDICATORS

2.a ENVIRONMENT

In view of its business activity, the Company does not have any environmental obligations, expenses, assets, liabilities or contingencies that might be material with respect to its equity, financial position or results. For that reason, no specific breakdown has been included in this report regarding environmental issues, the disclosures contained in the Consolidated Directors' Report being more representative in this respect.

2.b INNOVATION

The Company does not carry out any significant innovation activities at an individual level. Such activity is performed by the Group companies; therefore, the information stated in the Consolidated Directors' Report is more representative in this regard.

2.c HUMAN CAPITAL

Ferrovial is committed to its employees to develop a comprehensive model that may guarantee the strength of the various businesses while boosting the capabilities of its professionals.

The talent and commitment of Ferrovial's professionals are the pillars of its success as an international leader in the infrastructure management sector. For that reason, fostering each employee's career development within the Company, together with managing their talent and promoting their international profile with a cross-cutting approach, are Ferrovial's strategic priorities, always within a framework of equal opportunities based on individual merit.

At the closing of 2015 Ferrovial S.A has a workforce of 68 employees, of which 35% are women. Regarding the distribution by professional category, 48.6% are executives, 32.4% university and further education college graduates; 17.6% clerical staff and 1.4% manual workers and unqualified technicians.

3. OTHER RELEVANT INFORMATION

3.1 FINANCIAL RISKS

The Company manages financial risks actively in order to minimise financing costs and reduce volatility due to changes in capital. In order to do so, the Company pursues the objectives and policies described in detail in the Consolidated Directors' Report. The main financial risks to which Ferrovial S.A. is exposed are variations in interest rate and exchange rate and the evolution of share price. In order to hedge such risks, the Company has arranged the following derivatives: i) interest rate swap linked to the issue of a corporate bond to cover any bond value variation in case of interest rate fluctuations; ii) foreign currency forward to hedge variations in future inflows from subsidiaries; iii) equity swaps to hedge the potential equity impact caused by the exercise of employee's performance share plans. Note 8 of the Company's Financial Statements include a detail of the derivative instruments arranged by the Company.

3.2 SHAREHOLDER REMUNERATION AND TRANSACTIONS WITH TREASURY SHARES

Dividend Policy

In 2015 for the second consecutive year, Ferrovial S.A. adopted a new compensation system for shareholders called "scrip dividend" or "flexible dividend" offering the opportunity to apply for receiving new shares instead of a cash dividend. This new system caused an impact on the Company Shareholders' Equity for an amount of EUR -266,871 thousand. Additionally, with the purchase of treasury shares for subsequent cancellation and reduction of capital by EUR -265,256 thousand, shareholder return had an impact on shareholders' equity of EUR -532,127 thousand. The system

is more thoroughly described in Note 12 of the Company's Financial Statements.

As of 31 December 2015, there are 954,805 treasury shares available, as shown in the following table where both transactions performed and the closing balance of the year are shown:

I. TRANSACTION PERFORMED/OBJECTIVE	NUMBER OF SHARES	% OF CAPITAL	NOMINAL (thousand Euros)	AMOUNT PAID (thousand Euros)	NUMBER OF SHARES APPLIED TO THE OBJECTIVE	TOTAL NUMBER OF SHARES
II. CLOSING BALANCE AT 31 DECEMBER 2014						245,821
Treasury shares for further capital reduction	11,783,954	1.6%	2,357	-249,427	-11,783,954	-
Discretionary treasury shares	760,990			-15,829	-	760,990
Treasury shares to address compensation systems	6,060,755	0.8%	1,212	-116,323	-6,306,576	-245,821
Shares received as payment for the flexible dividend	193,515	0.0%	39	-	-	193,515
Other treasury shares	300	0.0%	0	-6	-	300
III. CLOSING BALANCE AT 31 DECEMBER 2015						954,805

(*) Shares received as payment of the treasury shares' flexible dividend that the company held at the time of dividend distribution. The market value of treasury shares at 2015 year-end amounts to EUR 19,917 thousand.

In addition to the treasury shares acquired by Ferrovial SA, Ferrovial Inversiones S.A. has made a treasury shares purchase of 1,111,234 shares due to compensation system. These treasury shares have been applied to the objective in 2015.

3.3 OUTLOOK FOR THE BUSINESS ACTIVITIES

The Company's activity in 2016 will be marked by the performance of the Group businesses, as stated in the Consolidated Financial Statements, placing a special focus on the expansion of the international business.

On the other hand, the result of the next fiscal year will be marked by the decisions about dividend distribution taken by the various subsidiaries of Ferrovial S.A.

3.4 EVENTS AFTER THE REPORTING PERIOD

The relevant events occurred after year-end are specified in Note 25 to the Financial Statements.

4. ANNUAL CORPORATE GOVERNANCE REPORT AND OTHER RELEVANT INFORMATION

The Annual Corporate Governance Report is an integral part of the Directors' Report as per the Companies' Law. The report is submitted separately to the CNMV and is available on the company's website.

5. AVERAGE PAYMENT TERM

In complying with the obligation to disclose the "average payment term to suppliers" set forth in Article 539 and the eighth additional provision of the Companies Law (according to the new wording established by the second final provision of Law 31/2014 amending the Companies Law), the Company confirms that the average payment term to suppliers was 27 days. The detail required by Article 6 of Resolution of 29 January 2016 by the Spanish Accounting and Audit Institute concerning the information to be provided over the average payment term to suppliers during the year is as follows:

FERROVIAL, S.A.	FERROVIAL, S.A.
	Days
Average payment term to suppliers	27
Ratio of transactions paid	26
Ratio of transactions unpaid	44
	Amount (EUR)
Total Payments made	6,581,791
Total Outstanding payments	336,162

No comparative information is presented, as provided in the single additional Provision of the above Resolution.

A photograph of two construction workers in safety gear (hard hats and high-visibility vests) at a construction site. One worker on the right is talking on a mobile phone. A large crane structure is visible in the background against a cloudy sky.

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Ferrovial, S.A.
December 2015

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails

FERROVIAL, S.A.
BALANCE SHEETS AS AT 31 DECEMBER 2015 AND 2014
(Thousands of Euros)

ASSETS	2015	2014
NON-CURRENT ASSETS	10,027,691	9,498,106
Property, plant and equipment (Note 5)	57	51
Other fixtures, tools and furniture	45	44
Other items of property, plant and equipment	353	328
Accumulated depreciation	-341	-320
Non-current investments in Group companies and associates (Note 7)	9,749,080	9,224,921
Equity instruments	9,742,958	9,215,016
Loans to Group companies (Note 10)	6,121	9,905
Non-current financial investments	43,278	26,146
Other receivables	19	16
Long-term guarantees and deposits given	483	456
Derivatives (Note 8)	42,776	25,674
Deferred tax assets (Note 15)	235,276	246,988
CURRENT ASSETS	913,705	1,067,508
Receivables	119,187	95,191
Group Trade receivables and associates (Note 10)	88,008	42,941
Other receivables	2,236	2,639
Employees	281	173
Public authorities	28,914	49,692
Provisions	-253	-253
Current investments in Group companies and associates (Note 10)	85,669	433,105
Loans to Group companies	177	123
Other financial assets	85,492	432,983
Current financial assets	11,463	21,990
Derivatives (Note 8)	11,463	21,990
Current accruals and deferred income	5,486	4,906
Cash and other equivalent liquid assets (Note 10)	691,900	512,316
TOTAL ASSETS	10,941,396	10,565,614

The accompanying Notes 1 to 26 and Appendix I and II to the Financial Statements are an integral part of the balance sheet as at 31 December 2015.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails

FERROVIAL, S.A.
BALANCE SHEETS AS AT 31 DECEMBER 2015 AND 2014
(Thousands of Euros)

LIABILITIES	2015	2014
EQUITY	5,397,729	5,841,710
Shareholders' Equity (Note 12)	5,399,729	5,841,710
Share capital	146,442	146,478
Share premium and merger premium	2,164,771	2,420,625
Reserves	2,969,475	3,255,609
Legal reserve	29,340	29,340
Reserves subject but exempt Article 22 of Consolidated Corporate Tax Law	3,304,500	3,820,749
Other reserves	-364,366	-594,480
Treasury shares and interests	-15,835	-4,039
Profit/(loss) for the year	132,875	23,037
NON-CURRENT LIABILITIES	1,469,616	1,466,555
Long-term provisions	112,832	114,946
Other provisions (Note 13)	112,832	114,946
Non-current Payables (Note 14)	0	0
Non-current payables to Group Companies and Associates (Note 10)	1,339,319	1,334,144
Deferred tax liabilities (Note 15)	17,465	17,465
CURRENT LIABILITIES	4,074,052	3,257,349
Current payables	11,768	22,420
Bank borrowings	175	346
Derivatives (Note 8)	11,459	21,990
Other financial liabilities	133	84
Current payables to Group companies and associates (Note 10)	4,039,480	3,218,509
Trade and other payables	22,804	16,421
Trade payables (Note 12)	1,591	2,171
Payables to suppliers, group companies and associates (Note 10)	263	9
Sundry accounts payable	520	324
Employees	12,882	12,877
Other tax payables	7,547	1,040
TOTAL LIABILITIES	10,941,396	10,565,614

The accompanying Notes 1 to 26 and Appendix I and II to the Financial Statements are an integral part of the balance sheet as at 31 December 2015.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

FERROVIAL S.A.
STATEMENTS OF PROFIT OR LOSS FOR 2015 and 2014
(Thousands of Euros)

CONTINUING OPERATIONS	2015	2014
Revenue (Note 17)	198,681	167,359
Sales	8	261
Dividends received from subsidiaries (Note 10)	156,127	147,161
Other returns received from subsidiaries (Note 10)	10,916	9,074
Provision of services (Note 10)	31,631	10,863
Supplies	0	(2)
Cost of raw materials and other consumables used	0	(2)
Other operating income	6	5
Staff costs (Note 18)	(36,112)	(25,179)
Wages, salaries and similar expenses	(35,037)	(24,499)
Employee benefit costs	(1,075)	(680)
Other operating expenses	(7,713)	(10,058)
Outside services (Note 10)	(11,974)	(10,903)
Taxes other than income tax	(585)	854
Losses on, impairment of and change in allowances for trade receivables	4,869	0
Other current operating expenses	(23)	(8)
Depreciation and amortisation charge	(21)	(39)
PROFIT (LOSS) FROM OPERATIONS	154,841	132,087
Finance income (Note 17)	9,156	19,412
From marketable securities and other financial instruments	9,156	19,412
Finance costs	(71,450)	(72,620)
On debts to Group companies and associates (Note 10)	(60,132)	(58,966)
On debts to third parties (Note 17)	(11,319)	(13,654)
Change in fair value of financial instruments (Notes 8 and 17)	49,966	26,060
Exchange gains/(losses)	5,493	2,404
Impairment and gains or losses on disposals of financial instruments (Note 17)	(83,681)	(34,130)
Impairment and other losses	(83,681)	(34,193)
Gains or losses on disposals and others	0	63
FINANCIAL RESULT (Note 17)	(90,517)	(58,873)
PROFIT (LOSS) BEFORE TAX	64,324	73,214
Corporate tax (Note 15)	68,552	(50,177)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	132,875	23,037
DISCONTINUED OPERATIONS		
Profit(loss) for the year from discontinued operations net of tax	0	0
PROFIT OR LOSS FOR THE YEAR	132,875	23,037

The accompanying Notes 1 to 26 and Appendix I and II to the Financial Statements are an integral part of the statement of profit or loss for the year ended 31 December 2015.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

STATEMENTS OF CHANGES IN EQUITY FOR 2015 AND 2014

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR 2015 AND 2014

Thousands of Euros	2015	2014
Total profit (loss) from the year	132,875	23,037
Income and expenses directly charged to equity	0	0
On cash flow hedging	0	0
Tax effect	0	0
Amounts transferred to the statement of profit or loss	0	0
On cash flow hedging	0	0
Tax effect	0	0
TOTAL RECOGNISED INCOME AND EXPENSE	132,875	23,037

The accompanying Notes 1 to 26 and Appendix I and II to the Financial Statements are an integral part of the statement of recognised income and expense for the year ended 31 December 2015.

B) STATEMENTS OF CHANGES IN TOTAL EQUITY FOR 2015 AND 2014

Thousands of Euros	2015								
	Share capital	Share premium /Merger premium	Reserves	Treasury shares	Profit/(loss) for the year	Interim dividend	Other equity instruments	Adjustments for changes in value	TOTAL
Balance at 31/12/2014	146,478	2,420,625	3,255,609	-4,039	23,037	0	0	0	5,841,710
Total recognised income and expense			0		132,875			0	132,875
Shareholder Remuneration	-36	-247,070	-269,193	-15,829	0	0	0	0	-532,127
Flexible dividend agreement	2,321		-269,193						-266,871
Treasury share transactions	-2,357	-247,070		-15,829					-265,256
Other transactions	0	-8,783	-16,942	4,033	-23,037	0	0	0	-44,730
Distribution of profit			23,037		-23,037				0
Share-based compensation schemes			-48,762						-48,762
Other changes in equity		-8,783	8,783	4,033			0		4,033
Balance at 31/12/2015	146,442	2,164,771	2,969,475	-15,835	132,875	0	0	0	5,397,729
Thousands of Euros	2014								
	Share capital	Share premium /Merger premium	Reserves	Treasury shares	Profit/(loss) for the year	Interim dividend	Other equity instruments	Adjustments for changes in value	TOTAL
Balance at 31/12/2013	146,702	2,656,058	360,449	0	477,965	-293,404	0	0	3,347,770
Total recognised income and expense			0		23,037			0	23,037
Shareholder Remuneration	-224	-234,888	-274,819	0	0	0	0	0	-509,931
Flexible dividend agreement	2,789		-277,833						-275,043
Treasury share transactions	-3,014	-234,888	3,014						-234,888
Company restructuring effect			2,988,900						2,988,900
Other transactions	0	-546	181,080	-4,039	-477,965	293,404	0	0	-8,066
Distribution of profit			184,561		-477,965	293,404			0
Share-based compensation schemes			-10,519						-10,519
Other changes in equity		-546	7,037	-4,039			0		2,453
Balance at 31/12/2014	146,478	2,420,625	3,255,609	-4,039	23,037	0	0	0	5,841,710

The accompanying Notes 1 to 26 and Appendix I and II to the Financial Statements are an integral part of the statement of changes in total equity for the year ended 31 December 2015.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

STATEMENTS OF CASH FLOWS FOR 2015 AND 2014

	Thousands of Euros	
	Balance at 31/12/2015	Balance at 31/12/2014
CASH FLOWS FROM OPERATING ACTIVITIES	130,045	119,854
Profit/loss before tax	64,324	73,214
Profit(loss) adjustments:	-76,546	-97,401
Depreciation and amortisation charge/Provisions	-21	-39
Other adjustments to profit(loss) net	-76,526	-97,362
Changes in working capital	-28,704	-26,090
Other cash flows from operating activities:	172,972	170,130
Interest paid	-58,302	-53,606
Dividends received	155,663	147,161
Interest received	12,211	12,639
Income tax recovered (paid) and tax consolidation	22,912	34,021
Other amounts received (paid) relating to operating activities	38,488	29,915
CASH FLOWS FROM INVESTING ACTIVITIES	-612,834	-2,033
Payments due to investment:	-612,834	-2,107
Group companies, associates and business units	-609,966	-37
Property, plant and equipment, Intangible assets and Investment property	-6	-25
Other financial assets	-2,863	-2,044
Other assets		
Proceeds from disposal:	0	74
Group companies, associates and business units	0	74
Property, plant and equipment, Intangible assets and Investment property		
Other financial assets		
Other assets		
CASH FLOWS FROM FINANCING ACTIVITIES	656,881	-309,705
Proceeds (payments) relating to financial liability instruments:	1,176,623	223,219
Change in Group companies credit accounts	1,174,965	238,059
Repayment and amortisation	1,658	-14,840
Dividends and returns on other equity instruments paid	-532,127	-534,691
Flexible dividend	-266,871	-275,043
Treasury shares purchase	-265,256	-234,904
Other shareholder remuneration	0	-24,744
Proceeds (payments) relating to equity instruments:	12,385	1,768
EFFECT OF FOREIGN EXCHANGE RATE VARIATIONS	5,493	2,404
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	179,584	-189,480
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	512,316	701,795
CASH AND CASH EQUIVALENTS AT END OF YEAR	691,900	512,316

The accompanying Notes 1 to 26 and Appendix I and II to the Financial Statements are an integral part of the statement of cash flows for the year ended 31 December 2015.

