ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A.
and subsidiaries

Consolidated Financial Statements as of 31 December 2015 and 2014

and Management Report for financial year 2015.

(in thousand Euros).

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GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

CONSOLIDATED BALANCE SHEET AS OF 31 December 2015 AND 2014
(In thousand Euros)

ASSETS	Note	2015	2014
NON-CURRENT ASSETS		**279,778**	**287,028**
Intangible Fixed Assets	**7**	**67,771**	**69,304**
Tangible Fixed Assets	**8**	**14,912**	**17,937**
Real estate investment	**9**	**50,502**	**72,022**
Investment in Group and Associated Companies	**10, 11, 31**	**105,653**	**98,225**
Equity Method Holdings	**10**	45,592	44,431
Credits to companies based on the equity method	**31**	60,061	53,794
Long-term financial investments	**11, 12**	**7,458**	**12,870**
Non-Current Trade Debtors	**13**	**24,913**	**11,474**
Deferred tax assets	**23**	**8,569**	**5,196**
CURRENT ASSETS		**369,362**	**401,469**
Inventories	**15**	**14,318**	**15,656**
Trade debtors and other accounts receivable		**262,837**	**308,930**
Trade and service provision clients	**11.13**	221,865	280,515
Clients, companies based on the Equity Method	**11.13**	6,567	20,262
Miscellaneous debtors	**11.13**	26,826	822
Personnel	**11.13**	1,331	1,403
Current tax assets	**25**	146	197
Other credits with Public Administrations	**13, 25**	6,057	5,678
Receivables from Shareholders		45	53
Short-term investments in Group and associated companies		**2,234**	**2,858**
Credits to companies based on the equity method	**10, 11, 31**	2,230	2,852
Other financial assets		4	6
Short-Term Financial Investments	**11, 12, 13**	**16,459**	**23,548**
Short-term prepayments		**13,462**	**8,599**
Cash and Other Equivalent Liquid Assets	**16**	**60,052**	**41,878**
TOTAL ASSETS		**649,140**	**688,497**

Notes 1 to 35 and Addenda I, II and III of the attached consolidated report are part of these consolidated financial statements

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

CONSOLIDATED BALANCE SHEET AS OF 31 December 2015 AND 2014

(In thousand Euros)

NET EQUITY AND LIABILITIES	Note	2015	2014
NET EQUITY		**219,473**	**218,061**
Own funds		**246,332**	**236,790**
Share Capital	**17**	57,492	57,492
Share premium	**17**	9,327	9,327
Reserves in Parent Company		138,073	136,681
Reserves in consolidated companies		41,421	51,002
Reserves in companies based on the equity method		(15,923)	(10,668)
Profit/Loss for the financial year attributable to parent company		15,942	(7,044)
Change in value adjustments	**18**	**(30,375)**	**(22,792)**
Hedging transactions		(27,206)	(22,274)
Translation differences from consolidated companies		(3,279)	(533)
Translation differences from companies based on the Equity Method		110	15
Subsidies, donations and legacies received	**20**	**2,056**	**2,180**
Minority Shareholders	**19**	**1,460**	**1,883**
NON-CURRENT LIABILITIES		**176,706**	**136,825**
Long-term Provisions		**-**	**138**
Long-term debts		**142,263**	**105,571**
Debentures and other marketable securities	**11, 21**	47,166	49,313
Debts with credit entities	**11, 21**	83,646	46,103
Financial lease creditors	**11, 21**	165	607
Derivatives	**14**	2,701	2,581
Other financial liabilities	**21**	8,585	6,967
Long-term debts with Group and associated companies	**21.31**	**9,552**	**9,579**
Deferred tax liabilities	**23**	**8,162**	**7,918**
Long-term accruals		**16,729**	**13,619**
CURRENT LIABILITIES		**252,961**	**333,611**
Short-term provisions		**1,292**	**2,084**
Short-term debts		**76,920**	**100,645**
Debentures and other marketable securities	**11, 21**	1,656	1,736
Debts with credit entities	**11, 21**	41,210	70,370
Financial lease creditors	**11, 21**	471	619
Derivatives	**14**	-	119
Other financial liabilities	**21**	33,583	27,801
Short-term debts with group and associated companies	**11,21.31**	**112**	**68**
Trade creditors and other accounts payable		**174,534**	**222,661**
Suppliers	**11, 21**	131,338	168,647
Suppliers, Group and associated companies	**11, 21, 31**	1,796	2,292
Miscellaneous creditors	**11, 21**	208	1,382
Personnel	**11, 21**	3,039	4,022
Current tax liabilities	**25**	1,542	816
Other debts with Public Administrations	**25**	12,743	12,065
Advance payments from clients	**11, 21**	23,868	33,437
Short-term prepayments		**103**	**8,153**
TOTAL EQUITY AND LIABILITIES		**649,140**	**688,497**

Notes 1 to 35 and Addenda I, II and III of the attached consolidated report are part of these consolidated financial statements

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

CONSOLIDATED PROFIT AND LOSS ACCOUNT CORRESPONDING TO FINANCIAL YEARS ENDED AS OF 31 DECEMBER 2015 AND 2014

(in thousand Euros)

CONTINUING OPERATIONS	Note	2015	2014
Net turnover		**376,252**	**412,429**
Sales	**24**	371,553	405,389
Service provisions		2,213	4,936
Financial income for concession agreements		2,486	2,104
Finished products and goods-in-process inventory variations		**(47,431)**	**(4,250)**
Work carried out by the company for its assets		**588**	**315**
Supplies	**24**	**(193,514)**	**(242,644)**
Consumption of goods		(103)	(83)
Consumed raw materials and other consumables		(84,528)	(38,066)
Works carried out by other companies		(108,351)	(204,495)
Impairment of goods, raw materials and other supplies		(532)	-
Other operating income		**739**	**977**
Casual income and other current operating income		598	907
Operating subsidies included in the profit/loss of the financial year		141	70
Personnel expenses	**24**	**(69,097)**	**(80,015)**
Wages, salaries and similar payments		(54,252)	(63,487)
Social security contributions		(14,845)	(16,528)
Other operating expenses		**(32,708)**	**(44,427)**
External services		(30,884)	(36,077)
Taxes		(2,602)	(3,619)
Losses, impairment and variation in provisions for trade transactions		778	(4,731)
Depreciation of fixed assets	**7, 8, 9**	**(4,050)**	**(5,510)**
Allocation of subsidies related to non-financial fixed assets		**18**	**52**
Excess of provisions			**7**
Impairment and profit/loss due to disposal of fixed assets	**8**	**906**	**(6,969)**
Other results		**1,801**	**1,123**
<u>OPERATING PROFIT/LOSS</u>		**33,504**	**31,088**
Financial income		**4,748**	**3,262**
Financial expenses		**(17,036)**	**(18,614)**
Variation in fair value of financial instruments		**(791)**	**511**
Exchange differences		**(2,240)**	**(2,191)**
Impairment and losses on disposal of non current assets		**(200)**	**(15,335)**
Other financial income and expenses		**366**	**-**
FINANCIAL PROFIT/LOSS	**26**	**(15,153)**	**(32,367)**
Profit/(Loss)-sharing of companies based on the Equity Method		**(801)**	**(4,109)**
Impairment and profit/losses due to loss of significant influence		**(96)**	**(5,879)**
Negative difference of consolidation based on the Equity Method		**53**	**1**
<u>PROFIT/LOSS BEFORE TAXES</u>		**17,507**	**(11,266)**
Profit Tax	**25**	**(1,573)**	**4,502**
<u>FINANCIAL YEAR CONSOLIDATED PROFIT/LOSS</u>		**15,934**	**(6,764)**
Profits attributed to parent company		15,942	(7,044)
Profits attributed to external partners		(8)	280

Notes 1 to 35 and Addenda I, II and III of the attached consolidated report are part of these consolidated financial statements.

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO FINANCIAL YEARS ENDED AS OF 31 DECEMBER 2015 AND 2014

A) CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES CORRESPONDING TO FINANCIAL YEARS ENDED AS OF 31 DECEMBER 2015 AND 2014

(In thousand Euros)

	2015	2014
Financial Year Consolidated Profit/Loss	**15,934**	**(6,764)**
Income and expenses directly attributed to equity.		
Arising from cash flow hedge	(11,870)	(15,540)
From subsidiaries	*(589)*	*383*
From companies based on the Equity Method	*(11,281)*	*(15,923)*
Subsidies, gifts and bequests received.	141	710
Translation differences.	(2,948)	(1,646)
Tax revenue to be distributed over several financial years.		(3,624)
Tax effect.	800	3,567
Total consolidated net income and expenses directly attributed to equity	**(13,877)**	**(16,533)**
Transfers to consolidated profit and loss account.		
Arising from cash flow hedge	8,711	8,090
From subsidiaries	*588*	*587*
From companies based on the Equity Method	*8,123*	*7,503*
Subsidies, gifts and bequests received.	(308)	(201)
Tax effect.	(2,252)	(2,367)
Total transfers to the consolidated profit and loss account	**6,151**	**5,522**
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSES	**8,208**	**(17,775)**
Total income and expenses allocated to parent company	**8,235**	**(18,052)**
Total income and expenses allocated to minority shareholders	**(27)**	**277**

Notes 1 to 35 and Addenda I, II and III of the attached consolidated report are part of these consolidated financial statements.