1. **COMPANY ACTIVITIES**

Ferrovial S.A. is the company that resulted from the merger of Cintra, Concesiones de Infraestructuras de Transportes, S.A. (the acquiring company) and Grupo Ferrovial, S.A. (the absorbed company). Its registered office is at Príncipe de Vergara 135, 28002 Madrid and its Tax id. number is A81939209.

The Company's object, as per its bylaws, is the management and coordination of all the activities carried on by the companies composing the Group.

The Company is the head of a group of subsidiaries called the Ferrovial Group and is obliged under current legislation to prepare consolidated financial statements separately. The consolidated financial statements of the Ferrovial for 2015 were formally prepared by the directors at the Board of Directors Meeting held on 25 February 2015. The consolidated financial statements for 2014 were approved by the shareholders at the Annual General Meeting of Ferrovial, S.A. on 26 June 2015, and were filed at the Madrid Mercantile Registry. The shares of Ferrovial, S.A. are traded on the Spanish Stock Market and are included in the IBEX-35 index.

2. **BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

2.1 Fair presentation and regulatory framework of reference

The accompanying financial statements were obtained from the Company's accounting records and are presented in compliance with the applicable regulatory financial reporting framework, so as to present fairly the Company's equity, financial position, results of operations and cash flows during the relevant reporting period. The regulatory framework consists of:

- a. The Commercial Code and other commercial legislation approved by Royal Decree 1514/2007.
- b. The Spanish Chart of Accounts approved by Royal Decree 1514/2007 and its sector-related adjustments.
- c. The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish Chart of Accounts and the relevant secondary legislation.
- d. All other applicable Spanish accounting legislation.

The financial statements will be submitted for approval by the Annual General Meeting, where they are expected to be approved with no amendments.

The Company holds a majority interest in the share capital of certain subsidiaries, and holds interests being equal to or higher than 20% in the share capital of others. The financial statements do not show any equity increase or decrease that would result from applying consolidation criteria by fully integrating the majority shareholdings and accounting criteria following the equity method for the remaining significant shareholdings. The Company also prepares consolidated financial statements as the parent company of Ferrovial Group pursuant to international accounting standards (IFRS-EU).

In accordance with the International Financial Reporting Standards, the main figures in the consolidated financial statements are the following:

2015 (Millions of Euros)	
Equity	6,541
Net profit for the year attributable to the Parent Company	720
Total assets	25,384
Revenue	9,701

2.2 Critical aspects of valuation and uncertainty estimation

In the financial statements for 2015 estimates were made to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement of the share-based compensation plans (Note 21).
- Impairment of value of financial assets (Note 7).
- The assessment of possible legal and tax contingencies (Note 13).
- The fair value of derivatives (Note 8).
- The recoverability of deferred taxes and tax loss carryforwards (Note 15).

Although these estimates were made on the basis of the best information available at 2015 year-end, events that may take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

2.3 Comparative information

The information pertaining to the 2014 reporting period is included for comparison purposes.

3. DISTRIBUTION OF PROFIT

The Board of Directors will propose to the shareholders at the Company's duly convened Annual General Meeting that the profit of FERROVIAL, S.A. (individual company) be distributed as follows:

2015	
Profit of FERROVIAL, S.A. (individual company) (Euros)	132,875,229.80
Distribution (Euros)	
To voluntary reserves (Euros)	132,875,229.80

The legal reserve has reached the legally required minimum.

4. ACCOUNTING POLICIES

The principal accounting policies used in preparing the financial statements were as follows:

4.1 Property, plant and equipment

The assets included in "Plant, Property and Equipment" in the accompanying balance sheet are recognised at acquisition or production cost, less the related accumulated depreciation and any accumulated impairment losses. The cost of these items was revalued pursuant to Royal Decree-Law 7/1996. The Company opted not to avail itself of the balance sheets revaluation permitted by Law 16/2012.

In-house work on property, plant and equipment is valued, for each investment, by adding the direct or indirect costs allocable to the investment to the cost of the materials used.

Property, plant and equipment upkeep and maintenance expenses are recognised as an expense in the year in which they are incurred. In-house work on non-current assets is recognised at the actual cost incurred. The costs of expansion, modernisation or improvements leading to increased productivity or to a lengthening of the useful lives of the assets are capitalised.

a. Impairment losses

Assets that are amortised or depreciated are tested for impairment whenever an event or a change in circumstances indicates that their carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of an asset exceeds its recoverable amount, which is understood to be the higher of fair value less costs to sell and value in use. For the purpose of assessing impairment losses, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Assets that have suffered an impairment loss are reviewed at the end of each reporting period in order to identify any possible reversal of the impairment loss.

b. Depreciation of property, plant and equipment

The Company depreciates its machinery, fixtures and tools by the diminishing balance method, and it depreciates all other property, plant and equipment items by the straight-line method, allocating the depreciable amount of the assets over their years of estimated useful life.

The years of estimated useful life used for each class of property, plant and equipment are basically as follows:

Total years of estimated useful life	
Machinery, fixtures and tools	5
Furnishings and fixtures	10
Transport equipment	5

4.2 Financial assets

a. Equity investments in Group companies, jointly controlled entities and associates

These investments are measured at cost less any accumulated impairment losses. However, where the Company holds an investment in the investee prior to its classification as a Group company, jointly controlled entity or associate, the cost of the investment is considered to be its carrying amount prior to its classification as such. Any previous valuation adjustments recognised directly in equity are retained in equity until the related investments are derecognised. If there is objective evidence that the carrying amount of an investment is not recoverable, an impairment loss is recognised for the difference between its carrying amount and its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, the

impairment loss on these investments is estimated based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement. Impairment losses and any reversals of impairment losses are recognised in the statement of profit or loss for the year in which they arise.

b. Held-to-maturity investments and accounts receivable

Held-to-maturity investments, loans granted and receivables are initially recognised at fair value plus any attributable costs and are subsequently measured at amortised cost, and any accrued interest is recognised on the basis of the effective interest rate. The effective interest rate is the discount rate that exactly matches the initial payment of the financial instrument with all of its estimated cash flows until maturity thereof. However, trade receivables maturing within twelve months are measured at face value, both at initial recognition and subsequently, provided that the effect of not discounting the cash flows is not material. At least at each reporting date, the necessary impairment losses are recognised if there is objective evidence that not all the amounts receivable will be collected. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate at the date of initial recognition. Impairment losses and any reversals of impairment losses are recognised in profit or loss. Financial assets are derecognised when the risks and rewards of ownership of the financial asset are substantially transferred. In the specific case of receivables, this is deemed to occur when the default and delinquency risks have been transferred.

4.3 Financial derivatives

Derivative financial instruments are initially recognised at fair value on the date they are arranged. Subsequent changes in fair value are also recognised at each closing date. The method used to recognise gains or losses on derivatives depends on whether the instrument has been designated as a hedging instrument and, as the case may be, on the type of hedge involved.

In accordance with the rulings of the Spanish Accounting and Audit Institute (ICAC), an entity must evaluate credit risk when measuring its liabilities relating to derivatives.

4.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits at banks and other short-term, highly liquid investments with an initial maturity of three months or less.

4.5 Equity

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are deducted, net of taxes, from equity. Acquisitions of the Parent Company's treasury shares are deducted from equity for the amount of the consideration paid, including the attributable costs associated with the acquisitions. When treasury shares are sold or reissued, any amount received is taken, net of costs, to equity. Dividends relating to equity instruments are recognized as a reduction of equity at the time of its approval by the Annual General Meeting.

4.6 Provisions and contingent liabilities

The Company recognises a provision for a commitment or obligation to a third party that meets the following requirements: it is a present obligation (legal, contractual, constructive or implied), the settlement of which is expected to result in an outflow of resources the amount or timing of which are not known for certain but can be estimated sufficiently reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis. Provisions maturing within one year for which the effect of discounting is not material are not discounted.

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events regardless the Company's will. Contingent liabilities are not recognised, but rather are disclosed (see Note 15).

4.7 Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments up to the maturity of the liability to the amount initially received. If the effective interest rate is initially considered to differ from the market interest rate, the liability is measured based on the present value of future cash flows at the market rate in the case of interest-bearing loans. Where no effective interest rate is specified, the cash flows are also measured using the market interest rate.

4.8 Corporate income tax and deferred taxes

The Corporate income tax expense recognised in the Company's financial statements is calculated on the basis of accounting profit, increased or decreased, as appropriate, by the effect of tax adjustments and by the temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts in the financial statements (balance sheet liability method), which give rise to the recognition of deferred tax assets and liabilities.

Deferred tax assets and liabilities are calculated at the tax rates in force at the balance sheet date and at the rates that are expected to be in force in the period in which the assets are realised or the liabilities are settled. They are charged or credited to the statement of profit or loss, except when they relate to items that are recognised directly in equity, in which case they are charged or credited to equity. Deferred tax assets and tax loss carryforwards are recognised when it is probable that the Company will recover them in the future, regardless of when they will be recovered, provided this is within the maximum period provided by law. Deferred tax assets and liabilities are not discounted and are classified as a non-current asset or liability, respectively, in the balance sheet. Deferred taxes recognised are reviewed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future tax profits.

Deferred taxes are not recognised when the transaction has no effect on the book value and/or tax value of the related assets and liabilities.

The difference between the income tax expense recognised at the previous year-end and the income tax expense reported in the final tax returns filed constitutes a change in accounting estimates and is recognised as current-year income or expense.

Ferrovial, S.A. is the parent company of a consolidated group for income tax purposes, which is regulated in Chapter VII of Title VII of Legislative Royal Decree 4/2004.

4.9 Translation of foreign currency transactions

Transactions performed by the Company in a currency other than the functional currency, which is the euro, are translated by applying the exchange rates prevailing at the transaction date or at the year-end exchange rates in the case of balances outstanding at the date of preparation of the financial statements.

The foreign currency gains or losses arising from the settlement of these transactions and from translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, unless they are deferred in equity, as is the case of cash flow hedges and hedges of a net investment in a foreign operation that qualify for hedge accounting.

4.10 Revenue recognition

The Company's income relates to the dividends received from the investees which, on the basis of Ruling no. 2 published in Official Gazette no. 79/2009 of the Spanish Accounting and Audit Institute in relation to the accounting classification in separate financial statements of the income and expenses of holding companies, is treated as the Company's revenue as its ordinary activity consists of the ownership of interests in the share capital of Group companies.

4.11 Share-based payments

- a. Stock option compensation schemes:** Stock option plans are measured at fair value when the options are initially granted using a financial method, based on an improved binomial model, taking into account the exercise price, volatility, option life, expected dividends, the risk-free interest rate and the assumptions made to incorporate the effects of expected early exercise. The initial fair value is not subsequently revised. This fair value is recognised under "Staff Costs" in proportion to the stipulated period of time during which the employee must remain at the Company, with a balancing entry in equity.
- b. Share-based payments compensation schemes:** They are measured when granted at the market price of the shares at that time. This fair value is recognised under "Staff Costs" in proportion to the stipulated period of time during which the employee must remain at the Company, with a balancing entry in equity.

4.12 Leases

Leases are classified as finance leases whenever the terms of the lease substantially transfer all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases. The only significant lease held by the Company is an operating lease on the property where its head office is located (see Note 6).

Expenses from operating leases are recognised in the statement of profit or loss on an accrual basis.

Any amount paid or collected on entering into an operating lease will be recognised as an advanced payment or collection in the profit and loss account over the term of the lease as the benefits of the leased asset are assigned or received.

4.13 Related party transactions

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately covered and, therefore, the Company Directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

5 PROPERTY, PLANT AND EQUIPMENT

The changes in "Property, Plant and Equipment" in the years ended 31 December 2015 and 2014 and the most significant information affecting this heading were as follows:

(Thousands of Euros)	Balance at 31/12/2014	Additions	Removals	Balance at 31/12/2015
<u>Investing activities</u>				
Other fixtures, tools and furniture	44	1	0	45
Other items of property, plant and equipment	328	26	0	353
Total investment in property, plant and equipment	372	27	0	398
<u>Amortisation</u>				
Other fixtures, tools and furniture	-20	-3	0	-24
Other items of property, plant and equipment	-300	-18	0	-318
Total accumulated depreciation of property, plant and equipment	-320	-21	0	-341
Total property, plant and equipment	51	6	0	57

(Thousands of Euros)	Balance at 31/12/2013	Additions	Removals	Balance at 31/12/2014
<u>Investing activities</u>				
Other fixtures, tools and furniture	30	14	0	44
Other items of property, plant and equipment	317	11	0	328
Total investment in property, plant and equipment	347	25	0	372
<u>Amortisation</u>				
Land and buildings	0	0	0	0
Plant and machinery	0	0	0	0
Other fixtures, tools and furniture	-17	-3	0	-20
Other items of property, plant and equipment	-265	-35	0	-300
Total accumulated depreciation of property, plant and equipment	-282	-39	0	-320
Total property, plant and equipment	65	-14	0	51

No investments have been made outside Spain and there are no assets subject to guarantees or that must be handed over to third parties or any grants related to non-current assets.

No impairment losses were recognised or reversed in relation to any individual item of property, plant and equipment and no interest or exchange differences were capitalised in this year.

At 31 December 2015 Ferrovial S.A. has fully depreciated property, plant and equipment valued at EUR 170 thousand.

6 OPERATING LEASES

On 23 December 2009, Ferrovial, S.A. signed an agreement for the sale and operating lease of the property where its head office is located. The current initial annual rent set in the agreement totals EUR 2,400 thousand and it is reviewed on a yearly basis on the basis of the change in the Consumer Price Index (CPI) in Spain. If the initial lease term is extended, the rent in force at that time must be updated in line with market rates. Maturity is initially scheduled for reporting period 2022, although there is a possibility to extend such term for 10 additional years; at year-end, the company was not required to do so.

In 2011 Ferrovial, S.A. transferred this agreement to Ferrovial Corporación, S.A. as a result of the spin-off performed in that year. As a result, Ferrovial, S.A. began to assume 15% of the annual rent established in the agreement.

The operating lease expenditure recognised in the statement of profit or loss for 2015 totals EUR 963 thousand (EUR 625 thousand in 2014), of which EUR 576 thousand account for the expense accrued by such lease contract. Future non-cancellable minimum payments as lessee amount to EUR 2,400 thousand (EUR 2,800 thousand in 2014).

7 INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

Non-current financial assets make up most of the Company's assets, accounting for 89% of the total (2014: 87%). These non-current financial assets consist mainly of ownership interests in Group companies and associates.