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO FINANCIAL YEARS ENDED AS OF 31 DECEMBER 2015 AND 2014

B) TOTAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO FINANCIAL YEARS ENDED AS OF 31 DECEMBER 2015 AND 2014

(In thousand Euros)

	Capital Subscribed	**Share premium**	**Reserves and Profit/loss for previous financial years (*)**	**Profit/loss of the Parent Company**	**(Interim dividend)**	**Change in value adjustments**	**Subsidies**	**Minority Shareholders**	**TOTAL**
A) Final Balance for Financial Year 2013	**57,492**	**9,327**	**178,841**	**12,402**	**(3,618)**	**(14,724)**	**1,679**	**2,311**	**243,710**
I. Adjustments for changes in accounting criteria 2013.	-	-	-	-	-	-	-	-	-
II. Adjustments for errors in 2013.	-	-	(1,293)	-	-	3,441	-	-	2,148
B) Adjusted balance, beginning of year 2014	**57,492**	**9,327**	**177,548**	**12,402**	**(3,618)**	**(11,283)**	**1,679**	**2,311**	**245,858**
I. Total recognised income and expenses.	-	-	-	(7,044)	-	(11,509)	501	277	(17,775)
II. Transactions with shareholders or owners.	-	-	(9,955)	(5,920)	3,618	-	-	-	(12,257)
Distribution of dividends.	-	-	*(2,301)*	*(5,920)*	*3,618*	-	-	-	*(4,603)*
Business Combinations.	-	-	*(7,654)*	-	-	-	-	-	*(7,654)*
III. Other changes in equity.	-	-	9,422	(6,482)	-	-	-	(705)	2,235
C) Final Balance for Financial Year 2014	**57,492**	**9,327**	**177,015**	**(7,044)**	**-**	**(22,792)**	**2,180**	**1,883**	**218,061**
D) Balance beginning of year 2015	**57,492**	**9,327**	**177,015**	**(7,044)**	**-**	**(22,792)**	**2,180**	**1,883**	**218,061**
I. Total recognised income and expenses.	-	-	-	15,942	-	(7,583)	(124)	(27)	8,208
II. Transactions with shareholders or owners.	-	-	(4,602)	-	-	-	-	-	(4,602)
Distribution of dividends.	-	-	*(4,602)*	-	-	-	-	-	*(4,602)*
Other transactions with shareholders or owners.	-	-	-	-	-	-	-	*(396)*	*(396)*
III. Other changes in equity.	-	-	(8,842)	7,044	-	-	-	-	(1,798)
E) Final Balance for Financial Year 2015	**57,492**	**9,327**	**163,571**	**15,942**	**-**	**(30,375)**	**2,056**	**1,460**	**219,473**

(*) This includes reserves in consolidated companies and reserves in companies based on the equity method.

Notes 1 to 35 and Addenda I, II and III of the attached consolidated report are part of these consolidated financial statements.

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

CONSOLIDATED CASH FLOW STATEMENT CORRESPONDING TO FINANCIAL YEARS ENDED AS OF 31 DECEMBER 2015 AND 2014

(In thousand Euros)

	Notes	Year ended on 31 December 2015	2014
A) Operating Cash Flow			
1. Financial year result before taxes		**17,506**	**(11,266)**
2. Profit/Loss Adjustments:		**18,735**	**59,418**
Depreciation of fixed assets	**7,8.9**	4,050	5,510
Write-downs for impairment	**8**	589	10,572
Variation in provisions		(778)	4,724
Allocation of subsidies		(159)	(52)
Results for write-offs and disposals of fixed assets	**8**	(906)	(4)
Results of write-offs and disposal of financial instruments	**26**	142	11,736
Financial income	**26**	(4,748)	(3,262)
Financial expenses	**26**	17,036	18,614
Exchange differences	**26**	2,246	2,191
Variation in fair value of financial instruments	**26**	791	(511)
Other Income and Expenses		(366)	(88)
Profit-sharing of companies based on the Equity Method		801	4,109
Impairment and profit/loss based on the Equity Method		96	5,879
Negative difference of consolidation		(53)	**(14,654)**
3. Changes in current capital		**(3,461)**	5,459
Inventories		(3,790)	(60,699)
Trade and other accounts receivable		65,249	6,063
Other current assets		(4,863)	38,879
Creditors and other accounts payable		(48,853)	(4,385)
Other current liabilities		(738)	29
Other non-current assets and liabilities		(10,466)	**(18,656)**
4. Other operating cash flows		**(13,868)**	(18,623)
Payment of interest		(17,145)	41
Collection of dividends		442	2,658
Collection of interests		4,306	(2,732)
Proceeds (payments) arising from the profit tax		(1,471)	-
5. Operating cash flow		**18,912**	**14,842**
B) Investment Activities Cash Flow			
6. Investment payments		**(21,564)**	**(28,332)**
Group and associated companies	**31**	(19,267)	(17,627)
Intangible Fixed Assets	**7**	(236)	(2,415)
Tangible Fixed Assets	**8**	(606)	(2,042)
Real estate investments	**9**	(1,348)	(163)
Other financial assets		(107)	(6,085)
7. Proceeds from divestment		**14,978**	**3,591**
Group and associated companies	**31**	1,592	2,180
Intangible Fixed Assets	**7**	498	2
Tangible Fixed Assets	**8**	454	660
Real estate investments	**9**	2,126	204
Other financial assets		10,308	545
8. Investment activities cash flow		**(6,585)**	**(24,741)**
C) Financing Activities Cash Flow			
9. Proceeds and payments for equity instruments		**142**	**13**
Business Combination	**6**	-	13
Subsidies, gifts and bequests received		142	-
10. Proceeds and payments for financial liability instruments		**10,308**	**24,601**
a) Issue		**74,935**	**81,156**
Debentures and other marketable securities	**21**	-	49,313
Debts with credit entities	**21**	62,856	31,843
Debt with group and associated companies		83	
Other debts		11,996	-
b) Return and depreciation of		**10,308**	**(56,555)**
Debts with credit entities	**21**	(59,376)	(40,939)
Debt with group and associated companies		(66)	(15)
Other debts		(5,185)	(12,601)
11. Proceeds from dividends and other equity instruments		**(4,603)**	**(4,603)**
Dividends		(4,603)	(4,603)
12. Financing activities cash flow		**5,847**	**20,011**
D) Net increase/decrease in cash or cash equivalents		**18,174**	**10,112**
Cash or cash equivalents at the beginning of the financial year		41,878	31,766
Cash or cash equivalent at the end of the financial year	**16**	60,052	41,878

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

CONSOLIDATED REPORT FOR FINANCIAL YEAR ENDED AS OF 31 DECEMBER 2015
(in thousand Euros)

1.- GROUP COMPANIES

1.1 Parent Company

ORTIZ Y COMPAÑÍA, S.L. is a Limited Liability Company [Sociedad de Responsabilidad Limitada] incorporated in Spain on 31 January 1961. Subsequently, on 12 February 1971, it became a Corporation [Sociedad Anónima].

On 20 November 1995, the company changed its corporate name for the current one, Ortiz Construcciones y Proyectos, S.A.. The registered address of the company in Madrid was moved from Calle Santa María Magdalena 14 to Avenida Ensanche de Vallecas, 44 by virtue of a resolution of the Ordinary General Meeting held on 24 June 2010.

Its corporate purpose is the one described in its articles of association, which is:

- The procurement, management and execution of all kinds of works and constructions, both public and private.
- Execution of any kind of construction, installation and works aimed at buildings, roads, railways, road networks, tracks, ports, hydraulic works and any other special installation or project.
- Real estate and urban development activities, purchase and sale of real estate property and property development.
- Acquisition, ownership and use of all types of securities for its own account and incorporation of and shareholding in other companies with a similar corporate purpose.

Grupo Ortiz is diversified into five business lines: construction, energy, services, concessions and real estate, among which we find the following operational segments:

- **Construction**: Construction of civil works infrastructure, buildings, railway, water, environment, renovations, engineering and Indagsa industrialised construction system.
- **Energy:** Construction of photovoltaic, wind, thermal-solar and hydraulic power generation plants, high and middle voltage lines, electric substations, as well as maintenance of electro-mechanic installations and energy services.
- **Services:** Maintenance of infrastructure, roads, railways, comprehensive maintenance of buildings, urban and environmental services.
- **Concessions:** Concession operator with wide experience in investment financing, execution design, operation and maintenance.
- **Real Estate:** Equity area. Development and operation of real estate properties for rental and tertiary level products (offices and business premises).

Group companies whose activities are subject to specific environmental requirements have adopted the relevant measures in connection with those aspects, in compliance with applicable regulations in force. Based on the fact that such requirements are not considered to have a significant impact on the equity, financial situation and results of these consolidated financial statements, this annual report does not include any specific breakdown in this regard.

The financial statements of the parent company Ortiz Construcciones y Proyectos, S.A.U. considered for consolidation purposes were those closed and audited on 31 December 2015. The consolidated financial statements corresponding to financial year 2014 were formulated by the Board of Directors on 2 March 2015 and approved by the General Meeting of Shareholders on 28 May 2015. These financial statements were deposited in the official records of the Business Registry of Madrid.

Consolidated financial statements were prepared by the directors of the parent company, within the same term established for the preparation of the financial statements of the parent company.

For the purposes of the drafting of the consolidated financial statements, it shall be construed that there is a group when the parent company has one or more subsidiaries, which are companies over which the parent company has a direct or indirect control. The principles applied in the preparation of the consolidated financial statements of the Group, as well as the consolidation perimeter are detailed in Note 1.2.

Addendum I to these notes contains the identification particulars of the subsidiaries included in the consolidation perimeter using the full integration method.

Addendum II to these notes contains the identification particulars of the associated and multi-group companies included in the consolidation perimeter using the participation method.