The detail of "Non-Current Investments in Group Companies and Associates" and of the changes therein in 2015 and 2014 is as follows:

(Thousands of Euros)	Balance at 31/12/2014	Additions	Removals	Transfers	Balance at 31/12/2015
Investments in Group companies	9,708,494	609,975		-25,543	10,292,927
Investments in associates	46,676				46,676
Loans to Group companies	9,905	21	-3,806		6,121
Loans to associates	22,728	1,648			24,376
					0
Provisions	-562,882	-83,681	0	25,543	-621,020
Investments in Group companies	-493,479	-82,033		25,543	-549,969
Investments in associates	-46,676				-46,676
Loans to Group companies	0				0
Loans to associates	-22,728	-1,648			-24,375
Total Investments in Group companies and associates	9,224,921	527,965	-3,806	0	9,749,080

(Thousands of Euros)	Balance at 31/12/2013	Additions	Removals	Transfers	Balance at 31/12/2014
Investments in Group companies	6,720,074	5,842,336	-2,853,916	0	9,708,494
Investments in associates	46,676				46,676
Loans to Group companies	11,180		-1,275		9,905
Loans to associates	21,195	1,533			22,728
					0
Provisions	-529,185	-34,192	496	0	-562,882
Investments in Group companies	-461,315	-32,659	496	0	-493,479
Investments in associates	-46,676				-46,676
Loans to Group companies	0				0
Loans to associates	-21,195	-1,533			-22,728
Total Investments in Group companies and associates	6,269,940	5,809,677	-2,854,695	0	9,224,921

With regard to major additions to the ownership interests in group companies for EUR 609,975 thousand, the following transactions are listed below:

- On 10 November 2015 the Board of Directors of Ferrovial Agromán, S.A. approved an increase in share capital with a share premium of EUR 6.93 each (issuance at 900%) which resulted in the creation of new shares, on which Ferrovial S.A. subscribed 55,838,572 new shares and paid out EUR 429,957 thousand (EUR 42,996 thousand corresponding to the nominal value of the new shares and EUR 386,961 thousand corresponding to the share premium of the same).
- On 18 December 2015 the purchase by Ferrovial S.A. of 8.839% of the shares that Ferrovial Aeropuertos Internacional S.A.U. held on Ferrofin, S.L., was executed by paying EUR 158,064 thousand. Accordingly, the ownership interest in share capital of Ferrofin S.L. by Ferrovial S.A. reaches 85.573% (see details in Appendix II).
- On 3 December 2015 it was agreed in the Extraordinary General and Universal Shareholders' Meetings of the company Ferrovial Aeropuertos España S.A. to increase the share capital through the issuance of 1,800,000 new shares of EUR 1 nominal value each, with a share premium of EUR 9, on which Ferrovial S.A. subscribed 1,782,000 new shares and paid out EUR 17,820 thousand (EUR 1,782 thousand corresponding to the nominal value of the new shares and EUR 16,038 thousand to the share premium of the same).

With regard to transfers, it relates to the transfer of the portfolio provision registered by Ferrovial S.A. at 31 December 2014 over the former Burety S.L., which was absorbed by merger (reverse merger) by Ferrovial Agromán S.A. in the current year 2015. As a result of this transaction, Ferrovial S.A. holds direct ownership in the share capital of Ferrovial Agromán, recognizing in the ownership interests item an initial net value of EUR 281,322 thousand and an increase of EUR 429,957 thousand due to the capital increase mentioned in the first paragraph, representing a net book value of EUR 711,279 thousand (see Appendix II).

The net change in provisions (-82,032 thousand) was due to the valuation change recorded in 2015, as specified in the Accounting Policies (see Note 4.2.a) on the investments in group companies and associates, mainly in connection with corporate companies without productive assets in which the impairment of the ownership interest value is calculated based on its carrying amount, as it is the case of the company Ferrofin S.L. for an amount of EUR -33,571 thousand and Ferrovial FISA S.L. for EUR -39,845 thousand (see Note 17).

A detail is included in **Appendix II** of all the subsidiaries and associates in which Ferrovial, S.A. holds direct ownership interests, indicating the related line of business, registered office and percentage of ownership.

The following tables show a detail of the cost per books and the main components of the equity of the companies controlled by Ferrovial, S.A. at 31 December 2015 and 31 December 2014 (in thousands of Euros):

Companies - 2015 Thousands of Euros	Gross investment	Impairment losses	Carrying amount	Details of group companies and associates				
				Share capital	Share premium and reserves	Other equity items	Net profit/loss for the year	TOTAL EQUITY
Head of business								
Cintra Infraestructuras S.E.	1,520,584	0	1,520,584	130,392	1,103,109	-324,686	-13,209	895,606
Ferrovial Servicios, S.A.	264,479	0	264,479	166,095	78,378	463	26,469	271,406
Ferrovial FISA, S.L.	214,633	-184,131	30,502	17,600	196,754	-144,007	-39,713	30,633
Ferrovial Agromán, S.A. (*)	711,279	0	711,279	446,813	225,534	13,861	69,807	756,015
Corporate companies								
Betonial, S.A.	35,699	-3,439	32,260	3,660	28,344	0	419	32,423
Alkes Reinsurance Ltd.	3,000	0	3,000	3,000	4,182	0	656	7,838
Triconitex, S.L.	11,659	-6,794	4,865	806	5,351	0	-999	5,157
Ferrocop UK Limited	639	0	639	754	150	-19	103	988
Ferrovial Internacional S.L.U.	5,560,133	0	5,560,133	563,299	5,608,510	0	10,530	6,182,339
Ferrovial Inversiones, S.A.	200	0	200	600	279	0	-28	850
Promotora Ibérica de Negocios, S.A.	582	-113	469	60	407	0	6	473
Fring Gold, S.A.	89	-16	73	62	11	0	0	74
Ferrovial Emisiones, S.A.	60	0	60	60	6,381	0	2,433	8,874
Temauri, S.L.	3	-1	2	3	0	0	-1	2
Tetabomoa, S.A. (**)	59	-1	59	60	0	0	-1	59
Teraoui, S.A. (**)	59	-1	59	60	0	0	-1	59
Kripton RE, S.A. (**)	4,000	0	4,000	4,000	0	0	0	4,000
Inversiones Trenza, S.A.	7,094	-6,583	511	725	-211	0	1	515
Can-am, S.A.	3,208	-1,351	1,857	347	1,496	0	12	1,856
Ferrovial Corporación, S.A.	5,403	0	5,403	5,403	2,246	-7,000	5,264	5,914
Ferrofin, S.L.	1,638,676	-61,933	1,576,744	1,890,310	2,267	0	-50,006	1,842,571
Other Group companies								
Grimaldinvest S.L.	288,581	-274,446	14,135	20	13,416	0	71	13,507
Ferrovial Aeropuertos España, S.A.	17,880	-9,067	8,813	1,860	16,196	0	-9,154	8,902
Cintra Infraestructuras España, S.L. (***)	3	0	3	0	0	0	0	0
Autovía de Aragón S.C., S.A.	2,831	0	2,831	18,873	754	-11,462	9,523	17,689
Sotaverd S.A.	2,092	-2,092	0	1,784	-13,796	0	0	-12,012
Investments in Group companies	10,292,927	-549,968	9,742,958	3,023,049	6,834,343	-472,850	-52,884	9,331,658

(*) Ownership interest in Ferrovial Agromán after the merger with Burety S.L.U.

(**) Companies newly created during the year 2015.

(***) Former Faero España, S.L. transferred to Ferrovial S.A. by Ferrovial Aeropuertos España S.A. to carry out domestic activity of Cintra.

Companies - 2014 Thousands of Euros	Gross investment	Impairment losses	Carrying amount	Details of group companies and associates				
				Share capital	Companies - 2015 Thousands of Euros	Gross investment	Impairment losses	Carrying amount
Head of business								
Cintra Infraestructuras, S.E..	1,520,584	0	1,520,584	130,392	1,440,405	-1,852	82,128	1,651,072
Ferrovial Servicios, S.A.	264,479	0	264,479	166,094	128,661	358	19,717	314,830
Ferrovial FISA, S.L.	214,633	-144,286	70,347	17,600	56,478	0	-3,732	70,346
Corporate companies								
Betonial, S.A.	35,699	-4,015	31,684	3,660	28,582	0	-238	32,004
Alkes Reinsurance Ltd.	3,000	0	3,000	3,000	3,546	0	636	7,182
Triconitex, S.L.	11,659	-5,879	5,780	806	5,793	0	-442	6,157
Ferrocop UK Limited	630	0	630	630	199	0	14	843
Ferrovial Internacional S.L.U.	5,560,133	0	5,560,133	563,299	5,241,175	0	-10,681	5,793,794
Ferrovial Inversiones, S.A.	200	0	200	600	101	0	166	866
Promotora Ibérica de Negocios, S.A.	582	-119	462	60	405	0	2	467
Fring Gold, S.A.	89	-16	73	62	11	0	0	73
Ferrovial Emisiones, S.A.	60	0	60	60	3,614	0	2,768	6,441
Burety, S.L.U.	306,865	-25,543	281,322	28,048	254,220	0	1,465	283,733
Inversiones Trenza, S.A.	7,094	-6,585	509	725	-212	0	2	514
Can-Am, S.A.U.	3,208	-1,365	1,843	347	1,564	0	-67	1,843
Ferrovial Corporación, S.A.	5,403	0	5,403	5,403	1,954	0	292	7,649
Ferrofin, S.L.	1,480,612	-28,362	1,452,250	1,890,310	55,723	0	-53,456	1,892,577
Other Group companies								
Grimaldinvest S.L.	288,581	-275,212	13,369	20	13,327	0	90	13,436
Ferrovial Aeropuertos España, S.A.	60	-4	56	60	-2	0	-2	56
Autovía de Aragón S.C., S.A.	2,831	0	2,831	18,873	-884	-14,726	6,116	9,380
Sotaverd S.A.	2,092	-2,092	0	1,784	-13,796	0	0	-12,012
Investments in Group companies	9,708,494	-493,479	9,215,016	2,831,834	7,220,864	-16,221	52,705	10,089,182

See the detail of investments in associates (Note 26).

The listed Group companies are Ferrovial, S.A. and Budimex, S.A. and the detail of the market value thereof is as follows:

Quoted market price (Euros)	Budimex, S.A.	Ferrovial, S.A.
At end of year	45.48	20.86
Last-quarter average	49.00	21.91

The market price shown in the table above is expressed in Euros per share. In the case of Budimex, S.A., the market price was translated to Euros using the exchange rate at 31 December 2015 both for the market price at the end of the year and for the average price in the last quarter.

8 DERIVATIVES

The detail of the derivatives and their fair values at 31 December 2015 and 2014, as well as the maturities of the notional amounts to which the derivatives are tied and the related cash flows are shown below.

The notional amounts shown in this table include all those arranged at 31 December 2015. Accordingly, the maturities are presented with a positive sign and the future increases the amount of which has already been arranged are shown with a negative sign.

Type of instrument	Fair value		Notional Maturities					
	Balance at 31/12/2015	Balance at 31/12/2014	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020 and beyond	TOTAL
Equity swaps	42,776	24,594	73,785	0	0	0	0	73,785
Interest rate swaps	0	1,080	0	0	0	0	0	0
Forwards/Currency options	5,279	-21,990	815,329	0	0	0	0	815,329
Group Companies Forwards	-5,275	21,990	-815,329	0	0	0	0	-815,329
Total financial hedges	42,779	25,674	73,785	0	0	0	0	73,785

The cash flows relating to the derivatives mature as follows:

Type of instrument	Fair value		Cash flow maturity					
	Balance at 31/12/2015	Balance at 31/12/2014	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020 and beyond	TOTAL
Equity swaps	42,776	24,594	42,776	0	0	0	0	42,776
Interest rate swaps	0	1,080	0	0	0	0	0	0
Forwards/Currency options	5,279	-21,990	5,279	0	0	0	0	5,279
Group Companies Forwards	-5,275	21,990	-5,275	0	0	0	0	-5,275
Total financial hedges	42,779	25,674	42,779	0	0	0	0	42,779

Following is an explanation of the changes in fair value of the hedges between 2015 and 2014 and of the effects of such changes on the balance sheet and statement of profit or loss for the year (in thousands of Euros).

Type of instrument	Fair value			Breakdown of changes					
	Balance at 31/12/2015	Balance at 31/12/2014	Variation	Impact on reserves	Impact on profit or loss, fair value	Impact on financial result	Cash	Other impacts on the balance sheet or statement of profit or loss	TOTAL
Equity swaps	42,776	24,594	18,182	0	51,792	0	-37,807	4,197	18,182
Interest rate swaps	0	1,080	-1,080	0	2	0	-1,729	647	-1,080
Forwards/Currency options	5,279	-21,990	27,269	0	-91,759	0	119,027	0	27,269
Group Companies Forwards	-5,275	21,990	-27,265	0	89,931	0	0	-117,196	-27,265
Total financial hedges	42,779	25,674	17,105	0	49,966	0	79,491	-112,352	17,105

Equity swaps

In order to hedge against the possible losses resulting from the exercise of the share-based payment schemes granted to its employees, Ferroviai arranged equity swaps.

The swaps operation is as follows:

The calculation base is a given number of Ferroviai shares and a reference price which is usually the share price on the arrangement date of the swap. During the term of the swap, Ferroviai pays interest equal to a given interest rate (EURIBOR plus a spread to be applied to the result of multiplying the number of shares by the strike price) and receives a compensation equal to the dividend on those shares. When the swap expires, if the share price has risen, Ferroviai receives the difference between the share price and the reference price. If the share price falls, Ferroviai would pay the aforementioned difference to the bank.

These equity swaps do not qualify for hedge accounting and the related gains or losses are recognised as fair value adjustments under "Financial Result". The change in value during the year was due to the increase in the Ferroviai share price from EUR 16.43 at 31 December 2014 to EUR 20.86 at 31 December 2015, which gave rise to income of EUR 51,792 thousand (net result of EUR 37,290 thousand).

Pursuant to an agreement signed with certain subsidiaries, Ferroviai, S.A. has recognised an asset/liability for all the equity swaps receivable/payable account has been created for the main businesses. The balance of this item is shown under "Other impact on balance sheet or statement of profit or loss" in the amount of EUR 318 thousand combined with the earned income and financial costs expense of the instruments for an amount of EUR 3,880 thousand.

The cash impact of these instruments amounts to EUR +37,807 thousand, of which EUR +33,927 thousand correspond to exercised equity swaps and EUR +3,880 thousand correspond to financial costs expense and earned income as specified in the paragraph above.

At 2015 year-end, these derivatives had a notional amount equivalent to 5,588 thousand shares, which, based on the strike price of the equity swaps (the price at which they have to be settled with the banks) amounted to EUR 73,785 thousand. The fair value as of 31 December 2015 amounts to EUR 42,776 thousand, which represents the difference between the strike price of the equity swaps and its share price at 31 December 2015.

Interest rate swaps

The notional interest rates derivatives of EUR 250,000 thousand expired in 2015, prevailing at the end of the previous year. These derivatives were not subject to hedge accounting, and had an impact on cash settlements for EUR -1,082 thousand.

Currency forwards

At year-end, there were various contracts in force with banks relating to euro-pound sterling exchange rate forwards (notional amount of EUR 217 million) and euro-dollar forwards (notional amount of EUR 598 million), with assets amounting to EUR 5,279 thousand, and maturing in the short term. The purpose of these contracts is to hedge exposure to the exchange rate of future flows from subsidiaries; therefore, during the reporting period some inter-company derivatives were arranged with the companies receiving said flows in foreign currency. The impacts transmitted by Ferrovial, S.A. to those Group companies are reflected in the column Other impacts of the balance sheet by EUR 117,196 thousand.