On the other hand, both the Parent Company and certain subsidiaries participate in JVs and Consortia; therefore, the balances corresponding to the JVs and Consortia are included in the respective companies by means of the proportional integration of balances corresponding to assets, liabilities, income and expenses. Addendum III includes a list of JVs and Consortia in which Group companies participate.

The main variations in the consolidation perimeter that took place during financial year 2015 are the following:

- Acquisition of the remaining 50% of the participations of Ortega y Gasset Park, S.L. reaching a participation of 100%.
- Acquisition of the remaining 37.97% of the participations of Águeda Educatis, S.L. and Águeda Educatis Tres Cantos, S.L. reaching a participation of 100%.
- Acquisition of 33.33% of the shares of Imathia Construcciones, S.L.
- Incorporation of the associated company Concesión del Sisga, S.A.S.
- Increase of the participation in the multi-group company Inmuebles Gade, S.L.
- Increase of the participation in the associated company Fortem Integral, S.L.
- Decrease of the participation in the company Ortiz Sport Factory, S.L. from subsidiary to multi-group company.

The main variations in the consolidation perimeter that took place during financial year 2014 were the following:

- Merger by absorption of the Company Grupo Empresarial Ortiz, S.L. by the parent company of the Group.
- Sale of 51% of the participations in the companies Aldigavia, S.L. and Aldigavia Oficinas S.L.U.

1.2 Subsidiaries

Subsidiary companies were consolidated using the full consolidation or integration method. Subsidiary companies are those where the parent company holds a majority of voting rights or otherwise where the parent company holds –directly or indirectly– the power to govern its financial and operational policies with the aim of obtaining benefits of its activities. In order to determine the control of these companies, potential voting rights enforceable as of the closing date were taken into account, as applicable.

The breakdown of the Group subsidiaries is included in Addendum I.

The instances based on which these companies are consolidated correspond to the circumstances included in Art. 2 of the NOFCAC (Formulation Rules for Financial Statements), which are set out below:

1. When the parent company falls into any of the following instances in relation to another (subsidiary) company:
   a. The parent company has the majority of voting rights.
   b. The parent company is entitled to appoint or remove the majority of members of the governing body.
   c. The parent company may be entitled to the majority of voting rights by means of agreements executed with other partners.
   d. The parent company has designated with its votes the majority of members of the governing body which perform their office when the consolidated financial statements must be formulated and during the immediately previous two financial years. This circumstance is implied when the majority of members of the governing body of the dependent company are members of the governing body or senior managers of the parent company or a company dominated by it.
2. When the parent company has half or less than half of the voting rights, or even when it has almost no participation or no participation at all in another company or when the management power has not been specified (special purpose vehicles), but it participates in the risks and benefits of the entity or it is entitled to participate in the operating and financial decisions of such entity.

All dependent companies close their financial year on 31 December.

2.- ASSOCIATED AND MULTI-GROUP COMPANIES

2.1 Associated Companies

Associated companies are all those companies over which any of the companies included in the consolidation may exercise a significant influence. Significant influence must be construed as the participation in the company by the Group having the power to intervene in financial and operating decisions of such company without the Group having the control.

There are no significant constraints on the capacity of associated companies to transfer funds to the parent company under the form of dividends, debt repayment or advance payments, other than those that may result from the financing contracts of said companies or from their financial situation, and there are no contingent liabilities related to said companies that might have to be assumed by the Group. There are no significant companies where a share exceeding 20% is held that do not use the equity method.

By virtue of Article 155 of the Corporate Act, the Company has notified all these companies that it has more than 10 per cent of the capital, by itself or by means of another subsidiary.

All associated companies close their financial year on 31 December.

2.2 Multi-Group Companies

Multi-group companies are those managed by the Group together with other companies unrelated to the Group.

The breakdown of the associate companies is included in Addendum II.

All multi-group companies close their financial year on 31 December.

3.- PRESENTATION PRINCIPLES

3.1 True and Fair View

The consolidated financial statements have been prepared based on the accounting records of Ortiz Construcciones y Proyectos, S.A. and the consolidated companies and include the necessary adjustments and reclassifications for the temporary and assessment harmonisation with the accounting criteria established by the Group.

These consolidated financial statements are prepared in accordance with the current business regulations as set out in the Code of Commerce amended by virtue of Act 16/2007, of 4 July, for the reform and adaptation of the business regulations on accounting matters for their international harmonisation based on the regulations of the European Union, Royal Decree 1514/2007, of 20 November, approving the General Accounting Plan, and Royal Decree 1159/2010, of 17 September, approving the rules for the formulation of financial statements, as long as it does not contradict the provisions of the aforementioned business reform, so as to show a true and fair view of the equity, the financial situation and the profit and loss of the Group, as well as the accuracy of the cash flows incorporated in the consolidated cash flow statement.

3.2 Critical Aspects of Assessing and Estimating Uncertainty

The preparation of the financial statements require the use by the Group of certain estimates and opinions regarding future events which are assessed continuously and are based on historical experience and on other factors, including future events expectations deemed reasonable given the relevant circumstances.

Resulting accounting estimates, by definition, do not always match the corresponding actual results. There follows an explanation regarding those estimates and opinions with a significant risk of giving rise to a material adjustment in the accounting values of assets and liabilities within the following financial year.

3.2.1. Fair value of derivatives or other financial instruments

The fair value or financial instruments which are not traded in active markets (for example, traded outside the official market) is established by applying assessment techniques. The Group applies its own criteria in order to select a number of methods and obtain hypothesis which are mainly based on the existing market conditions on the date corresponding to each balance. The Group has used discounted cash flow analysis for several exchange rate contracts which are not traded in active markets.

3.2.2. Estimated loss due to goodwill impairment

The Group verifies annually whether the goodwill has suffered any loss due to value impairment in accordance with the accounting policy set out in Note 4.7. The recoverable amounts of cash generating units (CGU) have been established based on calculations of the value in use. These calculations require the use of estimates (Note 7).

3.2.3. Recognition of Income

For the recognition of results for works contracts, within the general criteria of the performance percentage established by the adaptation of the General Account Plant to construction companies, the Group applied the so-called “schedule of values” which consists of the valuation of work units executed at the prices established in the contract.

The records of the Group confirm that its estimations are adequate and fair.

3.2.4. Useful life of tangible and intangible assets

The management of the Group establishes the useful lives and the corresponding charges for its tangible and intangible assets. Useful lives of tangible fixed assets are calculated in relation to the period in which those elements are expected to make economic profit. At year-end, the Group reviews the useful lives and in the event estimations differ from those previously made, the effect of variation is prospectively allocated from the financial year to which the relevant variation applies.

3.2.5.Profit tax

The Group is subject to profit tax in many jurisdictions. The proper set of criteria is necessary in order to establish the provision for the profit tax at a global level. There are many transactions and calculations for which the final determination of the tax is unsure during the ordinary course of the business. The Group recognises liabilities for eventual tax claims based on whether additional taxes are estimated to be necessary. When the final tax result of these matters is different from the amounts initially recognised, such differences shall affect the tax on profits and the provisions for deferred taxes in the financial year during which such calculation is carried out.

The calculation of the profit tax requires interpretation on the tax regulations applicable to the Company. Besides, there are several factors, mainly -and non-exclusively- associated to changes in tax regulations and changes in the interpretations of the tax laws currently applicable, which require the carrying out of calculations by the management of the Company.

When the final tax result is different from the amounts initially recognised, such differences shall affect the tax on profits and the provisions for deferred taxes in the financial year during which such calculation is carried out. In this sense, there are no significant aspects subject to calculations that may have a relevant impact on the position of the Company.

The Group management assesses the recovery capacity of deferred taxes based on estimates of future tax results analysing whether they will have the capacity of generating sufficient profit on the periods where such deferred taxes are deductible. Deferred tax assets are registered when their future recoverability is likely. The recording and recoverability of the deferred tax assets is assessed upon generation and subsequently at each balance date in accordance with the evolution of the results foreseen in the Group's business plan. The management considers that the recovery of deferred tax assets registered by the Group is likely; however, estimations may change in the future as a result of changes in tax regulations or due to the impact of future transactions on tax balances.

Even though these estimates were made by the management with the most accurate information available at the end of the financial year by applying its best calculations and knowledge of the market, it is possible that eventual future events require the amendment of such calculations by the Group during subsequent financial years.

3.2.6. Fair value of real estate investments and stocks

The best evidence of the fair value of real estate investments and stocks in an active market is the price of similar assets. If such information is not available and given the current market situation, the Group establishes the fair value by means of an interval of fair value. For the establishment of the fair value, the Group uses a number of sources, including:

- Current prices in an active property market of a different nature, condition or location, adjusted in order to show the differences with those assets owned by the Group.
- Recent prices or properties in other less active markets, adjusted to show the relevant changes in the financial conditions from the day of the operation.
- Cash flow discounts based on estimations arising from the conditions of current lease agreements and, if possible, arising from the evidence of market prices of similar properties in the same location and state, by means of the application of discount fees which will reflect the uncertainty of the time factor.

There are no major uncertainties or risks that may imply significant changes in the short-term future value of assets and liabilities.

3.2.7. Provisions

Provisions are recognised when a present obligation, arising as a consequence of past events, is likely to cause an outflow of resources and the amount of the obligation may be estimated in a reliable manner. In order to comply with the requirements of the accounting regulations, significant estimations are necessary. The Group management makes estimations by assessing all the relevant events and information, the likelihood of occurrence of contingencies and the amount of the liability to be settled in the future.

During this financial year, no significant change in the accounting estimations causing amendments in the amounts or classifications of this financial year has been carried out.

3.3 Grouped Items

For the purposes of facilitating understanding of the balance sheet, the profit and loss account, the statement of changes in equity and the consolidated cash flow statement, these financial statements are presented in groups while the required analyses are included in the corresponding notes of the report.