9 CASH AND CASH EQUIVALENTS

The detail of "Cash and Cash Equivalents" in 2015 and 2014 is as follows:

	Thousands of Euros	
	Balance at 31/12/15	Balance at 31/12/14
Cash	444,548	86,338
Cash equivalents	210,355	368,127
Restricted cash	36,997	57,850
TOTAL	691,900	512,316

The Cash balance consists basically of current accounts opened with different financial institutions. "Cash Equivalents" relates to term deposits maturing in less than three months.

Restricted cash corresponds to deposits pledged for the arrangement and maintenance of equity swap contracts. The variation corresponds to the cancellation of such contracts during 2015.

10 BALANCES AND TRANSACTIONS WITH GROUP COMPANIES AND ASSOCIATES

The detail of the changes of the balance held by Ferrovial, S.A. in 2015 with respect to 2014 is as follows:

Thousands of Euros	Asset balances			Liability balances		
	Long-term loans	Short-Term Loans	Current receivables	Non-current payables	Current payables	Current payables to company suppliers
TOTAL GROUP COMPANIES AND ASSOCIATES 31.12.2015	6,121	87,670	86,008	1,339,319	4,039,485	148
TOTAL GROUP COMPANIES AND ASSOCIATES 31.12.2014	9,905	433,105	42,941	1,334,144	3,218,509	9
TOTAL CHANGE	-3,784	-345,435	43,067	5,175	820,976	139

In the asset balances, the long-term loans relate to long-term loans accruing interest at rates similar to market rates.

The Short-Term loans (and current payables) are mainly related to financial current accounts held by the company with other group companies and associates, accruing an interest rate similar to market rates.

Regarding current receivables (and current payables to company suppliers), the fair value of loans and receivables is considered to be the same as the carrying amounts thereof in all cases.

The most significant change is related, on the one hand, to the short-term loans for -EUR 345,435 thousand, mainly due to the offset of the current account held by Ferrovial S.A. with Burety S.A. for an amount of EUR 334,371 thousand with the payable current account held by the company with Ferrovial Agromán S.A. (within current payables), as a result of the merger of Burety S.A. and Ferrovial Agromán S.A. that took place in the current year (see Note 7).

On the other hand, regarding current payables, the change amounting to EUR 820,976 thousand is mainly based on the borrowing coming from Ferrofin S.L. for EUR 470,425 thousand related to the share capital increase in Ferrovial Agromán S.L. as stated in Note 7, as well as the borrowing from Ferrovial Internacional S.L.U. with the purpose of acquiring the 8.839% of the shares held by Ferrovial Aeropuertos Internacional S.A.U. on Ferrofin S.L. for EUR 158,064 thousand (see note 7).

The detail of the balances with Group companies and associates at 31 December 2015 and 2014 is as follows:

Balances held with Group Companies and Associates at 31 December 2015

Group companies and associates at 31/12/2015	Thousands of Euros 2015					
	Long-term loans	Short-Term Loans	Current receivables	Non-current payables	Current payables	Current payables to company suppliers
Autovía de Aragón, S.A.	536	2,103			1,997	115
Heathrow Airport Holdings, Ltd.					229	
Hellas Tolls, S.A.		463	295			
Betonial, S.A.		27,672				
Budimex, S.A.	2,063	9	464			
Cadagua, S.A.			228			
Can-Am, S.A.U.					998	
Cespa, S.A.			74			
Cintra Infraestructuras S.E.			15,921		159,128	
Ferrocarril UK Limited					9	
Ferrovial Aeropuertos, S.A.		2,548	1,814		0	3
Ferrovial Agromán, S.A.			9,553		944,924	
Ferrofin, S.L.				453	2,585,540	
Ferrovial Emisiones, S.A. (*)			12	1,291,488	29,664	
Ferrovial FISA, S.L.		428	40,767	47,379		
Ferrovial Inversiones, S.A.					1,134	
Ferrovial Holding US Corp		89				
Ferrovial Servicios, S.A.			8,998		75,083	64
Ferrovial Internacional, S.L.U.		0	38		186,858	
Hubco Netherlands B.V.		40,633				
Ferroser Infraestructuras, S.L.						13
Autopista del Sol, C.E.S.A.	3,527	70				
Fring Gold, S.A.					73	
Grimalinvest, S.L.			25		41,132	
Promotora Ibérica, S.A.					473	
Nea Odos, S.A.	23,576					
Amey UK plc					49	
Central Greece Motorway	800					
Temaui S.L.					2	
Tetabomoa, S.A.		1				
Teaoui, S.A.		1				
Vergara Promoinvest, S.L.		1				
Triconitex, S.L.		934				
Inversiones Trenza, S.A.					516	
Cintra Servicios, S.L.			7,008		0	8
Ferrovial Airports International, Ltd.		5			11,673	
Ferrovial Corporación, S.L.		12,714	683			61
Other Group companies			127			
Allowances for doubtful debts	-24,380					
TOTAL GROUP COMPANIES	6,121	87,669	86,008	1,339,319	4,039,480	263

(*) The debt with Ferrovial Emisiones S.A. is related to the transfer of the funding obtained through the three corporate bonds issued on 30 January 2013, 29 May 2013 and 9 July 2014 for a nominal amount of 500,000, 500,000 and 300,000 thousand of euros and maturing in 2018, 2021 and 2024 respectively. Such funds were transferred over to Ferrovial S.A. with the mentioned conditions remaining unchanged.

Balances with Group Companies and Associates at 31 December 2014

Group companies and associates at 31/12/2014	Thousands of Euros 2014					
	Long-term loans	Short-Term Loans	Current receivables	Non-current payables	Current payables	Current payables to company suppliers
Autovía de Aragón, S.A.	1,823		330			
Hellas Tolls S.A.		28,361			229	
Betonial, S.A.						
Budimex, S.A.	2,041	2	174			
Burety, S.L.U.		334,371				
Cadagua, S.A.			360			
Can-Am, S.A.U.					1,211	
Cespa, S.A.			62		7,777	
Cintra Infraestructuras, S.E.		23,545	12,090		3,479	
Ferrocarril UK Limited					8	
Ferrovial Aeropuertos España, S.A.		28,455	2,810		34,834	
Ferrovial Agromán, S.A.			11,348		929,667	
Ferrofin, S.L.				453	2,115,115	
Ferrovial Emisiones, S.A. (*)		364	12	1,289,658	28,531	
Ferrovial FISA, S.L.		474	1,495	44,033		
Ferrovial Inversiones, S.A.					1,196	
Ferrovial Servicios, S.A.			11,596		23,964	9
Ferrovial Internacional, S.L.U.					30,334	
Hubco Netherlands B.V.		14,206				
Autopista del Sol, C.E.S.A.	6,045	121				
Fring Gold, S.A.					73	
Grimalinvest, S.L.					41,056	
Promotora Ibérica, S.A.					467	
Nea Odos, S.A.	21,967					
Amey UK plc					49	
Central Greece Motorway	760					
Laertida, S.L.			66			
Vergarapromoinvest, S.L.		1				
Triconitex, S.L.		854				
R4 toll road					5	
Inversiones Trenza, S.A.					515	
Cintra Servicios de Infraestructura, S.A.			215		0	
Ferrovial Railway, S.A.		5				
Ferrovial Corporación, S.A.		2,347	2,384			
Allowances for doubtful debts	-22,732					
TOTAL GROUP COMPANIES	9,905	433,105	42,941	1,334,144	3,218,509	9

(*) The debt with Ferrovial Emisiones S.A. is related to the transfer of the funding obtained through the three corporate bonds issued on 30 January 2013, 29 May 2013 and 9 July 2014 for a nominal amount of 500,000, 500,000 and 300,000 thousand of euros and maturing in 2018, 2021 and 2024 respectively. Such funds were transferred over to Ferrovial S.A. with the mentioned conditions remaining unchanged.

Transactions held with Group Companies and Associates at 31 December 2015

Group companies	Thousands of Euros		
	Operating income	Operating expenses	Finance costs
Autovía de Aragón, S.A.	146		
Betonial, S.A.	703		
Autopista del Sol, C.E.S.A.	243		
Grupo Amey	6		
Ferrovial Emisiones, S.A.	17		-43,083
Cintra Infraestructuras S.E.	96		-397
Can-am, S.A.			-6
Cespa, S.A.	106	-15	-3
Ferrovial Aeropuertos España S.A.	4,958	-2	
Ferrovial Aeropuertos Internacional S.A.U.	119		-26
Ferrovial Agromán, S.A.	95,979		-4,906
Ferrovial Inversiones S.A.			-6
Ferrovial Internacional S.L.U.			-100
Ferrofin, S.L.			-10,257
Ferrovial FISA, S.L.	849		-960
Ferrovial Servicios, S.A.	78,931	-19	-185
Ferrovial Servicios Internacional, S.L.	4		-1
Inversiones Trenza, S.A.			-2
Central Greece Motorway	319		
Nea Odos, S.A.	3,162		
Triconitex, S.L.	24		
Ferrovial Corporación, S.L.	5,205	-503	
Cintra Inversora Autopistas de Cataluña, S.A.			
Cintra Servicios, S.L.	7,102	-1,249	0
Promoibérica de Negocios S.A.			-2
Budimex, S.A.	22		
Grimaldi Investments B.V.			-198
Other Group companies	690		0
TOTAL GROUP COMPANIES	198,673	-1,788	-60,132

Of the total operating income, EUR 156,127 thousand relate to the dividends received from subsidiaries: mainly EUR 79,998 thousand from Ferrovial Agroman S.A., EUR 69,994 thousand from Ferrovial Servicios S.A., EUR 5,000 thousand from Ferrovial Corporación, S.A. EUR 672 thousand from Autovia de Aragon Sociedad Concesionaria S.A. and EUR 463 thousand from Hellas Tolls S.A.

Transactions held with Group Companies and Associates at 31 December 2014

Group companies	Thousands of Euros		
	Operating income	Operating expenses	Finance costs
Autovía de Aragón, S.A.	209		-8
W.W. Webber, LLC		-199	
Betonial, S.A.	899		-15
Autopista del Sol, C.E.S.A.	353		-2
Burety, S.L.U.	3,914		-1,084
Ferrovial Emisiones, S.A.	17		-39,300
Cintra Infraestructuras, S.A.U.	52,866		-484
Cespa, S.A.	2	0	-4
Ferrovial Aeropuertos España, S.A.	2,292	-1	-573
Ferrovial Agromán, S.A.	2,831	-5	-5,537
Ferrofin, S.L.	26,481		-10,207
Ferrovial FISA, S.L.	837		-1,069
Ferrovial Servicios, S.A.	53,398	0	-428
Central Greece Motorway	57		
Nea Odos, S.A.	1,645		
Ferrovial Corporación, S.A.	20,903	-700	
Cintra Inversora Autopistas de Cataluña, S.A.			
Cintra Servicios de Infraestructura, S.A.	313	-157	
Budimex, S.A.	26		
Grimaldinvestment S.L.	1		-235
Other Group companies	54	-117	-21
TOTAL GROUP COMPANIES	167,098	-1,179	-58,966

11 TRADE PAYABLES

Current trade payables at the end of the reporting period show an outstanding balance of EUR 1,591 thousand (EUR 2,171 thousand in 2014).

In compliance with the obligation to disclose the average period of payment to suppliers provided for in Article 539 and Additional Provision Eight of the Spanish Limited Liability Companies Law (in accordance with the new wording of Final Provision Two of Law 31/2014 reforming the Spanish Limited Liability Companies Law), the Company hereby states that the average period of payment in 2015 was 27 days.

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

	FERROVIAL, S.A.
	Days
Average period of payment to suppliers	27
Ratio of transactions settled	26
Ratio of transactions not yet settled	44
	Amount (Euros)
Total payments made	6,581,791
Total payments outstanding	336,162

As permitted by the Single Additional Provision of the aforementioned Resolution, no comparative information is presented.

12 SHAREHOLDERS' EQUITY

The detail of the main impacts net of taxes that affected the changes in equity in 2015 and 2014 is as follows:

Thousands of Euros	2015	2014
Balance as at 01 January	5,841,710	3,347,770
Profit/(loss) for the year	132,875	23,037
Recognised income and expense	0	0
Impact on reserves of hedging instruments	0	0
Transfer to statement of profit or loss	0	0
Hedging instruments	0	0
Total recognised income and expense	132,875	23,037
Flexible dividend agreement /Dividends	-266,871	-476,782
Treasury share transactions	-265,256	0
Shareholder Remuneration	-532,127	-509,931
Company restructuring effect	0	2,988,900
Share-based compensation schemes	-48,762	-10,519
Other changes	4,033	2,453
Other transactions	-44,730	-8,066
Balance at 31 December	5,397,729	5,841,710

Equity decreased by EUR 443,982 thousand in 2015. The main impacts relate to:

- Profit for the year of EUR 132,875 thousand.
- Remuneration of shareholders:
 - Flexible dividend: This refers to the distribution of dividends approved by the Annual General Meeting of Ferrovial, S.A. held on 27 March 2015 (see section f. Other reserves).
 - Treasury share transactions: It corresponds to the impact of the purchase of treasury shares for subsequent amortisation and for capital reduction (see section d. Treasury shares).
- Share-based compensation schemes: It mainly relates to the impact on the performance shares delivery (EUR-13,462 thousand) and stock options (EUR -35,770 thousand) to executives referred to in Note 20. The impacts are offset by the execution of equity swaps in the year with a cash inflow of EUR 33,927 thousand and an impact in profit and loss at a fair value of EUR 51,792 thousand (see Note 8).

The main equity items are:

a. Share capital

At 31 December 2015, the share capital of Ferrovial, S.A. was represented by 732,211,074 fully subscribed and paid shares of EUR 0.20 par value each.

The variations occurred during the reporting year, broken down in the table below, correspond to capital increase and reduction operations, as mentioned in sections d. Treasury shares and f. Other reserves below.

Shares	Number	Par value
Beginning balance	732,389,174	146,477,835
Scrip dividend	11,605,854	2,321,171
Capital reduction	-11,783,954	-2,356,791
ENDING SHARES	732,211,074	146,442,215

At 31 December 2015, the only company with an ownership interest of over 10% was Rijn Capital BV, with 20.212% of the shares. This company is controlled by the Chairman of the Company's Board of Directors Rafael del Pino y Calvo Sotelo. The shares of the Parent are traded on the Spanish Stock Market Interconnection System (SIBE) and on the Spanish Stock Exchanges and all carry the same voting and dividend rights.

b. Share premium and merger premium

At 31 December 2015, the Company's share premium amounted to EUR 1,202,174 thousand, and the merger premium, which arose as a result of the merger of Grupo Ferrovial, S.A. with Cintra in 2009, totalled EUR 962,958 thousand. Both line items are considered to be unrestricted reserves.

The decrease that took place over the reporting period was basically due to the amortisation of treasury shares in the reporting period (EUR -247,070 thousand). This operation is described in section d), Treasury shares, in this Note.

c. Restricted reserves

Under the Consolidated Companies Law, 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of 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.

At 31 December 2015, the legal reserve had reached the required amount as specified in the paragraph above.

Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that other sufficient reserves are not available for this purpose.

d. Treasury shares

As of 31 December 2014, there were 245,821 treasury shares available. The changes in 2015 were as follows:

I. TRANSACTION PERFORMED/OBJECTIVE	NUMBER OF SHARES	NUMBER OF SHARES APPLIED TO THE OBJECTIVE	TOTAL NUMBER OF SHARES
II. CLOSING BALANCE AT 31 DECEMBER 2014			245,821
Treasury shares for further capital reduction	11,783,954	-11,783,954	-
Discretionary treasury shares	760,990	-	760,990
Treasury shares to address compensation systems	6,060,755	-6,306,576	-245,821
Shares received as payment for the flexible dividend	193,515	-	193,515
Other treasury shares	300	-	300
III. CLOSING BALANCE AT 31 DECEMBER 2015			954,805

- The shareholders at the Annual General Meeting of Ferrovial, S.A. held on 27 March 2015 approved a treasury share purchase plan for a maximum amount of EUR 250,000 thousand the objective of which was a subsequent capital reduction through the retirement thereof. As a result of this resolution, 11,783,954 treasury shares were purchased in 2015 at an average price of EUR 21.2 per share, representing a total disbursement of EUR 249,427 thousand; subsequently it was resolved to reduce capital by the same number of shares, which entailed a decrease in the share capital amounting to EUR 2,357 thousand, having appropriated the difference between the two amounts (EUR -247,070 thousand) to unrestricted reserves (merger premium).
- Furthermore, 760,990 treasury shares with a value of EUR 15.829 millions were also acquired as a discretionary treasury shares purchase. The Board of Directors intends to propose to the shareholders at the Annual General Meeting of Ferrovial S.A., when it is convened, the application of these shares to a further reduction in share capital.
- As mentioned in detail in the next section e., in 2015 a total of 6,060,755 treasury shares were acquired due to the execution of different share-based payments, applying to this purpose a total of 6,306,576 treasury shares, so the net movement is -245,821 shares.
- Finally, the company has received 193,515 shares due to the flexible dividend resolutions previously mentioned.

After these movements, at 31 December 2015, there were 954,805 treasury shares with a value of EUR 15,835 thousand.

In addition to the shares acquired by Ferrovial S.A., 1,111,234 treasury shares were purchased by Ferrovial Inversiones S.A. and these shares were executed in 2015 for share-based payments.

e. Share-based payment

In relation to the share transactions mentioned in section d. Treasury shares, in 2015 a total of 6,060,755 shares were acquired, representing 0.83% of the share capital and a total nominal value of EUR 1.2 million, which were acquired and subsequently delivered, together with the treasury shares held at the beginning of the year, for implementing of the stock options payment schemes. The impact of these transactions amounts to EUR -35,770 thousand. In addition, in 2015 the company executed the share-based plan granted in 2012 with an impact of EUR -31,499 thousand on the company's equity, offset by the accrual of the current share-based plans for an amount of EUR 18,037 thousand, so that the net impact of these plans is EUR -13,462 thousand.

It should be noted, as discussed in Note 8, that the Company has arranged equity swaps in order to hedge against the possible impact on equity resulting from the exercise of the share-based remuneration schemes. These instruments gave rise to cash inflows of EUR 37,807 thousand and the changes in the fair value thereof had an impact on the financial result of EUR 51,792 thousand.

f. Profit/(loss) for the year

The profit for 2014 was distributed to voluntary reserves for an amount of EUR 23,037 thousand.

g. Reserves

The main impacts relate to:

- Appropriation of 2014 profit amounting to EUR 23,037 thousand as discussed above.
- Flexible dividend: On 27 March 2015, the Annual General Meeting of Ferrovial, S.A. approved for the second consecutive year, a flexible capital return system for shareholders under which they could freely opt to receive shares newly issued by the Company through the subscription of a capital increase out of reserves, or else receive an amount in cash by transferring their free share allotment rights derived from their current shareholding to the Company if not transferred in the market. As a result of the aforementioned resolution, two capital increases were carried out during 2015, with the following characteristics:
 - In May 2015, 5,306,164 new shares were issued out of reserves with a par value of EUR 0.20 per share, resulting in a capital increase of EUR 1,061 thousand, and free subscription rights were purchased for an amount of EUR 116,183 thousand, which meant a payment of EUR 0.304 per share.
 - In November 2015, 6,299,690 new shares were issued out of reserves with a par value of EUR 0.20 per share, resulting in a capital increase of EUR 1,328 thousand, and free subscription rights were purchased for an amount of EUR 150,688 thousand, which meant a payment of EUR 0.398 per share.
 - The amount that on this item is shown in the previous table relates to EUR -266,871 thousand (EUR- 269,193 thousand under the heading Reserves and EUR 2,321 thousand under Share Capital).
- Record of share-based payment for EUR -48,762 thousand as stated in section e. Share-based compensation schemes.

As stated in the separate financial statements at 31 December 2014, Ferrovial S.A. decided to apply the tax system established in Articles 116 to 119 of Royal Decree 4/2004 of 5 March. Under this tax system, the company must set aside the "subject but exempt reserves" coming from investments in the equity of operating, non-resident companies (representing at least 5% of their share capital or the acquisition value of which is higher than EUR 6 million) or from permanent establishments overseas, on the one hand, and the remaining reserves, on the other. At 31 December 2015 the balance of these reserves amounted to EUR 3,304,500 thousand.

13 PROVISIONS FOR CONTINGENCIES AND CHARGES

The changes in 2015 were as follows:

(thousands of Euros)	Balance at 31/12/2014	Additions	Reversals	Transfers	Balance at 31/12/2015
Provisions for contingencies and charges	114,946	8,445	-10,559	0	112,832
Total	114,946	8,445	-10,559	0	112,832

The item "Provision for contingencies and charges" shows EUR 112,832 thousand on account of tax provisions due to:

- Tax assessments issued by the Spanish tax authorities with respect to the Corporate Tax for 2006 amounting to EUR 100,985 thousand (98,416 thousand in 2014);
- The Corporate Tax audit for the years 2007-2011 amounting to EUR 5,690 thousand
- The Value Added Tax for the years 2002-2005 amounting to EUR 6,157 thousand (5,971 thousand in 2014).

The most significant changes during the year 2015 correspond on the one hand, to:

- The reversal of EUR 10,559 thousand for the regularization of interests associated with the notices of disagreement of the Value Added Tax for the reporting periods 2006-2010, which has been recognised under the heading "Impairment losses" in the Statement of Profit or Loss.
- The generation of the provision (addition) of EUR 5,690 thousand mentioned in the previous paragraph, also recognised under the heading "Impairment losses" in the Statement of profit or loss.
- Other additions (EUR 2,755 thousand) are recorded under the heading Finance Costs in the Statement of Profit or Loss (see note 17).

14 BANK BORROWINGS

As shown in the Separate Financial Statements for 2014, Ferrovial S.A. holds a 5-year term credit facility with a new limit for this reporting period of up to EUR 1,260,000 thousand (EUR 750,000 thousand in 2014) and yet to be drawn at year-end.

Information on credit limits and drawable credit

Thousands of Euros	2015				2014			
	Debt limit	Amount drawn	Amount drawable	Consolidated debt	Debt limit	Amount drawn	Amount drawable	Consolidated debt
Corporate debt	1,260,000	0	1,260,000	0	750,000	0	750,000	0
TOTAL	1,260,000	0	1,260,000	0	750,000	0	750,000	0

Corporate Rating

The financial rating agencies Standard & Poor's and Fitch issued their opinion on the credit rating of Ferrovial at December, which were BBB and BBB-, respectively, and which, therefore, were in the category of "Investment grade".

15 TAX MATTERS

Ferrovial, S.A. has filed consolidated tax returns since 2002. The companies composing the consolidated tax group together with Ferrovial, S.A. in 2015 are shown in Appendix II.

In 2014, the entity availed itself of the tax system laid down in Sections 107 and 108 of Corporate Tax Law 27/2014, of 27 November. Given that the implementation of such system affects the taxation of potential dividends or gains obtained by company shareholders, a note describing the tax treatment applicable to shareholders is attached as Appendix I to these financial statements, as well as information on tax results by Ferrovial S.A. to be considered by the shareholders for the purposes of applying this system.

The provisions of Article 86.1 of Corporate Tax Law related to business restructuring operations made in 2014 are included in the notes to the financial statements of that year.

15.1 Reconciliation of the accounting profit/loss to the taxable profit/tax loss

The Reconciliation of the accounting profit/loss to the taxable profit/tax loss for corporate tax purposes is as follows:

Thousands of Euros	2015			2014		
	Increase	Decrease	TOTAL	Increase	Decrease	TOTAL
Profit/loss before tax			64,324			73,214
Permanent differences:	87,741	(171,912)	(84,171)	32,669	(162,004)	(129,335)
Temporary differences:						
Arising in the reporting period	6,341	(4,264)	2,078	6,346	(3,642)	2,705
Arising from previous year				0	0	0
Taxable profit/tax loss			(17,769)			(53,416)

Permanent negative differences correspond mainly to the non-taxable dividends according to article 21 of Corporate Tax Law in the amount of EUR -156,126 thousand, together with non-deductible provisions for impairment of ownership interests for EUR +82,032 thousand. In turn, temporary differences correspond chiefly to accounting provisions that were not tax deductible.

15.2 Explanation of the effective tax rate and the difference between deferred and current taxes

Set forth below is the reconciliation of the total income tax expense, detailed by items, to the profit before tax for 2015 and 2014.

	Thousands of Euros	
	2015	2014
Tax rate	28%	30%
Profit/loss before tax	66,324	73,214
Permanent differences	(86,171)	(129,335)
Taxable profit/loss	(19,847)	(56,121)
Tax at 28%-30% (income)	(5,557)	(16,836)
Refund from previous years	(62,994)	67,014
Total tax expense (income)	(68,552)	50,177

Despite of the recognition in the statement of profit or loss of a corporate tax income of EUR 68,552 thousand when the profit before taxes amounts to EUR 64,324 thousand, such figure is the result of several specific impacts affecting the estimation of the effective rate. Taking into account such effects, the effective tax rate stands at 28%, due to the following concepts:

- An adjustment of permanent differences for EUR 84,171 must be made to the profit before taxes, as stated in the previous section, leading to a tax result of EUR -19,847 thousand.
- Certain adjustments must be made in the tax for the year, (EUR+5,557 thousand), as a result of applying the rate of 28% on the taxable profit/loss. Such adjustments must reflect the changes in the estimation of taxes from previous years, increasing the income by EUR +62,994 thousand, due mainly to three items:

- Increased tax expense for an amount of EUR -25,211 thousand from 2007 to 2011, as a result of tax audits initiatives completed in 2015.
- Adjustments in estimation of tax credits capitalised according to the recovery model of taxable income and involving an income of EUR 69,965 thousand (see section 15.3 of this note).
- Update in deferred tax assets recognised at 25% tax rate, which were applied during the reporting period at a higher tax rate, involving an income of EUR 18,578 thousand.

The breakdown of the accrued tax for 2015 and 2014, differentiating between current tax and deferred tax is as follows:

	Thousands of Euros	
	2015	2014
Income tax expense for the year	(5,557)	(16,836)
<i>Current tax expense/benefit</i>	<i>(18,463)</i>	<i>(16,025)</i>
<i>Deferred tax expense/benefit</i>	<i>12,906</i>	<i>(811)</i>
Changes in calculation of previous years' tax	(62,994)	67,014
Total tax expense (income)	(68,552)	50,177

15.3 Changes in deferred taxes

The changes in deferred taxes in the year were as follows:

Fiscal year 2015	Thousands of Euros	
	Assets	Liabilities
Balance at 01.01.15	246,988	17,465
Changes in calculation of previous years' tax	(12,294)	0
Accrual	1,776	0
Reversal	(1,194)	0
Balance at 31.12.15	235,276	17,465

The main variations take place in deferred tax assets due to the changes in the estimation of previous years taxes stated in section 15.2 for an amount of EUR -12,294 thousand. Such estimation changes are mainly related to the use of tax loss carryforwards as result of the tax audit of the years 2007 to 2011 mentioned in section 15.4 together with the capitalisation due to the recovery model of tax loss carryforwards.

The main deferred taxes relate to the following:

a) Deferred tax assets:

- Tax credits for loss carryforwards for an amount of EUR 55,486 thousand are discussed in section 15.4.
- Deferred item for non-deductible provisions in the amount of EUR 174,931 thousand, mainly due to the difference between the tax and book value of the portfolio for impairment of ownerships interests (EUR 162,514 thousand), the provisions for insolvency due to loans to group companies (EUR 6,095 thousand), and provisions for staff costs (EUR 6,138 thousand).
- Tax credits not yet used by the Company amounting to EUR 4,854 thousand.

b) Deferred tax liabilities: They correspond to deferred taxes caused by differences between the tax and accounting values of ownerships interests for EUR 17,297 thousand.

The changes in the deferred taxes in 2014 were as follows:

Fiscal year 2014	Thousands of Euros	
	Assets	Liabilities
Balance at 01.01.14	418,747	132,536
Changes in calculation of previous years' tax	(174,463)	(115,071)
Accrual	6,346	0
Reversal	(3,642)	0
Balance at 31.12.14	246,988	17,465

15.4 Years open for review by the tax authorities

The criteria that the tax authorities may adopt in relation to the years open for review may give rise to contingent tax liabilities that cannot be objectively quantified. At year-end, adequate provisions had been recognised for any significant tax contingency.

Currently there are no audit process open, as in 2015 it was finished in Spain the audit for years 2007 to 2011 on Corporate Tax, VAT and Personal Income Tax withholdings on labour income, occupational income and capital gains. The tax return was signed on an uncontested basis, it decreased the unused taxable base credit as detailed below:

Thousands of Euros	Ferrovial S.A.	Consolidated tax Group
Tax credits for loss carryforwards December 2014	213,361	380,454
Decrease of Tax Audit 2007-2011	(98,674)	(211,150)
Other changes	(3,966)	7,364
Tax credits for loss carryforwards December 2015	110,721	176,667
Recovery model (*)	(55,235)	0
Tax credits for loss carryforwards recognised December 2015	55,486	176,667

(*) According to this model, the company estimates likely to obtain tax benefits to offset the entire tax credits capitalised which will be recovered in 10 years term as of the year-end date for an amount of EUR 55,486 thousand.

In addition, the beginning of a penalty file has been communicated for inappropriate justification of tax loss carryforwards, from which an estimate of a payable tax debt has been calculated for an amount of EUR 5,690 thousand in 2016.

16 GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

The Company's contingent liabilities include most notably the guarantees provided by the Company for certain Group companies. In this regard, at 2015 year-end Ferrovial, S.A. had provided guarantees amounting to EUR 3,325 million (2014: EUR 3,105 million). The guarantees include most notably those granted to customers of other Group companies belonging to the construction division (either provided to them directly or through insurance companies) amounting to EUR 1,961 million (2014: EUR 1,707 million) and the guarantee provided by Ferrovial, S.A) in favour of corporate bonds issuances for a total nominal amount of EUR 1,300 million (2014: EUR 1.300 million). In relation with this transaction, Ferrovial has already recognised an intercompany loan from Ferrovial Emisiones S.A., (see Note 10).

In addition to the above, at 2015 year-end the Company had provided guarantees granted by banks amounting to EUR 498,712 thousand (2014: EUR 347,803 thousand) through its guarantee lines, relating mainly in this case also to coverage of the aforementioned normal liability of construction companies in contracts awarded to various Group companies.

Litigation

The Company is also involved as the defendant in various lawsuits. The Parent Company's directors consider that the possible effect of the aforementioned lawsuits on the accompanying financial statements would in no case be material.

As indicated in Note 12, Ferrovial, S.A. is involved in various tax claims for which it has recognised a provision of EUR 113 million. These claims arose mainly from assessments issued by the Spanish tax authorities largely in relation to income tax and VAT for 2006 to 2012.