3.4 Operating Company.

The consolidated financial statements have been prepared based on the operating company principle, which takes into account that the Group will realise its assets and settle its undertakings during the ordinary course of its operations.

3.5 Changes in accounting criteria.

The Group, pursuant to the conceptual accounting framework set out in the General Accounting Plan, once it has adopted a criterion for the application of generally accepted accounting principles, keeps said criterion in a uniform manner in time, as long as the reasons behind the choice of the criterion remain unchanged, and always considering that any change to said criteria must have the principle of a true and fair view as its main point of reference.

4.- RECOGNITION AND MEASUREMENT ACCOUNTING RULES

4.1 Subsidiaries

4.1.1. Control acquisition

The acquisition by the parent company (or another Group company) of the control of a subsidiary constitutes a business combination which is recognised following the acquisition method. This method requires the acquiring company to recognise, on the acquisition date, those identifiable assets acquired and liabilities undertaken in a business combination, as well as, where appropriate, the corresponding goodwill or negative difference. Subsidiaries are consolidated from the date on which their control is transferred to the Group and they are excluded from the consolidated on the date such control ceases.

The acquisition cost is established as the additions of the fair values, on the acquisition date, of the assets delivered, liabilities incurred or undertaken and equity instruments issued by the acquiring party and the fair value or any contingent consideration depending on future events or on the compliance with certain conditions which must be registered as an asset, a liability or net equity according to its nature.

Expenses related to the issue of equity instruments or financial liabilities delivered are not a part of the business combination cost, being registered in accordance with the regulations applicable to financial instruments (Note 4.13). Fees paid to legal advisers or other professionals taking part in the business combination are recorded as expenses as incurred. Those expenses generated internally for these concepts are not included in the cost of the combination nor are those, if any, incurred by the entity acquired.

The surplus, on the acquisition date, of the cost of the business combination, on the proportional part of the value of the identifiable assets acquired minus the cost of the liabilities undertaken representing the participation in the share capital of the company acquired is recorded as goodwill. In the exceptional situation that the amount exceeded the cost of the business combination, the surplus will be recorded in the consolidated profit and loss account as income.

4.1.2. Consolidation Method

Assets, liabilities, income, expenses, cash flows and other items of the financial statements of the companies of the Group are incorporated to the consolidated statements of the Group using the full integration method. This method requires the following:

a. Temporary harmonisation. The consolidated financial statements are established on the same date and period as the financial statements of the company required to consolidate. The inclusion of the companies the year-end of which is different will be carried out by means of intermediate statements referred to the same date and period as the consolidated statements.

b. Assessment harmonisation. Elements corresponding to assets and liabilities, income and expenses and other items of the financial statements of the Group companies have been assessed using uniform methods. Elements corresponding to assets and liabilities, or those items corresponding to income or expenses assessed according to non-uniform criteria in relation to those applied in the consolidation were re-assessed, applying the necessary adjustments, for the sole purposes of consolidation.

c. Aggregation. The different items of the individual financial statements previously harmonised are aggregated based on their nature.

d. Elimination investment-net equity. The book values representing equity instruments of the subsidiary owned, whether directly or indirectly, by the parent company, are compensated by means of the proportional part of the net equity items corresponding to the aforementioned subsidiary attributable to said participations, generally, on the basis of the values resulting from the application of the acquisition method previously described. For consolidations after the financial year in which the control was acquired, the surplus or lack of net equity generated by the subsidiary from the acquisition date attributable to the parent company, is included in the consolidated balance sheet within the items 'reserves' or 'adjustments for changes in value', based on their nature. The part attributable to external partners is recorded in item 'external partners'.

e. Participation of external partners. The assessment of external partners is carried out based on their effective participation on the net equity of the subsidiary once the previously mentioned adjustments are applied. The consolidated goodwill may not be attributed to external partners. The surplus between losses attributable to external partners of a subsidiary and the portion of net equity proportionally corresponding to them is allocated to them, even though it may imply a debit balance in such item.

f. Elimination of intra-group items. Credits and debts, income and expenses and cash flows among Group companies are fully eliminated. Likewise, all profit and losses caused by internal transactions are eliminated and they are deferred until they are realised before third parties unrelated to the Group.

4.1.3. Control loss

When the control of a certain subsidiary is lost, the following rules apply:

a. The recognised benefit or loss is adjusted, for consolidation purposes, in the individual financial statements;

b. If the subsidiary became a multi-group or associated company, it must be consolidated or the equity method must be applied considering, for the purposes of its initial valuation, the fair value of the participation withheld on such date;

c. The participation in the net equity of the subsidiary withheld after the control loss which do not correspond to the consolidation perimeter will be assessed in accordance to the criteria applicable to financial assets (Note 4.9) considering as initial assessment the fair value on the date on which it ceases to fall within the aforementioned perimeter.

d. An adjustment is recognised in the consolidated profit and loss account so as to show the participation of external partners in the income and expenses generated by the subsidiary in the financial year up to the control loss date and in the transfer to the profit and loss account of the income and expenses directly recorded as net equity.

4.2 Associated and Multi-Group Companies

4.2.1. Equity Method

Associated companies are included in the consolidated financial statements using the equity method.

When the equity method is applied for the first time, the participation in the company is assessed according to the amount represented by the investment percentage of the Group companies on the net equity of said company, once its net assets have been adjusted to its fair value on the acquisition date of the significant influence.

The difference between the book net value of the participation in the individual statements and the amount mentioned in the previous paragraph constitutes the goodwill included in item "equity method holdings". In the exceptional situation that the difference between the amount based on which the investment has been recorded in the individual statements and the proportional part of the fair value of the net assets of the company was negative, said difference must be registered in the profit and loss account after re-evaluating the allocation of fair values to the assets and liabilities of the associated company.

In general, unless a negative difference arises in the acquisition of significant influence, the investment is initially value at its cost.

The results generated by the company based on the equity method are recognised from the date on which the significant influence is acquired.

The book value of the participation is modified (increases or decreases) in the proportion corresponding to the Group companies, based on the variations experienced in the net equity of the company owned from the initial assessment, once it has been eliminated the proportion of results unrealised generated in transactions between said company and the Group companies.

The highest value attributed to the participation as a consequence of the application of the acquisition method is reduced in subsequent years, charged to the consolidated result or to another relevant item within the net equity and as the corresponding equity elements are depreciated, derecognised or are disposed in favour to third parties. Likewise, the relevant charge to the consolidated results must be applied when losses due to impairment of equity elements of the owned company arise, with the limit of the capital gains allocated to such elements on the date the equity method was first applied.

Variations in the value of the participation corresponding to the profit and losses of the financial year of the owned company are party of the consolidated profit and losses, being therefore included in item "Profit(Loss)-sharing of companies based on the Equity Method". However, if the associated company incurs losses, the reduction of the account representing the investment will be limited based on the book value of the participation calculated using the equity method. If the participation had been reduced to zero, any additional losses and the corresponding liability shall be recognised to the extent legal or contractual liabilities -whether implicit or explicit- had been incurred, or in the event the Group had made payments on behalf of the owned company.

Variations in the value of the participation corresponding to other variations in net equity are shown in the corresponding headings of the net equity based on their nature.

Temporary and value harmonisation is applied to associated investments in the same way applied for subsidiaries.

4.2.2. Modification of the participation

In order to establish the cost of an investment in a multi-group company, the cost of every individual transaction is considered.

In a new acquisition of participations in the company consolidated using the equity method, the additional investment and the new goodwill or consolidation negative difference will be determined in the same way as for the first investment. However, if in relation to the same owned company goodwill or a consolidation negative difference arises, such difference must be reduced up to the limit of the implicit goodwill.

In a reduction of the investment implying a reduction in the participation without any loss of significant influence, the new investment is valued based on the amounts corresponding to the participation percentage withheld.

4.3 Intangible Fixed Assets

4.3.1.Concession Agreements

Concession agreements, regulated assets.

The Sectoral Plan for companies holding concession of public infrastructures (in force since 1 January 2011), regulates the processing of service concessions contracts, which are defined as contract by virtue of which the awarding authority commissions the concession holder the construction, including the improvement and operation or just the operation, of infrastructures aimed at the provision of economic public serviced during the term foreseen in the agreement in exchange of a consideration. Any concession agreement shall comply with the following requirements:

- The awarding authority controls or regulated which public services must be provided by the concession holders with the infrastructure, the recipients of the service and their price; and
- The awarding company must control any significant residual participation at the end of the term of the agreement.

In these concession agreements, the concession holder acts as service provider, on the one hand, as provider of construction or improvement services for the infrastructure and, on the other hand, operation and maintenance services during the term of the agreement. The consideration received by the concession holder regarding the construction or improvement service of the infrastructure is recorded according to the fair value of said service, as an intangible fixed asset in those cases in which the right to charge an amount to users for the use of the public service is granted and such right is not unconditional but depending on the effective use of the service by users. The consideration of the construction or improvement service is recorded as an intangible fixed asset within item "Concession agreement, regulated asset" under heading "Intangible fixed assets" based on the intangible fixed asset model according to which the risk of claims is undertaken by the concession holder. The company calculated the depreciation of the concession asset systematically according to the straight-line method during the concession term.

Concession agreement, financial activation.