Real Guarantees

At 31 December 2015 there is restricted cash for EUR 36,997 thousand (EUR 57,851 thousand in 2014) tied to the maintenance and arrangement of equity swap contracts (see Note 10).

17 INCOME AND EXPENSES

As Ferrovial, S.A. is a holding company, the dividends received from the subsidiaries and the finance income associated with the financing provided to them form part of the Company's revenue. Accordingly, in 2015 revenue of EUR 198,673 thousand was generated, of which EUR 156,127 thousand relate to dividends received by Ferrovial S.A. from its subsidiaries (see Note 10).

The amount of the other income received from subsidiaries (EUR 10,916 thousand) relates mainly to the interest earned on the loans granted to Group companies. The other operating income (EUR 31,631 thousand) relates to sales and services rendered to Group companies and associates (see Note 10).

The grant by Ferrovial, S.A. of loans to Group companies constitutes non-core operations, which are not performed for a commercial purpose, but rather are effected with a view to obtaining returns on the capital invested, do not involve the use of resources exclusively earmarked for carrying them out and also entail a scantily significant use, in terms of both goods and services from third parties and human and material resources of the Company which are used to provide services to its subsidiaries.

Finance income amounted to EUR 9,156 thousand and included mainly the income relating to the dividends received from the equity swaps arranged to hedge the effect on equity of the share option plans (see Notes 8 and 20) totalling EUR 4,345 thousand, as well as an income of EUR 5,985 thousand for provision of guarantees to group companies.

Finance costs amounted to EUR 71,450 thousand, the detail being as follows:

- Interest borne on borrowings received from various Group companies amounting to EUR 60,132 thousand (31 December 2014: EUR 58,966 thousand).
- Impact due to the availability and extension of a new credit facility for EUR 3,480 thousand (see Note 14).
- The remaining amount (EUR 7,838 thousand) corresponds chiefly to expenses arising from collaterals in the amount of EUR 3,948 thousand, which are sometimes granted over certain projects in which the Company has an indirect participation. These expenses are charged to such projects as mentioned above, while EUR 2,755 thousand are related to the recognition of provisions for contingencies and charges (see note 13) and EUR 539 thousand are related to financial interest accrued by equity swaps (Note 8).

The fair value adjustments to financial instruments resulted in income in the year of EUR 49,966 thousand, most notably the EUR 51,792 thousand impact of equity swaps in income. Additionally, EUR -1,828 thousand correspond to the impact of exchange rate derivatives and EUR 2 thousand to interest rate derivatives (see Note 8).

Gains from exchange rate total EUR 5,493 thousand and correspond mainly to temporary financial investments in foreign currency (short-term deposits and euro deposits; see Note 10).

The impairment and result of disposal of financial instruments show mainly the impairment provision made as a result of a reduction in equity in some of the Group companies (EUR -82,032 thousand) and the provisions for doubtful debts on long term loans with associates for EUR -1,649 thousand (see Note 7).

18 EMPLOYEES

The headcount at 31 December 2015 and 2014 was as follows:

	31.12.2015			31.12.2014		
	Men	Women	Total	Men	Women	Total
Executives	43	4	47	16	1	17
University and further education	9	13	22	9	15	24
Clerical staff	3	9	12	3	9	12
Manual workers and unqualified	1	0	1	1	0	1
Total	56	26	82	29	25	54

19 Remuneration of the Board of Directors

19.1. Bylaw-stipulated directors' remuneration

Under the Company's current remuneration scheme, regulated by Article 56 of its bylaws, the shareholders at the General Meeting determine the total annual remuneration for all the members of the Board of Directors, establishing a fixed remuneration component plus a component for attending the various meetings of the Board and of its various committees. The remuneration is linked solely to the directors' level of responsibility and dedication, thereby ensuring their independence and commitment at long term.

On the same date as that on which these financial statements were authorised for issue, the Board of Directors prepared and made available to the shareholders the Annual Report on Directors' Remuneration referred to in Article 541 of the Spanish Limited Liability Companies Law. That Report describes in greater detail matters relating to the Company's remuneration policy for 2015 and contains an overview of how the remuneration policy was applied in 2015 and a detail of the individual remuneration earned by each of the directors in 2015.

The table below shows the itemised bylaw-stipulated emoluments of the members of the Board of Directors earned in 2015 and 2014. This table does not include the remuneration received by the executive directors for discharging their executive functions at the Company, which is detailed in Note 19.2. It should be noted that “Remainder” included in the table for 2014 relates to the variable remuneration earned until June 2014 under the previous remuneration system.

Director (Thousands of euros)	2015			
	Fixed remuneration	Attendance fees	Supplementary fixed remuneration (1)	Total
Rafael del Pino y Calvo-Sotelo	35	112	92	239
Santiago Bergareche Busquet	35	66	81	181
Joaquín Ayuso García	35	67	58	159
Iñigo Meirás Amusco	35	56	46	137
Juan Arena de la Mora	35	66	46	147
María del Pino y Calvo-Sotelo	35	54	46	135
Santiago Fernández Valbuena	35	50	46	131
José Fernando Sánchez-Junco Mans	35	64	46	145
Joaquín del Pino y Calvo-Sotelo (since 29.10.2015)	6	12	8	26
Leopoldo del Pino y Calvo-Sotelo (since 29.10.2015)	6	12	8	26
Howard Lance (since 18.10.2014)	35	30	46	111
Oscar Fanjúl Martín (since 31.07.2015)	15	19	19	53
Jaime Carvajal Urquijo (until 30.07.2015)	20	47	27	94
Portman Baela, S.L. (until 09.09.2015)	24	31	32	87
Karlovy S.L. (until 29.10.2015)	29	24	38	91
TOTAL	415	708	638	1,762

(1) The fixed supplementary remuneration is a bylaw compensation to be delivered in a single payment after the year end, for the amounts of EUR 92 thousand for the Chairman of the Board, EUR 80.5 thousand for the First Deputy Chairman, EUR 57.5 thousand for the Second Deputy Chairman and EUR 46 thousand for the other Board members in 2015. If, as a result of a higher number of meeting than initially foreseen or otherwise, the amount of the attendance fees added to the amount of fixed remuneration items was higher than the maximum total compensation amount for Board membership in that year, the difference will be discounted from the supplementary fixed remuneration according to each Director status.

Director (a) (Thousands of Euros)	2014			
	Fixed remuneration	Attendance fees	Fixed supplementary remuneration	Total
Rafael del Pino y Calvo-Sotelo	75	127	46	248
Santiago Bergareche Busquet	70	68	40	178
Joaquín Ayuso García	60	64	28	152
Iñigo Meirás Amusco	55	61	23	139
Jaime Carvajal Urquijo	55	60	23	137
Portman Baela, S.L.	55	55	23	132
Juan Arena de la Mora	55	71	23	148
María del Pino y Calvo-Sotelo	55	64	23	141
Santiago Fernández Valbuena	55	37	23	115
José Fernando Sánchez-Junco Mans	55	64	23	141
Karlovy, S.L.	55	44	23	121
Gabriele Burgio (until 16.12.2014)	52	59	23	133
Howard Lance (since 18.12.2014)	3	6	0	9
TOTAL	698	779	319	1,795

(1) Fixed remuneration + adjusted supplementary fixed remuneration from 1 July 2014.

(2) Remainder from 1 January to 30 June 2014.

(a) Period in office. Full year, unless otherwise stated.

19.2. Individual remuneration of the executive directors

a) Remuneration earned in 2015 and 2014.

The two executive directors in 2015 earned the following remuneration for discharging their functions, in addition to the remuneration discussed in the preceding section. It also includes information on the Second Deputy Chairman who, although in 2015 and 2014 did not discharge executive functions, exercised share options granted to him in 2008 when he was an executive director.

(Thousands of euros)		2015						Share plans (1)	Total 2015
Remuneration of executive directors	Fixed remuneration	Variable remuneration	Relating to boards of other subsidiaries	Exercise of share options	Life insurance premiums				
Rafael del Pino y Calvo-	1,335	2,034	0	0	6	2,323	5,698		
Joaquín Ayuso García (3)	0	0	31	3,685	0	0	3,716		
Íñigo Meirás Amusco	1,100	1,837	0	3,475	3	2,323	8,738		
Total	2,435	3,871	31	7,160	9	4,646	18,152		

(1) In March 2015, after all the terms agreed were entirely fulfilled, a number of shares equivalent to those granted in 2012 were paid, upon application of all the relevant withholdings. The CNMV was notified thereof on 18 March 2015.

(2) The number of options exercised by Íñigo Meirás in 2015 amounts to 538,000.

(3) The number of options exercised by Joaquín Ayuso in 2015 amounts to 409,600. The 2008 Stock Options Plan under which he still retains rights was granted when holding the Executive Director office.

The information on 2014 is as follows:

(Thousands of euros)		2014						Share plans (1)	Total 2014
Remuneration of executive directors	Fixed remuneration	Variable remuneration	Relating to boards of other subsidiaries	Exercise of share options	Life insurance premiums				
Rafael del Pino y Calvo-Sotelo	1,175	2,128	0	0	6	2,054	5,363		
Joaquín Ayuso García (2)	0	0	5	1,372	0	0	1,377		
Íñigo Meirás Amusco	970	1,910	0	132	3	2,054	5,070		
TOTAL	2,145	4,038	5	1,505	9	4,109	11,810		

(1) In March 2014, after all the terms agreed were entirely fulfilled, a number of shares equivalent to those granted in 2011 were paid, upon application of all the relevant withholdings. The CNMV was notified thereof on 18 March 2014.

(2) Joaquín Ayuso exercised his rights under the 2008 Stock Option Plan, by which he still retains rights granted when holding the Executive Director office.

b) Share-based payment systems

The detail of the outstanding share option plans and performance-related share award plans for executive directors at 31 December 2015 is as follows:

Share option plans	Share options	Nº of equivalent shares	Exercise price Euros	Share Capital Social
Executive directors Situation at 31/12/15				
Rafael del Pino y Calvo-Sotelo	2008 Plan 1,179,600	1,179,600	11.69	0.16%
Joaquín Ayuso García	2008 Plan 200,000	200,000	11.69	0.03%
Íñigo Meirás Amusco	2008 Plan 20,000	20,000	11.69	0.00%

Performance-related share award plan	Units	No. of voting rights	% of voting power
Executive directors Situation at 31/12/15			
Rafael del Pino y Calvo-Sotelo	2013 Allocation	104,650	0.01%
	2014 Allocation	78,500	0.01%
	2015 Allocation	69,800	0.01%
Íñigo Meirás Amusco	2013 Allocation	104,650	0.01%
	2014 Allocation	78,500	0.01%
	2015 Allocation	69,800	0.01%

The general characteristics of the two plans are detailed in Note 21-a, Share-based payment.

19.3. Remuneration of the members of the Board of Directors due to membership of other managing bodies of Group companies or associates

The directors of Ferrovial S.A. Joaquín Ayuso García and Howard Lee Lance are in turn members of the managing bodies of other Group companies or associates and received EUR 31 thousand each in this connection in 2015 (2014: EUR 5 thousand corresponding to Joaquín Ayuso García).

19.4. Pension funds and plans or life insurance premiums

As in 2014, no contributions were made in 2015 to pension plans or funds for former or current members of the Company's Board of Directors or for directors of Ferrovial, S.A. who are members of other boards of directors and/or senior executives of Group companies or associates. Similarly, no obligations in this connection were acquired in 2015.

As regards life insurance premiums, the Company has insurance policies covering death (for which premiums totalling EUR 9 thousand were paid in 2015; EUR 9 thousand in 2014), of which the executive directors are beneficiaries. No life insurance premiums were paid for the directors of Ferrovial, S.A. who are members of other boards of directors and/or senior executives of Group companies or associates.

19.5. Advances and loans

At 31 December 2015, no advances or loans had been granted by the Company to the directors in their capacity as such or as members of other boards of directors and/or as senior executives of Group companies or associates.

19.6. Remuneration of senior executives

The joint remuneration earned by the Company's senior executives in 2015 was as follows:

Remuneration of senior executives (Thousands of euros)	2015	2014
Fixed remuneration	5,006	4,472
Variable remuneration	5,431	5,360
Performance-based share award plan	8,626	7,691
Exercise of share options and/or other financial instruments (see description)	5,988	3,080
Remuneration as members of managing bodies of other Group companies, jointly controlled entities or associates	29	21
Contributions to pension funds or plans, or related obligations	[-]	[-]
Insurance premiums	17	15
Other (1)	1,899	
Total	26,996	20,639

(1) Termination of one senior executive (an amount not exempt from personal income tax), amount covered by collective savings insurance mentioned in note 19.7

The aforementioned remuneration corresponds to the following posts: General Secretary, Chief Financial Officer, General Director of HR, General Director of Construction, General Director of Real Estate, General Director of Services, General Director of Airports, General Director of Toll Roads, General Director of Information Systems and Innovation, Director of Internal Audit, Director of Communications and Corporate Responsibility and Director of Corporate Strategy. This does not include remuneration for senior executives who were also executive directors, which was addressed in Note 20.2.

The Company has also introduced a flexible remuneration system called the Flexible Remuneration Plan, which provides employees with the possibility of voluntarily modifying their remuneration package based on their personal needs, replacing a portion of their remuneration with the award of certain payments in kind. These products include a group life and retirement-related savings insurance plan. Participants may request that a portion of their gross annual remuneration be paid by the Company in the form of a premium for a group life and retirement-related savings insurance policy. In this connection, the senior executives requested contributions of EUR 153 thousand from the Company, instead of the equivalent remuneration shown in the foregoing table (2014: EUR 103 thousand).

19.7. Other disclosures on remuneration

The agreements between the Company and senior executives, including one executive director, specifically provide for the right to receive the indemnities referred to in Article 56 of the Workers' Statute in the event of unjustified dismissal.

At 31 December 2015, additional rights had been established in the contract of one senior executive.

In order to encourage loyalty and long-service, a deferred remuneration scheme was recognised for twelve senior executives, including one executive director. The scheme consists of extraordinary remuneration that will only be paid when one of the following circumstances occurs:

- Removal of the senior executive by mutual agreement upon reaching a certain age.
- Unjustified dismissal or termination by the Company at its discretion without any justification for dismissal, prior to the senior executive reaching the age initially agreed upon, if the amount of this remuneration exceeds that resulting from applying the Workers' Statute.
- The death or disability of the senior executive.

To cover this incentive, each year the Company makes contributions to a group savings insurance policy, of which the Company is both policy-holder and beneficiary. These contributions are quantified on the basis of a certain percentage of the total monetary remuneration of each senior executive. The contributions made in 2015 amounted to EUR 2,259 thousand (2014: EUR 1,947 thousand), of which EUR 496 thousand correspond to executive directors.

Individuals are occasionally hired to hold executive positions, mainly from abroad, in areas unrelated to senior management. The contracts of these individuals include certain clauses that provide for indemnities in the event of unjustified dismissal.

20. SHARE-BASED PAYMENT

Ferrovial, S.A.'s share-based payment plans awarded to executives of all the companies of the Group headed by Ferrovial are awarded directly by Ferrovial, S.A. Therefore, the information below relates to all the payment plans of Group company executives. However, there is a distribution agreement whereby Ferrovial, S.A. passes on the impact of these plans to the various subsidiaries.

a) Share option plan

Until 2008 Ferrovial used a remuneration system based on the delivery of share options. The share option plans outstanding at 31 December 2015 were as follows:

Participants	Approval date	Exercise deadline	Exercise price	Outstanding options 2015
Senior executives 08 – Ferrovial	26/04/2008	25/04/2016	EUR 11.69	1,627,600
NUMBER OF SHARES AT END OF YEAR				1,627,600

These share option plans include the plans described above in Note 19 on remuneration of executive directors and senior executives.