When the consideration for the construction or improvement services is an intangible fixed asset, financial expenses financing the infrastructure arising from the date the infrastructure is under operating conditions, are activated as long as there is reasonable evidence of their recovery with future income. Activated financial expenses are included in item "Concession agreement, financial activation", which are allocated to profit and losses proportionally to the Economic Financial Plan of the company, since it is foreseen that future income set out in the aforementioned plan will allow for the recovery of such expenses. Regarding the foreseen income, it is established the proportion occupation income represents in relation to the total income for each financial year. Said percentage is applied to the total of financial expenses foreseen for the concession period, in order to determine the amount thereof to be included under each financial year as financial expenses. In the event actual income of said financial year exceeds the one foreseen, the proportion will be calculated between the actual income and the aforementioned total of foreseen occupation income.

4.3.2. Goodwill

The goodwill arises in the acquisition of subsidiaries and it represents the surplus, on the acquisition date, of the cost of the business combination, on the proportional part of the fair value of the identifiable assets acquired minus the cost of the liabilities undertaken representing the participation in the share capital of the company acquired is recorded as goodwill.

On the initial recognition date, the goodwill is assessed according to the criteria set out in Note 4.1.1. After its initial recognition, the goodwill is assessed at its cost minus accumulated impairment losses.

The goodwill is allocated on the acquisition date, to each one of the cash generating units (CGU) or groups of cash generating units of the Group which are expected to benefit from the synergies of the business combination giving rise to such goodwill.

The goodwill will not be depreciated. Instead, cash generating units (or groups of cash generating units) to which the goodwill has been allocated are subject, at least annually, to a verification of the value impairment and, if appropriate, the relevant expense is recorded in the profit and loss account due to the corresponding valuation correction.

Impairment losses related to goodwill are not subject to reversals in subsequent financial years.

4.3.3. Research and development expenses

Research expenses are recorded as expenses as they are incurred, whereas development expenses incurred during a project are recorded as intangible fixed assets if such development is feasible from a technical and commercial perspective, the necessary technical and financial resources for its completion are available, costs incurred may be reliably established and the generation of profits is likely.

Other development expenses are recognised as expenses when they are incurred. Development costs previously recorded as expenses may not be recorded as assets in a subsequent financial year. Development costs with a finite useful life which are activated, are depreciated using the straight-line method for each project, without exceeding 5 years.

If the useful life of developing expenses exceeded 5 years, the circumstances leading to such circumstance must be accounted for.

When the book value of a certain asset exceeds the corresponding estimated recoverable amount, its value is immediately reduced up to its recoverable amount (Note 4.7).

In the event that the favourable circumstances of the project which allowed for the capitalisation of the development expenses vary, the portion pending depreciation is recorded in the profit and loss account of the financial year in which said circumstances vary.

4.3.4. Licenses and trademarks

As of 31 December 2015 and 2014, within the item 'intangible fixed assets' of the Group, there are certain production licenses and trademarks which are valued at their acquisition value, without having applied on them any depreciation. We consider that this kind of asset has an indefinite useful life since, based on an analysis of all relevant factors, there is no foreseeable limit of the period throughout which it is expected that the asset generates entries of cash net flows for the company.

4.3.5. Computer software

Licenses for computer software acquired to third parties are capitalised on the basis of the costs incurred in order to acquire them and prepare them for the use of the specific programme. These costs are amortised over their estimated useful lives (4 years).

Expenses related to the maintenance of computer software are recognized as an expense when they are effectively incurred. Costs directly related to production of computer software identifiable and controlled by the Group which are expected to generate financial profit exceeding such costs during more than a year are recognized as intangible fixed assets. Direct costs include expenses of personnel developing such computer software and the proper percentage of general expenses.

4.4 Fixed Assets

Items corresponding to tangible fixed assets are valued according to their purchase price or production price minus the aggregated depreciation and aggregated amount of those losses registered.

The amount of the works carried out by the Group for its own fixed assets is calculated by adding to the acquisition price of the consumable materials, direct or indirect costs attributable to said assets.

Costs for the extension, upgrade and improvement of tangible fixed assets are allocated as assets with the highest value of the asset exclusively when they mean an increase in their capacity, performance or extension of their useful lives, and as long it is possible to estimate or to know the accounting value of the elements which are written off from the inventory due to replacement.

Costs corresponding to major repairs are recognised and amortised during their estimated useful life whereas recurring maintenance costs are allocated to the consolidated profit and loss account during the financial year in which they are incurred.

(in thousand Euros)

The depreciation of tangible fixed assets, with the exception of land which is not amortised, is systematically calculated by means of the straight-line method based on their estimated useful lives taking into account the depreciation effectively applicable due to their operation and use.

The depreciation coefficients applied in financial years 2014 and 2015 to those elements comprising the tangible fixed assets accounts are:

	Estimated years of useful life
Buildings	50
Technical Installations	4-10
Machinery and tools	7-8
Furniture	10
Data-processing equipment	5
Transport elements	6

The residual value and the useful life of assets is review and adjusted, where applicable, as of the date of preparation of the corresponding statement.

When the book value of a certain asset exceeds the corresponding estimated recoverable amount, its value is immediately reduced up to its recoverable amount (Note 4.7).

Profit and loss related to the sale of tangible fixed assets are calculated by comparing income obtained for the sale to the book value and they are recorded in the consolidated profit and loss account.

4.5 Real estate investments

Real estate investments include purchased office buildings which are maintained for the obtaining of long-term debts; such offices are not occupied by the Group.

Elements included under this heading are recognised at their acquisition cost minus their corresponding accumulated depreciation and the relevant impairment losses experienced.

For the calculation of the depreciation of real estate investments we use the straight-line method based on the useful life years estimated for them, which amounts to 50 years.

4.6 Costs for Interests

Financial expenses directly attributable to the acquisition or construction of fixed assets which require a term exceeding a year in order to be used are allocated according to its value until the moment they are available for operation.

4.7 Losses due to Impairment of the Value of Non-Financial Assets

Assets with an indefinite useful life, such as the goodwill, are not subject to depreciation and they undergo impairment tests on a yearly basis. Assets subject to depreciation are subject to impairment tests as long as any event or change in circumstances implies that the book value may not be recoverable. Impairment losses are recognised for the excess of the book value of the asset on its recoverable amount, being such recoverable amount as the fair value of the asset minus sales costs or the value in use, whichever is the highest. For the purpose of assessing impairment losses, assets are grouped according to the lowest level for which there are cash flows that can be identified separately (cash generating assets). Non-financial assets, other than goodwill, which had suffered certain impairment losses, are subject to reviews on each balance date to verify whether reversion of the loss had occurred.

4.8 Swaps

In those cases in which tangible or intangible fixed assets or real estate investments are acquired by means of commercial swaps, they are recognised at the fair value of the asset delivered plus the monetary compensations delivered in exchange, but for those cases in which there are clearer evidences of the asset received and with such limit. For these purposes, the Group considers that a certain swap has a commercial nature when the configuration of the cash flows of the intangible fixed asset received differs from the configuration of the cash flows of the asset delivered or the current value of the cash flows after taxes corresponding to the activities affected by the swap is modified. Besides, any of the aforementioned differences must be significant in relation to the fair value of the assets exchanged.

If the swap was not commercial or the fair value of the elements of the transaction cannot be established, the asset received is recognised at the book value of the assets delivered plus the monetary compensations delivered, with the limit of the fair value of the good received if it is lower and as long as it is available.

4.9 Financial Assets

4.9.1. Loans and Items Receivable

Loans and items receivable are non-derivative financial assets with fixed or determinable collections which are not listed in an active market. Current assets are included in this group, except for maturities over 12 months from the date of the balance, in which case they must be classified as non-current assets. Loans and items receivable are included in "Credits to companies" and "Trade debtors and other accounts receivable" in the balance sheet. These financial assets are initially valued at their fair value, including those operation costs directly attributable and then at the depreciated cost recognising interests accrued based on their effective interest rate where this must be construed as the capitalization rate balancing the book value of the relevant instrument with the total amount of its corresponding estimated cash flows up to their maturity. Notwithstanding the foregoing, credits from trade operations with a maturity not exceeding a year are valued both at their initial recognition time and, subsequently, at their nominal value as long as the effect arising from the lack of updating of the cash flows is not significant.

At least at year end, all necessary valuation corrections due to impairment are applied if there is objective evidence of the fact that not all of the amounts owed are going to be collected.

The amount of the impairment loss is the difference between the book value of the asset and the current value of the estimated future cash flows, discounted at the effective interest rate at the time of initial recognition. Value adjustments, as well as, where appropriate, their reversion, are allocated in the consolidated profit and loss account.

4.9.2. Held-to-Maturity Investments

Held-to-maturity financial assets are debt securities with fixed or determinable collections and a set maturity which are negotiated in an active market and which the management of the Group has the effective intention and the capacity of holding until their maturity. If the Group sold an amount which was not insignificant of held-to-maturity financial assets, the whole category would be reclassified as available for sale. These financial assets are included in item 'non-current assets', except for maturities over 12 months from the date of the balance, which are classified as current assets.

Valuation criteria for these investments are identical to those for loans and other receivables.

4.9.3. Financial assets held for trading and other financial assets at fair value with changes in the profit and loss account

All those assets held for trading which are acquired for the purposes of being sold in the short-term or which are part of a financial instrument portfolio jointly identified and managed so as to obtain short-term profits shall be considered financial assets at fair value with changes in the profit and loss account, as well as those financial assets so recorded by the Group at their initial recognition time for the inclusion within this category since that information would be more relevant. Derivatives are also classified as 'held for trading' as long as they do not refer to a financial guarantee agreement or have been recognised as hedging instruments.

These financial assets are valued, both initially and subsequently, at their fair value, recording any relevant change in value in the profit and loss account of the financial year. Transaction costs directly attributable to the acquisition shall be allocated to the consolidated profit and loss account of the financial year.

4.9.4. Financial assets available for sale

This category includes debt security and equity instruments of other companies that have not been classified in any of the above categories. They are included as non-current assets unless the management intends to dispose of the investment in the 12 months following the date of the consolidated balance sheet.

They are recognised at their fair value, recording the changes directly affecting the net equity until the relevant asset is disposed of or depreciated, moment in which the profits and losses accumulated in net equity are allocated to the consolidated profit and loss account, as long as it is possible to determine the aforementioned fair value. Otherwise, they are recorded at their cost minus value impairment losses.

Regarding financial assets available for sale, valuation corrections are made if there is objective evidence that their value has been impaired as a result of a reduction or delay in the estimated future cash flows in the case of debt instruments acquired or due to a lack of recoverability in the book value of the asset in the case of investments in equity instruments. Valuation correction is the difference between its costs or depreciated cost minus, when applicable, any valuation correction recognised in the profit and loss account and the fair value in the moment the valuation is made. In the case of equity instruments assessed at their cost since their fair value cannot be established, the valuation correction of their value is calculated as the difference between their book value and the recoverable amount, which is the higher amount of either their fair value less the sale costs, or the current value of the future cash flows derived from the investment. Except where there is better evidence available on the recoverable amount, for the calculation of the impairment of these investments, the net equity of the owned company is considered, corrected by the tacit capital gains existing on the assessment date. The valuation correction and, as the case might be, its reversion, is recorded in the consolidated profit and loss account of the financial year in which it is made.

If there is objective evidence of the impairment, the Group records in the consolidated profit and loss account those accumulated losses previously recorded in net equity due to the decrease of the fair value. Impairment losses recorded in the profit and loss account for equity instruments are not reverted through the profit and loss account.

Fair values of listed investments are based on current purchase prices. If the market for a financial asset is not an active market (for securities which are not listed), the Group establishes the fair value using assessment techniques including the use of recent transactions between the interested and duly informed parties, references to other instruments which are virtually equivalent, discount methods for estimated future cash flows and price-fixation models for options making the best use of observable data of the market and relying as little as possible on subjective considerations of the Group.

Financial assets are derecognised from the balance sheet when all risks and benefits attached to the ownership of the assets are virtually transferred. Particularly, in the case of the accounts receivable, it is widely understood that assets are derecognised whenever insolvency and default risks have been transferred.

Assets recorded as hedged items are subject to the valuation requirements of hedge accounting (Note 4.10).

4.10 Financial derivatives and hedge accounting

Financial derivatives are values, both at the initial time and during subsequent adjustments, at their fair value. The method for the recognition of resulting profits and losses depends on whether the derivative has been allocated as a hedging instrument or not and, where appropriate, on the type of hedging. The Group classifies certain derivatives as:

4.10.1. Hedging of fair value

Changes in fair value of derivatives designated and qualified as hedges of reasonable value are registered on the consolidated profit and loss account together with any change in fair value of the hedged asset or loss which is attributable to the hedged risk.

4.10.2. Cash flow hedge

The effective part of changes in the fair value of those derivatives which are designated and classified cash flow hedges are temporarily recognised in the net equity. Their allocation to the consolidated profit and loss account is applied during those financial years in which the foreseen hedging operation affects results, unless such hedging corresponds to a foreseen operation which results in the recognition of a non-financial asset or liability, in which case the amounts recorded in the net equity are included in the cost of the asset when purchased or of the liability when incurred.

The profit or loss corresponding to the non-efficient part is immediately recognised on the consolidated profit and loss account.

4.10.3. Hedging of a net investment in foreign business

In hedging operations for net investment in joint businesses with no independent legal personality and branches abroad, changes in the value of the derivatives attributable to hedged risks are temporarily recognised in net equity, being allocated to the profit and loss account in the financial years in which the net investment in the business abroad is disposed of.

Hedging instruments are valued and recorded based on their nature insofar they are, or they are not, efficient hedging.

In the case of those derivatives not eligible for hedge accounting, profit and losses in the fair value of those derivatives are immediately recognised in the consolidated profit and loss account.

4.11 Inventories

Inventories are assessed at their cost or at their realisable net value, whichever the lowest. When the realisable net value of inventories is lower than their purchase cost, the appropriate valuation adjustments will be made and recognised as an expense in the consolidated profit and loss account. If the circumstances causing the value adjustment are no longer applicable, the amount of the adjustment will be subject to reversion and recognised as income in the consolidated profit and loss account.

The cost is established using the weighted average cost. The cost of finished products and goods-in-process include the costs of the design, raw materials, direct labour, other direct costs and general production expenses (based on a standard work capacity of the production means). The realisable net value is the estimated selling price in the ordinary course of the business minus the necessary estimated costs for its completion, as well as, in the case of raw materials and goods-in-process, the necessary estimated costs for the completion of their production.

In the case of those inventories requiring a term over a year in order to be ready for sale include the cost of financial expenses foreseen for the fixed assets (Note 4.6).

Initial expenses, projects and installations are recognised at the acquisition or production cost. Their allocation to the cost of the works is made based on the executed production of such works.

4.12 Equity

The share capital is represented by ordinary shares.

The issue costs for new share or options are directly discounted from the net equity, as a reduction in reserves.

When any company within the Group acquires shares of the Company (own shares), the consideration paid, including any incremental cost directly attributable, is deduced from the equity until its withdrawal, new issue or disposal. When these actions are sold or subsequently issued again, any amount received, net from any incremental cost of the operation which may be directly attributable to it, is included in the equity.

4.13 Financial Liabilities

4.13.1. Debits and Items Payable

This category includes debits from trading operations and debits from non-trading operations. These external resources are classified as current assets, unless the Group has an unconditional right to differ their liquidation during 12 months after the date of the balance sheet.

These debts are initially recognised at their fair value, adjusted by any transaction costs directly attributable, which are subsequently recorded at the depreciated cost using the effective interest rate method. Said effective interest is the discount rate which balances the book value of the instrument with the projected future payments foreseen up to the maturity date of the liability.

Notwithstanding the foregoing, debits from trade operations with a maturity not exceeding a year and which have no contractual interest rate are valued both at their initial recognition time and, subsequently, at their nominal value when the effect arising from the lack of updating of the cash flows is not significant.

In the event that existing debts are re-negotiated, it shall be construed that there are no substantial changes in the financial liability when the lender of the new loan is the same one than the one granting the initial loan and the current value of cash flows, including net commissions, does not differ over 10% of the current value of those cash flows pending payment regarding the original liability calculated according to this same method.

In the case of convertible bonds, the Group establishes the fair value of the liability component by applying the interest rate for similar non-convertible bonds. Such amount is registered as a liability on the basis of the depreciated cost up to its settlement at the time of conversion or maturity. The rest of income obtained is allocated to the conversion option which is recorded in equity.

4.13.2. Financial liabilities held for trading and other financial liabilities at fair value with changes in the profit and loss account

All those liabilities held for trading which are issued for the purposes of being re-acquired in the short-term or which are part of a financial instrument portfolio jointly identified and managed so as to obtain short-term profits shall be considered financial liabilities at fair value with changes in the profit and loss account, as well as those financial liabilities so recorded by the Group at their initial recognition time for the inclusion within this category since that information would be more relevant. Derivatives are also classified as 'held for trading' as longs as do not refer to a financial guarantee agreement or have been recognised as hedging instruments (Note 4.10).

These financial liabilities are valued, both initially and subsequently, at their fair value, recording any relevant value changes in the consolidated profit and loss account of the financial year. Transaction costs directly attributable to the issue shall be allocated to the consolidated profit and loss account of the financial year in which they are incurred.

4.14 Subsidies Received

Refundable subsidies considered refundable are recorded as liabilities until they comply with the conditions to be considered non-refundable, whereas non-refundable subsidies are recorded as income directly attributed to net equity and are recognised as income on a rational and systematic basis correlated to the expenses arising from the subsidy. Non-refundable subsidies received from the partners are directly allocated to own funds.

For these purposes, a subsidy is considered non-refundable when there is a separate granting agreement for the subsidy, all conditions set out for its granting have been complied with and there are no reasonable doubts on its collection.

Monetary subsidies are recognised at the fair value of the amount granted and non-monetary subsidies are recognised at the fair value of the good received, both of them at the time of their recognition.

Non-refundable subsidies related to the acquisition of the intangible fixed assets, tangible fixed assets and real estate investments are allocated as income of the financial year proportionally to the depreciation of the corresponding assets or, as the case may be, when their disposal, valuation adjustment or derecognition is completed. On the other hand, non-refundable subsidies related to specific expenses are recorded in the consolidated profit and loss account of the financial year in which the relevant expenses and the ones granted in order to compensate the operation deficit in the financial year in which they are granted are accrued, unless they are allocated in order to compensate the operation deficit of future years, in which case, they are allocated in said years.

4.15 Current and Deferred Taxes

Expenses (income) arising from the profit tax are the amounts that, in relation to this item, are accrued during the financial year and include the expenses (income) arising from the current tax and the deferred tax.

Both expenses (income) arising from the current tax and from the deferred tax are recorded in the profit and loss account. However, the tax effects related to items which must be recorded in the net equity statement are thus recorded under such heading.

Current tax assets and liabilities are valued at the amounts which are expected to pay or receive from tax authorities in accordance with current regulations or those regulations approved pending publication at year-end.

Deferred taxes are calculated, in accordance with the liability method, based on the temporary differences arising between the tax basis of the assets and liabilities and their corresponding book values.

However, deferred taxes are not recognised if they arise from the initial recognition of a certain asset or liability or, in the case of a liability, from an operation other than a combination of business operations which at the time of the operation does not affect the book value or the tax base of the relevant tax. The deferred tax is established by applying current regulations and tax rates approved or pending approval at the balance sheet date and which is expected to be applied when the corresponding deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are only recognised when it is considered likely that the companies will have future tax gains against which temporary differences may be offset.