All the share option plans include a three-year vesting period as from the grant date followed by a five-year exercise period, provided that certain minimum returns on consolidated equity or certain ratios of returns on productive assets are achieved. The changes in the Company's share option plans in 2015 and 2014 are summarised as follows:

	2015	2014
Number of options at beginning of year	8,153,024	13,866,644
Plans granted	0	0
Shares surrendered and other	-76,750	-173,600
Plans expired	-242,400	-3,061,400
Options exercised	-6,206,274	-2,478,620
Number of options at end of year	1,627,600	8,153,024

The number of options executed in 2015 supposed an impact in equity of EUR -35,770 thousand (see note 12). Also, the company has executed equity swaps with a positive impact of EUR 33,927 thousand (see note 8 on financial derivatives).

Since the aforementioned plans are in the exercise period, they do not generate staff costs on a regular basis.

b) Performance-based share option plan

On 19 December 2012, the Board of Directors approved a three-year remuneration plan consisting of the delivery of shares of Ferrovial, S.A. The total number of shares that can be granted annually under the plan may not exceed 1,900,000, representing 0.26% of Ferrovial, S.A.'s share capital and will be linked to at least three years' service at the Company (barring special circumstances) and the achievement during this period of ratios calculated on the basis of EBITDA as a percentage of net productive assets, to cash flows from operating activities and to total shareholder return in relation to a comparable group. There were 3,844,520 shares outstanding under this second plan at 31 December 2015.

The changes in the aforementioned remuneration schemes in 2015 and 2014 are summarised as follows:

	2015	2014
Number of shares at beginning of year	4,451,888	5,200,825
Plans granted	1,132,766	1,282,811
Plans settled	-1,674,439	-1,893,350
Shares surrendered and other	-40,321	-112,904
Shares exercised	-25,374	-25,494
Number of shares at end of year	3,844,520	4,451,888

These share option plans include the plans described above in Note 19 on remuneration of executive directors and senior executives.

In 2015 the staff costs recognised in the company in relation to these compensation systems amounted to EUR 4,693 thousand (2014: EUR 4,798 thousand), whose impact is recognised in equity.

These costs were measured as futures and, therefore, the value of the shares and the foreseeable dividends up to the delivery date is discounted to the value of the shares at the grant date, using a rate of return equal to the average cost of borrowings over the share award period. These plans are equity settled and, therefore, they are measured when granted and the initially calculated value thereof is not re-estimated. The related amounts are recognised under “Staff Costs” with a credit to reserves.

During 2015 the Company has settled different plans equivalent to 1.7 million shares, whose impact is detailed in note 12 of the present Financial Statements.

By last, the Board of Directors approved a new three-year remuneration plan consisting of the award of shares of Ferrovial, S.A. The annual cost of the plan may not exceed EUR 22 million and will be linked to at least three years’ service at the Company (barring special circumstances) and the achievement during this period of ratios calculated on the basis of:

- i) EBITDA / average earning assets (it represents 70% of the total). The maximum incentive for the granting of 2016, will be achieved if the average of this ratio at the end of the three years’ cycle exceeds 10.5% (it will not be achieved if it is below 9%)
- ii) Total shareholder return with respect to a comparable group (represents 30% of the total). The maximum incentive for the grant in 2016 will be achieved if after three years the position of Ferrovial with respect to the comparable group is among the top 5; there will be no remuneration if the position of Ferrovial is below the median of the comparable group.

The granting of shares will occur during the first quarter of 2016. As regards the Executive Directors, the plan will be submitted for approval to the General Shareholders Meeting.

21. RELATED PARTY TRANSACTIONS

As regards the information on related party transactions, the disclosures below relate to transactions performed by Ferrovial, S.A. and all of its subsidiaries.

Approval of transactions

The regulation the transactions that may be performed by Ferrovial or its Group companies and the directors or persons related thereto is provided for in:

-Article 229.1 a) of the Consolidated Spanish Limited Liability Companies Law. This obliges directors to refrain from performing transactions with the Company, due to the existence of a conflict of interest.

-Section 1 h) of Article 529 ter of the Consolidated Spanish Limited Liability Companies Law and Article 38.3 t) of the bylaws. These provisions confer on the Board of Directors -on a non-delegable basis- subject to a report from the Audit and Control Committee, the approval of the transactions that the Company or Group companies perform with the directors, in the terms and conditions envisaged in Law, or shareholders, individually or together with others, of a significant ownership interest, including the shareholders represented on the Board of Directors of the Company or other companies that form part of the same group or with persons related to them.

However, Article 230.2.2 of the Spanish Limited Liability Companies Law confers the competence to authorise such transactions on the Annual General Meeting if the value of the transaction exceeds 10% of company assets.

-Article 529 ter.1 h) of the Consolidated Spanish Limited Liability Companies Law states that only the transactions that simultaneously have the following three characteristics shall be exempt from such approval: a) they are performed by virtue of agreements whose terms and conditions are standardised and are applied en masse to a large number of customers; b) they are performed, in general, at prices or tariffs established by the party that acts as the supply of the good or service in question; and c) the amount thereof does not exceed 1% of the company's annual revenue.

-Article 38 of the Board of Directors Regulations transposes this legal provision. The aforementioned Article also states that in the case of ordinary transactions involving the Company and its subsidiaries, the general approval of the Board of Directors will suffice.

-Article 229.3 of the Spanish Limited Liability Companies Law and Article 37.3 of the Board of Directors Regulations, which require that any situation of conflict of interest that the directors might have must be disclosed in the notes to the financial statements; including, inter alia, the transactions discussed in the first paragraph above.

-Article 1.1 of Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, on information on related parties that must be disclosed by entities that issue securities listed on official secondary markets, which requires the inclusion in the half-yearly financial reports of quantified information on all the transactions performed by a company with related parties.

-Lastly, Article 3.1 of the aforementioned Order considers related party transactions to be any transfers of resources, services or obligations between related parties regardless of whether or not there is any consideration.

a) Significant shareholders

The following table contains a breakdown of the transactions carried out in 2015 with significant shareholders, with members of the “controlling family group” existing until August 2015 (1): (except for the natural persons who are in turn directors or representatives of directors of the Company, the information on whom is included in the following section) or entities related through shareholdings to persons from the “controlling family group”.

Transactions with significant shareholders				2015			2014		
Name/ Company name /	Ferrovial Group company	Nature of transaction	Type of transaction	Amount	Profit or loss	Balance	Amount	Amount	Amount
Members of “controlling family group” / entities related to them	Ferrovial Agroman S.A. / subsidiaries	Commercial	Construction and renovation work	268	202	7	37	49	0
	Ferrovial Servicios S.A. / subsidiaries	Commercial	Integrated management of services at Madrid offices	355	53	18	449	67	133
	Ferrovial Servicios S.A. / subsidiaries	Commercial	Integrated management of services	1	0	0	2	0	1

(1) Through a relevant event communication sent to the Spanish National Securities Market Commission (CNMV) on 4 August 2015 (no. 227311), the markets were informed of the communications received by the Company, for their immediate announcement: firstly, from its main shareholder, Portman Baela, S.L. and from its parent, Karlovy, S.L., in relation to the sale of the entire ownership interest in the share capital of FERROVIAL to its direct and indirect shareholders; second, from its shareholder Rijn Capital BV in relation to the settlement of the future sale of shares of FERROVIAL and the return of the securities loan granted in the framework of the aforementioned sale arranged by Rijn Capital BV with Mediobanca – Banca di Credito Finanziario S.p.A.; and third, from Menosmares, S.L.U., Rijn Capital BV, Soziancor, S.L.U. and Siemprelara, S.L.U. in relation to the ultimate ownership interest of their controlling shareholders in the share capital of FERROVIAL.

b) Transactions with directors, senior executives and related companies

The transactions performed with the Company’s directors, representatives of directors and senior executives in 2015 are shown below. The table also includes the transactions performed with companies considered to be related to the foregoing (if they were so considered during a portion of the year, the transactions performed in that period are indicated):

TRANSACTIONS WITH DIRECTORS, SENIOR EXECUTIVES AND RELATED COMPANIES (1 of 2) (Thousands of euros)				2015			2014		
Name/ Company name	Ferrovial Group company	Nature of transaction	Type of transaction	Amount	Profit or loss	Balan ce	Amount	Profit or loss	Balance
Rafael del Pino y Calvo-Sotelo	Ferrovial Servicios S.A. / subsidiaries	Commercial	Maintenance, cleaning and gardening services	16	1	8	16	2	2
	Ferrovial Agroman / subsidiaries	Commercial	Construction and renovation work	53	4	105	211	9	105
María del Pino y Calvo Sotelo	Ferrovial Agroman / subsidiaries	Commercial	Real estate renovation	4	0	0	1	0	0
Joaquín del Pino y Calvo- Sotelo	Ferrovial Agroman / subsidiaries	Commercial	Construction and renovation work	53	2	0	0	0	0
Álvaro Echániz	Ferrovial Agroman / subsidiaries	Commercial	Real estate renovation	(-)	(-)	(-)	4	0	0
Joaquín Ayuso García	Ferrovial Agroman / subsidiaries	Commercial	Real estate renovation	4	0	0	3	0	0
Spanish public airports and aviation agency (Aena)	Ferrovial Group companies	Commercial	Lease of real estate and maintenance material	53	(*)	2	28	(*)	-3
	Ferrovial Servicios S.A. / subsidiaries	Commercial	Provision of maintenance, waste collection and gardening services	1,786	64	0	1,522	103	1,600
	Ferrovial Agroman / subsidiaries	Commercial	Construction work	(-)	(-)	(-)	1,397	0	0
Almirall Laboratorios	Ferrovial Servicios S.A. / subsidiaries	Commercial	Provision of waste collection services	8	1	2	12	2	3
Aviva	Ferrovial Group companies	Commercial	Arrangement of insurance policies	2,259	(*)	0	1,962	(*)	0
Maxam Europe and group companies	Ferrovial Agroman / subsidiaries	Commercial	Receipt of supplies of explosives and detonators	816	(*)	-87	266	(*)	35
Everis and group companies	Ferrovial Servicios S.A. / subsidiaries	Commercial	Receipt of communication services	835	(*)	-54	674	(*)	0
Asea Brown Boverý	Ferrovial Group companies	Commercial	Receipt of equipment repair, upkeep and maintenance services	240	(*)	-9	1,396	(*)	-179

(*) No profit or loss is stated as the relevant amount pertains to the entity or person providing the service.

TRANSACTIONS WITH DIRECTORS, SENIOR EXECUTIVES AND RELATED COMPANIES (2 of 2) (Thousands of euros)				2015			2014		
Name/ Company name	Ferrovial Group company	Nature of transaction	Type of transaction	Amount	Profit or loss	Balance	Amount	Profit or loss	Balance
Telefónica and group companies	Ferrovial Group companies	Commercial	Receipt of telecommunications services	20,509	(*)	-1,882	23,963	(*)	-1,691
	Corporate	Commercial	Rebiling of cancellation costs	1,938	0	1,336	1,545	0	0
	Ferrovial Agroman / subsidiaries	Commercial	Construction and renovation work	77	466	0	298	539	276
	Ferrovial Servicios, S.A. / subsidiaries	Commercial	Provision of maintenance and waste collection services	3,035	402	1,121	3,381	439	1,143
Marsh and group companies	Ferrovial Group companies	Commercial	Receipt of consultancy and insurance services	1,719	(*)	-123	(-)	(-)	(-)
Meliá Hotels and group companies	Ferrovial Group companies	Commercial	Receipt of hotel and catering services	2	(*)	-1	3	(*)	-1
	Ferrovial Servicios, S.A. / subsidiaries	Commercial	Provision of maintenance and waste collection services	92	€	3€	4€	€	17
	Ferrovial Agroman / subsidiaries	Commercial	Construction and renovation work	10,750	-367	8,059	0	0	0
Bankia	Ferrovial Group companies	Commercial	Receipt of financial services	1,235	(*)	0	(-)	(-)	(-)
	Ferrovial Group companies	Commercial	Financing agreements Guarantee	295,300	(*)	295,30€	266,80€	(*)	0
	Ferrovial Group companies	Commercial	Interest received	66	6€	€	3€	3€	0
	Ferrovial Group companies	Commercial	Payment of interest	5,698	(*)	€	8,48€	(*)	0
	Ferrovial Group companies	Commercial	Balance drawn down against guarantee facilities	132,700	(*)	132,70€	208,80€	(*)	208,800
	Ferrovial Group companies	Commercial	Transactions with derivatives	11,078	(*)	€	10,32€	(*)	0
	Ferrovial Servicios, S.A. / subsidiaries	Commercial	Provision of maintenance services	8	1	5	51	3	17
Bankinter	Ferrovial Group companies	Commercial	Receipt of financial services	17	(*)	0	(-)	(*)	(-)
	Ferrovial Group companies	Commercial	Payment of interest	1,189	(*)	€	1€	(*)	0
	Ferrovial Group companies	Commercial	Interest received	317	31€	€	€	€	0
	Ferrovial Group companies	Commercial	Balance drawn down against guarantee facilities	3,000	(*)	3,00€	10€	(*)	100
	Ferrovial Group companies	Commercial	Financing agreements	7,100	(*)	€	11,50€	(*)	0
	Ferrovial Servicios, S.A. / subsidiaries	Commercial	Provision of maintenance services	168	6	35	88	10	45
Bimaran	Ferrovial Agroman / subsidiaries	Commercial	Construction and renovation work	282	191	0	(-)	(-)	(-)
Fundación Seres	Corporate	Commercial	Donation	18	(*)	0	18	(*)	0
Lafarge Holcim	Ferrovial Agroman / subsidiaries	Commercial	Purchase of cement	8,844	(*)	-54€	(-)	(*)	(-)
La Rioja Alta	Ferrovial Servicios, S.A. / subsidiaries	Commercial	Receipt of food services	1	(*)	€	€	(*)	0
Panda Security	Ferrovial Agroman / subsidiaries	Commercial	Receipt of IT services	4	(*)	0	4	(*)	0
Summit	Ferrovial Agroman / subsidiaries	Commercial	Acquisition of tools and electrical material	2	(*)	0	(-)	(*)	(-)
Zurich Insurance	Ferrovial Group companies	Commercial	Arrangement of insurance policies	7,774	(*)	2	178	(*)	0
	Ferrovial Servicios, S.A. / subsidiaries	Commercial	Lease of offices	300	(*)	-€	44€	(*)	-9
	Ferrovial Servicios, S.A. / subsidiaries	Commercial	Provision of maintenance and cleaning services	9	1	€	3€	2	10

The information on remuneration and loans to directors and senior executives may be consulted in Note 19.

c) Intra-Group transactions

The transactions performed by Ferrovial, S.A. with the other Group companies are detailed in Note 10.

22. CONFLICTS OF INTEREST

In accordance with the legislation in force (currently Article 229 of the Spanish Limited Liability Companies Law), there were no direct or indirect conflicts of interest with the Company, all of the foregoing without prejudice to the related party transactions disclosed in the notes to the financial statements or, where applicable, to the resolutions relating to matters of remuneration or appointments.

23. ENVIRONMENTAL POLICY

In view of its business activity, the Company does not have any environmental obligations, expenses, assets, liabilities or contingencies that might be material with respect to its equity, financial position or results.