Deferred taxes of those temporary differences arising from dependent and associated investment and those of joint business are also recognised with the exception of those cases in which the Group is able to control de reversion time of the temporary differences and it is also likely that such temporary differences are not being reverted in a foreseeable future.

4.16 Provisions and Contingent Liabilities

Provisions for environmental restructuring, restructuring costs, and for legal claims are recognised when the Group has a present obligation, whether legal or implicit, as a result of past events, and it is foreseeable that resources may be necessary for the settlement of the obligation and the amount may be reliable estimated. Restructuring provisions include penalties for lease cancellation and payments for employee dismissal. Provisions for future operating losses are not recognised.

Provisions are valued at the current value of estimated payments for the liquidation of the obligation at a rate before taxes which reflects the assessments in current markets of the temporary value of the money and the specific risks of the relevant obligation. Provision adjustments for updating are recognised as financial expenses as accrued.

Those provisions with a maturity date equal to or under a year with a not significant financial effect are not discounted.

When part of the payments necessary for the settlement of the provision is reimbursed by a third party, said reimbursement is recognised as an independent asset, as long as its reception is virtually a fact.

On the other hand, contingent liabilities are any potential obligations arising as a result of past events, the materialisation of which depends on whether one or more future events beyond the Group's control occur. Said contingent liabilities are not subject to accounting registration so its breakdown is included within the report (Note 27).

4.17 Business Combinations

Merger, split-up and non-monetary contribution operations of a certain business between Group companies is registered according to the provisions set out for operations between related parties (Note 4.24).

Merger and split-up operations other than the previous ones and business combinations arising from the acquisition of all equity instruments of a certain company or part of a company making up one or more businesses are registered according to the acquisition method (Note 4.1).

4.18 Joint Ventures

The Group takes part in several joint businesses which are managed through multi-group companies or operations and assets jointly managed, among which temporary joint ventures (JVs) are included.

Joint businesses managed by means of the incorporation of an independent legal person or jointly controlled companies (multi-group companies) are recorded according to the criteria established in Note 4.2.

Regarding jointly managed assets and exploitations, involving the use of assets and other resources owned by the participants, the Group records its proportional part of the jointly managed and the liabilities jointly incurred based on the participation share, as well as the assets related to the joint exploitation under their control and the liabilities incurred as a consequence of the joint business.

Likewise, the share corresponding to income generated and expenses incurred due to the joint business are recorded in the profit and loss account. Additionally, expenses incurred regarding the participation in the joint business are also recorded.

Unrealized profits or losses arising from reciprocal transactions are eliminated proportionally to participation, as well as amounts from reciprocal cash flows, assets, liabilities, income and expenses.

4.19 Recognition of Income

The turnover includes the fair value of the considerations received or to be received for the sale of goods and services in the ordinary course of the Group's activities. The turnover is recorded net from the value added tax, refunds and discounts and once the intra-group sales are eliminated.

The Group recognises income when the amount of such income may be valued in a reliable manner, it is likely that the Group is receiving future financial benefits and all particular conditions for each one of the Group activities are complied with as described below. The amount of income may not be reliably valued until all contingencies related to the purchase are settled. The estimations of the Group are based on historical results taking into account the type of client, the type of operations and the specific terms of each agreement.

The criteria followed for the recognition of income in each one of the activity areas of the company are:

Construction and Engineering Activities

When the profit/loss of a construction contract may be estimated reliably enough, income and costs associated to such contract are recorded in the profit and loss account as such, with reference to the status of completion of the activity performed by virtue of the contract on the closing date of the balance sheet. For those works in which losses are estimated, in order to prepare an updated budget, the necessary provisions for covering them in full must be made when such circumstance is foreseen.

In order to establish the completion status of a certain contract, the company usually applies the completed work examination criteria. This method may be applied by means of the existence in all contracts, on a general basis, of the following elements:

- A definition of each and every work units that need to be executed in order to complete the works in full;
- The measurement of each one of these work units; and
- The certified price for each one of them.

The execution costs of the works are recorded in the books on an accrual basis, recording as expense those actually incurred during the execution of the work units completed (including those expenses accrued for which the corresponding invoice of the supplier has not been received, in which case the relevant liability associated to those invoices to be received is recorded).

The application of this method for profit recognition is combined with the drafting of a budget, which is performed for each building contract and per work unit. This budget is considered a key element for the management in order to keep a close monitoring of the work units when deviations are found between the budget and the real costs.

In exceptional cases, if it is not possible to make an estimate of the margin for the full contract, the total of costs incurred are recognised herein, while reasonably certain sales related to the works performed are accounted for as income from such contract, up to the limit of the aforementioned costs incurred in the contract.

Throughout the execution of the works, unexpected circumstances may arise which are not foreseen in the main contract and which may imply additional works to be carried out. Changes of the initial contract require the technical approval by the client and subsequently the financial approval allowing, from that moment on, the issue of certificates and the collection of payments for these additional works. On a general basis, we do not record income for these additional works until the client reasonably guarantees their approval; costs incurred for the execution of these works are actually registered as they are actually incurred, regardless of the degree of approval by the clients on the works carried out.

In the event that the amount of the executed work giving rise to each one of the works is higher than the certified amount for each one of them until the closing date, the difference between the two amounts is recorded under heading "Clients and other accounts receivable" in the consolidated balance sheet. If the amount of the executed work giving rise to each one of the works was lower than the amount of the certificates issued, the difference is recorded under the heading "Suppliers" in the consolidated balance sheet.

Those costs estimated for site clearance are registered upon its completion based on the estimation of costs to be incurred for this item; expenses arisen from the completion of the work until its final settlement are charged against the provision registered.

In those cases when, at closing date, there are construction contracts the results of which are negative, estimated losses are registered in the books when it is likely that such losses may be compensated with additional income.

In the event of claims against the client due to construction overruns, the Group will only register the corresponding income when the negotiations have reached an advanced stage and the likelihood that the client accepts this claim is high and its amount may be reliably measured.

Default interests are originated due to a delay in the collection of certifications with Public Administrations and are registered when it is likely that said interests are going to be received and their amount may be reliably measured.

Costs associated to the submission of bids for the awarding of works are charged to the profit and loss account as incurred when it is not likely or it is unknown, when incurred, that the contract will be awarded favourably. Costs related to the submission of bids are included in the cost of the contract when it is likely or known that the contract will be obtained or when it is known that said costs will be reimbursed or included within the income of the contract.

Concession and Service Provision Activities

Multi-Element Contracts

Concessions of public services are contracts between a private operator and the Administration, where the latter grant the private operator the right of supplying public services such as, for example, the supply of water and power or the operation of roads, airports or penitentiaries. The control of the asset remains in the hands of the public sector but the private operator is responsible for the construction of the asset, as well as for the operation and maintenance of the infrastructure. Based on the terms of the contract, concessions are considered as intangible fixed assets (when the main element is the fact that the concession holder has the right to receive fees directly from the user of the level of future flows is not guaranteed by the grantor) or the financial assets (in those cases in which the grantor guarantees a certain level of future cash flows).

The Group offers certain agreements by means of which it builds an infrastructure in exchange for the obtaining of a concession for the operation of said infrastructure during a certain period. When these multi-element agreements take place, the amount being recorded as income is defined as the fair value of each one of the contract stages. Income regarding design and construction of the infrastructure is registered based on the criteria set out in previous paragraphs. Income regarding the operation of an intangible fixed asset is registered on an accrual basis as operating income whereas income regarding those cases where it was recorded as financial asset constitutes a reimbursement of the principal with an element of interest income. For the characteristics of the main activities of the Group the following rules have been set out:

Car Parks

Within the car parks business divisions the following items must be highlighted:

- Short-Stay Car Parks:

In this case income comes from the use of parking spaces owned by the Group or under the administrative concession regime. Income from short-stay car parks are registered upon the sale of tickets by the hour and, in the case of subscribers, when the relevant instalments are collected.

- Short-stay and residential car parks:

Those car parks containing spaces for short stays and residents, called mixed car parks, register their income, regarding short-stay spaces, as described in the previous paragraph, and regarding spaces for residents, collections received for spaces delivered are registered as a liability and are allocated to the profit and loss account according to the straight-line method during the terms of the corresponding concessions, to the extent that the distributable costs may not be reasonably segregated. In the accounting period during which income is registered, the necessary provisions are made for the covering of those expenses that arise after the relevant deliveries are made. These provisions are made in accordance with the best estimates of the expenses to be incurred and that may only decrease in the event of payments regarding the reason giving rise to the provision or in the event of a decrease in the risk. Once the risk has disappeared or all payments are made, the exceeding provision is reverted. Activated costs are classified under the intangible fixed assets heading.

4.20 Income for Interests

Income for Interests is recognized using the effective interest rate method. When a certain loan or account receivable suffers a loss due to value impairment, the Group reduces the amount in books up to its recoverable amount, which is calculated based on the estimated future cash flows discounted at the original effective interest of the instrument and it keeps updating the account receivable as interest income. Interest income related to loans which have suffered losses due to value impairment is recorded using the original effective interest rate.

4.21 Income for Dividends

Income for dividends is recorded when the right to received the payment is established.

4.22 Leases

4.22.1. Financial lease - lessee

The Group leases certain tangible fixed assets. Leases of tangible fixed assets in which the Group has virtually all risks and benefits arising from the property are classified as financial leases. Financial leases are capitalised at the beginning of the lease at the fair value of the asset under lease or at the current value of the minimum payments agreed by the lease agreement, whichever the lowest. For the calculation of the current value, the implicit interest rate of the contract is used and, if such amount cannot be established, the interest rate of the Group for similar operations is used.