24. FEES PAID TO AUDITORS

In compliance with Spanish Audit Law 12/2010, of 30 June, all the fees for the audit of the financial statements for 2015 and 2014 by the auditors of Ferrovial, S.A. are disclosed herein. A breakdown of the fees billed for those years for audit-related services is also provided.

- Fees billed to Ferrovial, S.A. for audit services: EUR 78 thousand (2014: EUR 78 thousand).
- Fees billed to Ferrovial, S.A. for audit-related services: EUR 46 thousand (2014: EUR 33 thousand).

25. Events after the reporting period

At the date of preparation of these financial statements there had not been any significant events subsequent to the reporting period.

26. COMMENTS ON APPENDICES

Appendix I shows some information related to the Tax Scheme established in the Articles 116 to 119 of Royal Decree 4/2004 of 5 March.

Appendix II contains a list of Group companies, making a distinction between fully consolidated companies and companies accounted for using the equity method.

APPENDIX I

In 2014 Ferrovial opted to be taxed under the regime established currently in Articles 107 and 108 of the Spanish Income Tax Law, of 27 November, ("LIS"), which became applicable from 1 January 2014 and, consequently, all of 2015. Under this tax regime:

1. Dividends and capital gains obtained by Ferrovial arising from ownership interests in non-resident operating companies (which represent at least 5% of the share capital of these companies or which were acquired for more than EUR 20 million) are exempt from income tax if the requirements provided for in Article 21 of the Spanish Income Tax Law ("exempt income") are fulfilled.

2. The dividends paid by Ferrovial with a charge to the aforementioned "exempt income", or to income arising from permanent establishments abroad to which the exemption provided for in Article 22 of the Spanish Income Tax Law is applicable are treated as follows:

(i) Where the recipient is a non-resident shareholder in Spain (and does not operate through tax havens or by means of a permanent establishment in Spain), dividends are not subject to withholdings or taxation in Spain.

(ii) Where the recipient is an entity subject to Spanish income tax, the dividends received shall give rise to the exemption in order to avoid double taxation of dividends of resident entities included in Article 21 of the Spanish Income Tax Law ("exempt income"), if the requirements provided for in the aforementioned law are met.

(iii) Where the recipient is a natural person resident in Spain subject to personal income tax, the dividends received shall be considered savings income and the tax credit for the avoidance of double taxation in Spain may be taken in accordance with the terms of the Personal Income Tax Law, with respect to the taxes paid abroad by Ferrovial.

In 2015 all of the dividends paid by Ferrovial were paid out of "exempt income".

3. The capital gains obtained by the shareholders of Ferrovial arising from the transfer of their ownership interests in the Company are treated as follows:

(i) Where the shareholder is a non-resident in Spain (and does not operate through tax havens or a permanent establishment in Spain) the portion of the capital gain that relates to the reserves recognised by Ferrovial with a charge to the aforementioned "exempt income" or to changes in value attributable to Ferrovial's investments in non-resident entities that meet the requirements to be able to apply the foreign income exemption established in Articles 21 and 22 of the Spanish Income Tax Law shall be deemed not subject to taxation in Spain.

(ii) Where the shareholder is an entity subject to Spanish income tax with an ownership interest in Ferrovial that meets the requirement (5% ownership interest in the share capital or that the acquisition cost of the ownership interest exceeds EUR 20 million and it has been held for one year), the exemption provided for in Article 21 of the Spanish Income Tax Law may be applied.

(iii) Where the shareholder is a natural person resident in Spain subject to personal income tax, it shall pay tax on the capital gain obtained in accordance with the standard income tax rules.

The amount of exempt income pursuant to Article 21 and 22 of the Spanish Income Tax Law obtained by Ferrovial in 2015 and the related tax paid abroad is as follows (in euros):

a) Exemption for foreign source dividends and income

a.1 Exemption for foreign source dividends:

Ferrovial, S.A.		463,404
Hellas Toll dividend	463,404	
Total		463,404

a.2 Exemption for income of permanent establishments abroad:

No income was obtained from permanent establishments abroad for which the exemption might have applied.

b) Exemption for foreign source capital gains:

No capital gains were obtained to which the exemption included in Article 21 of the Spanish Income Tax Law is applicable because (i) either the sales were made between Group companies and were eliminated on preparation of the consolidated tax return, (ii) or they were reported in corporate restructuring transactions which opted for the tax neutrality regime provided for in Article 76 et seq of the Spanish Income Tax Law.

Nevertheless, the capital gains that would have been reported for tax purposes had these regimes not been not applicable (consolidated tax group or tax neutrality) are as follows:

b.1 Elimination of capital gains for intra-group sales of foreign companies:

Ferrovial, SA	-73,944
TOTAL	-73,944

b.2 Deferred capital gains arising in corporate restructuring processes:

Ferrovial, S.A.	3,304,500,185
TOTAL	3,304,500,185

In order to enable the shareholders of Ferrovial to adopt the aforementioned tax regime, the Company performed a market assessment at the end of the year of its ownership interests (held directly and indirectly through investments in other entities that have adopted this special tax regime) in non-resident entities and permanent establishments abroad that meet the requirements to be able to apply the foreign source income exemption established in Articles 21 and 22 of the Spanish Income Tax Law.

The result of this assessment means that these assets represent 88.70% of the total market value of Ferrovial. At 31 December 2014, this percentage amounted to 90%.

Taxation of Ferrovial's scrip dividend

In 2015 Ferrovial S.A. implemented two shareholder remuneration schemes under a framework known as the "Ferrovial Scrip Dividend", which provide the Company's shareholders with the free choice of (i) receiving newly issued bonus shares of the Company; (ii) transferring in the market the bonus issue rights corresponding to the shares held by them; or (iii) receiving a cash amount through the transfer to Ferrovial of the aforementioned bonus issue rights.

Set forth below are the main tax implications of these schemes, based on the tax legislation in force in Spain except for Navarre and the Basque Country and on the interpretation made by the Spanish Directorate-General of Taxes in its response to several requests for a binding rulings.

Delivery of new shares: for tax purposes, the delivery of new shares is considered to be a delivery of bonus shares and, therefore, does not constitute income for the purposes of personal income tax, income tax or non-resident income tax, regardless of whether or not the recipients of these shares act through a permanent establishment in Spain. The delivery of new shares is not subject to withholdings or pre-payments. The acquisition cost, both of the new shares and the shares to which they correspond, will be the result of distributing the total cost of acquisition for tax purposes of the portfolio by the number of shares; both the original shares and the bonus shares that correspond to them. The age of the bonus shares will be the age that corresponds to the shares that gave rise to them. Consequently, in the event of their subsequent transfer, the income obtained will be calculated by reference to this new value.

Sale to the market of the bonus issue rights: if the shareholders sell their bonus issue rights to the market, the amount obtained will not be subject to withholdings or pre-payments and will be subject to the tax rules indicated below (until 2017):

- a) In the case of personal income tax and non-resident income tax applicable to shareholders without a permanent establishment in Spain, the amount obtained on the sale to the market of the bonus issue rights is subject to the same rules established in tax legislation for pre-emption rights. Consequently, the amount obtained on the sale of the bonus issue rights reduces the acquisition cost for tax purposes of the shares which give rise to such rights, pursuant to Article 37.1.a) of Personal Income Tax Law 35/2006, of 28 November, and pursuant to Final Provision Six of Law 26/2014, of 27 November, amending Personal Income Tax Law 35/2006, of 28 November, the Consolidated Spanish Non-Resident Income Tax Law approved by Legislative Royal Decree 5/2004, of 5 March, and other tax legislation. Therefore, if the amount obtained on the sale of the bonus issue rights is higher than the acquisition cost of the shares which gave rise to them, the difference is considered to be a capital gain for the seller in the tax period in which this occurs; all of the foregoing without prejudice to the potential application to non-resident income tax payers not operating through a permanent establishment in Spain of the tax treaties entered into by Spain to which they could be entitled or to the exemptions that may be applicable to them under Spanish domestic law.
- b) In the case of income tax and non-resident income tax applicable to shareholders operating through a permanent establishment in Spain, taxes will be paid in accordance with applicable accounting standards and, as appropriate, with the special tax rules applicable to the shareholders subject to the aforementioned taxes, to the extent that a complete business cycle has been completed.

Sale to Ferrovial of the bonus issue rights: lastly, if the holders of bonus issue rights decide to avail themselves of the Ferrovial Purchase Commitment, the tax regime applicable to the amount obtained on the sale to Ferrovial of the bonus issue rights received in their capacity as shareholders will be as follows:

- (i) If the shareholder is a natural person resident for tax purposes in Spain or a legal entity that does not satisfy the requirements to apply the exemption provided for in Article 21 of Spanish Income Tax Law 27/2014, the applicable tax regime shall be the regime which applies to the dividends paid directly in cash and, therefore, the amount obtained will be subject to the corresponding withholding tax.
- (ii) If the shareholder is a natural person or legal entity not resident for tax purposes in Spain or a tax haven, and does not operate through a permanent establishment in Spain, the amount obtained shall not be subject to taxation in Spain pursuant to Chapter XIII of Title VII of Spanish Income Tax Law 27/2014, and, therefore, shall not be subject to withholding tax. In these cases, for this regime to apply the shareholder shall be required to evidence its tax residence by providing the corresponding certificate issued by the tax authorities in question.
- (iii) If the shareholder is a legal entity resident in Spain for tax purposes or, if it is not a tax resident but operates through a permanent establishment in Spain and satisfies the requirements for the application of the exemption provided for in Article 21 of Spanish Income Tax Law 27/2014, the amount obtained shall be exempt from taxation in Spain and, therefore, shall not be subject to withholding tax.

It should be borne in mind that the taxation scenarios of the various options relating to the scheme known as the "Ferrovial Scrip Dividend" set out above do not explain all the possible tax consequences. Accordingly, the shareholders should consult their tax advisers on the specific tax effect of the proposed scheme and pay attention to any changes that could take place, both in in-force legislation and in the criteria of the interpretation thereof, as well as the particular circumstances of each shareholder or holder of bonus issue rights.

Appendix II

SUBSIDIARIES (fully consolidated companies):

The net cost of the ownership interest presented relates to that recognised at the individual company which holds the direct ownership interest in each subsidiary.

Company	Auditor	Parent Company	% Ownership	Net cost of ownership interest (millions of Euros)
Madrid (Spain)				
Ferrovial Inversiones, S.A.		Ferrovial, S.A.	99.58%	0
Betonial, S.A.		Ferrovial, S.A.	99.00%	32
Ferrovial Agromán, S.A.	Deloitte	Ferrovial, S.A.	99.99%	711
Can-Am, S.A.,		Ferrovial, S.A.	100.00%	2
Frin-Gold, S.A.		Ferrovial, S.A.	99.00%	0
Inversiones Trenza, S.A.		Ferrovial, S.A.	99.92%	1
Promotora Ibérica de Negocios, S.A.		Ferrovial, S.A.	99.00%	0
Ferrovial Aeropuertos España, S.A.	Deloitte	Ferrovial, S.A.	99.00%	5
Ferrovial Emisiones, S.A.	Deloitte	Ferrovial, S.A.	99.00%	0
Triconitex, S.L.		Ferrovial, S.A.	100.00%	5
Ferrofin, S.L. (i)	Deloitte	Ferrovial, S.A.	85.57%	1,555
Ferrovial Corporación, S.A.	Deloitte	Ferrovial, S.A.	100.00%	5
Autovía de Aragón, S.C., S.A. (ii)	Deloitte	Ferrovial, S.A.	15.00%	3
Cintra Infraestructuras, S.A.	Deloitte	Ferrovial, S.A.	100.00%	1,521
Ferrovial Servicios, S.A.U.	Deloitte	Ferrovial, S.A.	100.00%	264
Ferrovial Internacional, S.L.U.	Deloitte	Ferrovial, S.A.	100.00%	5,560
Ferrovial FISA, S.L.		Ferrovial, S.A.	99.99%	31
Temauri, S.L.		Ferrovial, S.A.	99.99%	0
Tetabomoa, S.A.		Ferrovial, S.A.	99.98%	0
Teraoui, S.A.		Ferrovial, S.A.	99.98%	0
Cintra Infraestructuras España, S.L.	Deloitte	Ferrovial, S.A.	99.00%	0
Grimalinvest, S.L.		Ferrovial, S.A.	99.50%	14
Dublin (IRELAND)				
Alkes Reinsurance Ltd.	Deloitte	Ferrovial, S.A.	100%	3
Oxford, United Kingdom				
Ferrocop UK Limited	Deloitte	Ferrovial, S.A.	100%	1
Luxembourg				
Krypton Ra, S.A.		Ferrovial, S.A.	99.97%	4

(i) The remaining percentage belongs to Ferrovial Agromán, S.A. 13,646%, Ferrovial Servicios S.A. 85,573%, Ferrovial FISA, S.L 0,002%, Burety S.L.U. 0,003% and Cespa S.A. 0.003%

(ii) The remaining percentage belongs to Ferrovial Agromán, S.A. 25% and Ferrovial Servicios S.A. 60%

ASSOCIATES (companies accounted for using the equity method):

Company	Auditor	% Ownership - Ferrovial S.A.	Net cost of ownership interest (millions of Euros)	Registered office	Millions of Euros				Address
					Assets	Liabilities	Revenue	Profit/Loss	
Nea Odos, S.A. (iii)	Deloitte	21%	0	Greece	826	211	75	0	Athens (Greece)
Central Greece Motorway (iii)	Deloitte	21%	0	Greece	1,039	537	11	0	Athens (Greece)

(iii)) Ferrovial S.A.' interest remain at 33%, but political rights amount to 21.4%, the remaining belongs to GEK Holding Real Estate Construction SA 57.2% and ACS 24.4% (political rights)

27. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2-1). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

STATEMENT FROM THE BOARD

The foregoing pages contain the financial statements of Ferrovial, S.A. –the balance sheet, statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements– for the year ended 31 December 2015, which were formulated by the Company's Board of Directors at the meeting held in Madrid on 25 February 2016 and which, pursuant to Article 253 of the Spanish Limited Liability Companies Law, are signed below by all the directors who attended the meeting.

Rafael del Pino y Calvo-Sotelo
Chairman

Santiago Bergareche Busquet
Deputy chairman

Joaquín Ayuso García
Deputy Chairman

Íñigo Meirás Amusco
Chief Executive Officer

Juan Arena de la Mora
Director

María del Pino y Calvo-Sotelo
Director

Santiago Fernández Valbuena
Director

José Fernando Sánchez-Junco Mans
Director

Joaquín del Pino y Calvo-Sotelo
Director

Howard L. Lance
Director

Óscar Fanjul Martín
Director

Certificate issued by the Secretary of the Board of Directors attesting that Howard L. Lance does not sign in this document for being absent due to unavoidable professional compromises.

Santiago Ortiz Vaamonde
Secretary of the Boards of Directors



2015

Auditor's Report
Ferrovial, S.A.
December 2015

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 financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
FERROVIAL, S.A.,

Report on the Financial Statements

We have audited the accompanying financial statements of Ferrovial, S.A., which comprise the balance sheet as at 31 December 2015, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

Directors' Responsibility for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the equity, financial position and results of Ferrovial, S.A. in accordance with the regulatory financial reporting framework applicable to the Company in Spain (identified in Note 2.1 to the accompanying financial statements) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of Ferrovial, S.A. as at 31 December 2015, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

Report on Other Legal and Regulatory Requirements

The accompanying directors' report for 2015 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial

statements for 2015. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.

Registered in ROAC under no. S0692

Javier Parada Pardo

25 February 2016