Each payment for leases is distributed between the liability and the financial charge. The overall financial charge is distributed throughout the lease term and it is recognised under the profit and loss account for the financial year during which it is accrued, using the effective interest rate method. Contingent rents are expenses corresponding to the financial year in which they are incurred. The corresponding obligations for leases, net from financial charges, are included in

"Creditors for Financial Leasing". Fixed assets acquired under the financial lease regime are depreciated during its useful life or the duration of the contract, whichever the lowest.

4.22.2. Operating lease - lessee

Leases in which the lessor keeps a major part of the risks and benefits arising from the ownership are classified as operating leases. Payments for operating leases (net from any incentive received from the lessor) are charged to the consolidated profit and loss account of the financial year in which they are accrued on a straight-line basis during the lease period.

4.22.3. Lessor

When assets are leased under financial lease, the current value of rent payments discounted at the interest rate provided by the agreement is recognised as an item receivable (Note 4.9). The difference between the gross amount receivable and the current value of such amount, corresponding to non-accrued interests, is allocated to the consolidated profit and loss account of the financial year in which said interests are accrued following the effective interest rate method.

When assets are leased under operating lease, the relevant asset is included in the consolidated balance sheet based on its nature. Income arising from leases is recognised following the straight-line method during the term of the lease.

4.23 Transactions in Foreign Currency

4.23.1. Operating and presentation currency

The operating currency is the currency of the main economic environment in which the Group operates, that is to say, the currency of the environment in which the Group generates and uses cash.

The consolidated financial statements of the Group are expressed in Euros, which is the operating and presentation currency of the Group.

4.23.2. Conversion of financial statements into a currency other than Euro

The conversion of the financial statements of a Group company the operating currency of which is not the Euro is carried out in accordance with the following rules:

- Assets and liabilities are converted into the exchange rate at closing date, being such rate the average spot rate existing as of that date;
- The items corresponding to net equity, including the profit and loss of the year, are converted into the historical exchange rate;
- The difference between the net value of assets and liabilities and net equity items is included in one of the net equity headings under the title "Translation Differences", if appropriate, net of tax effect and after deducting the part of such difference corresponding to minority shareholders, and
- The cash flows are converted into the exchange rate of the date in which each operation was made or by using a weighted average exchange rate of the monthly period as long as there were no significant variations.

The conversion difference recorded in the consolidated balance sheet is recognised in the consolidated profit and loss account of the period in which it is disposed of by other investment means in the consolidated company.

The historical exchange rate is:

- For net equity items existing on the date of acquisition of the shareholdings to be consolidated: the exchange rate on the date of transition;
- In the case of the income and expenses, included the ones directly allocated to net equity: the exchange rate on the date in which the operation was carried out. If exchange rates had not varied significantly, the weighted average rate of the monthly period will be used, and
- Reserves created following the transaction dates due to retained earnings will be consolidated at the effective exchange rate resulting from the conversion of income and expenses arising from those reserves.

The consolidated goodwill and the adjustments to fair values of assets and liabilities arising from the application of the acquisition method are considered elements of the company acquired, so they are converted into the exchange rate at closing date.

The conversion into Euros of the financial statements expressed in an operating currency corresponding to a hyperinflationary economy is carried out according to the following rules:

- Before their conversion into Euros, balances of the financial statements are adjusted according to the following criteria;
- Assets, liabilities, items within the net equity, income and expenses, are converted into Euros at the exchange rate of the closing date corresponding to the closest balance date;
- Comparative figures are those presented as current amounts corresponding to each year, with the exception of the ones corresponding to the first financial year in which the re-expression needs to be executed and therefore they are not adjusted based on subsequent variations which may have arisen regarding price levels or exchange rates.

As of 31 December 2015, none of the group companies had the operating currency of a hyperinflationary economy.

4.23.3. Transactions and balances in foreign currency

Transactions in foreign currency are converted into operating currency by applying the exchange rates currently valid on the date of the transactions. Profit and loss in foreign currency resulting from the settlement of these transactions and from the conversion at closing exchange rates corresponding to the monetary assets and liabilities denominated in foreign currency are registered in the profit and loss account, unless they are different in the equity statement as qualified cash flow hedges and qualified net investment hedges.

Changes in the fair value of monetary bonds denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the depreciated cost of the bond and other changes in the book value of the bond. Translation differences are registered in the profit and loss account of the financial year and other changes in the book value are registered in the equity statement.

Translation differences corresponding to non-monetary items, such as equity instruments held at fair value with changes in the profit and loss account are allocated as part of the profit or loss at fair value. Translation differences corresponding to non-monetary items such as equity instruments classified as financial assets available for sale are included in the equity statement.

4.24 Transactions between Related Parties

In general, all operations between group companies are initially recognised at their fair value. If appropriate, should the price agreed upon be different from the fair value thereof, such difference will be recorded taking the type of economic operation into consideration. Subsequent valuations are made pursuant to the provisions of applicable regulations.

Notwithstanding the foregoing, in the operations the purpose of which is a business which includes the participations in the net equity which grant control over a company constituting a business, the Group follows this criterion:

4.24.1. Non-Monetary Contribution

In non-monetary contributions to a group company, both the contributing company and the acquiring company register the investment at the book value of the equity elements delivered in the consolidated financial statements at the date on which the operation is carried out. For these purposes, the consolidated financial statements of the largest group or sub-group in which the equity instruments are integrated the parent company of which is Spanish are used.

4.24.2. Merger and split-up

- For operations between group companies in which the parent company of the group or sub-group intervenes together with its subsidiary, directly or indirectly, equity elements of the business acquired are valued at the amount corresponding to them in the consolidated financial statements of the group of sub-group. The difference arising is charged against the reserves item.
- In the case of transactions between other group companies, the equity elements acquired are registered at their book values in the consolidated financial statements of the largest group or sub-group in which they are integrated and the parent company of which is Spanish.

The date for accounting effects of merger and split-up transactions between group companies is the one corresponding to the beginning of the financial year in which the transaction is approved, as long as it is a later date to the incorporation to the Group. If one of the intervening companies in the transaction had become part of the group in the financial year in which the merger or split-up took place, the date of accounting effects will be the one corresponding to the acquisition date.

The comparative information of the previous year is not expressed again in order to reflect the effects of the merger or spilt-up, even though the companies taking part in the transaction were part of the Group during such year.

4.24.3. Capital reductions, allocation of dividends and dissolution

In those cases in which the business in which the reduction of capital is applied, the payment of dividends is agreed and the liquidation share of the partner is cancelled remains within the Group, the assigning company will register the difference between the debt and the book value of the business delivered in the reserves item. The assignee registers the business in accordance with the rules for mergers and split-ups set out in Note 4.24.2).

4.25 Segmented information

4.25.1. Segmentation criteria

The criteria applied when submitting the segmented information of the Group included in the consolidated report have been the following:

Segmentation has been carried out based on business units separating the operating activities corresponding to residential, non-residential, after-sales services, management of real estate assets and other services.

4.25.2. Basis and methodology of the information by segment

Income and expenses allocated to each one of the segments correspond to those directly attributable to the segment so they do not include financial results nor any other type of result other than the ones purely corresponding to operating results. Assets and liabilities of the segments are those directly related to their operations or to the participation in companies devoted to such activity.

Those identifiable components of the Group which are subject to similar risks and performances are identified by means of segmentation.

4.26 Environmental Assets and Liabilities

The consolidated group has no environmental liabilities, expenses, assets, provisions or contingencies that may be significant regarding the equity, the financial situation and its results. In view of the above, specific breakdowns have not been included in this report on the consolidated financial statements, concerning the information on environmental issues.

4.27 Benefits for Employees

Compensation for termination

Compensations for termination are paid to employees as a consequence of the decision of the Group of terminate its employment contract before the standard retirement age or when the employee voluntarily accepts to resign in exchange for these benefits. The Group recognises these benefits when it has undertaken demonstrably to terminate the employment of its employees in accordance with a formal and detailed plan that cannot be revoked or to provide benefits due to termination as a consequence of an offer for encouraging voluntary resignation. Those benefits which are not going to be paid up within twelve months following the balance date are discounted at their current value.

5.- MANAGEMENT OF FINANCIAL RISK

5.1. Financial Risk Factors

(in thousand Euros)

The activities of the Group are exposed to several financial risks: market risk (including the exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The management programme of the global risk of the Group is based on the uncertainty of financial markets and tries to minimise the potential negative effects on its financial profitability.

The management of the Group's financial risks is handled by the Finance Management Department, which has established the necessary mechanisms to control exposure to variations in interest rates and exchange rates as well as credit and liquidity risks.

The management risk is controlled by the Treasury Department of the Group, which identifies, assesses and covers financial risks according to the policies approved by the Board of Directors. The Board provides written policies for the management of global risk, as well as for specific areas such as interest rate risk, liquidity risks, use of derivative and non-derivative instruments and investment of liquidity surplus.

a) Market Risk

Exchange Rate Risk

The Group operates at an international level in more than 10 countries and therefore, it is exposed to exchange rate risk due to foreign currency operations. As a consequence of the development of its business activities and operations, the Group is affected by financial risks due to exchange rates which are subject to centralised management.

The management has established a policy so as to manage their foreign currency exchange risk before the operating currency which established several "natural coverage" mechanisms, reinvesting liquidity surpluses in those countries in which it is implemented. Likewise, the Group strategy for new photovoltaic projects will consist of the purchasing of hedge instrument for exchange rate risks.

Exposure to interest rate variations

The interest rate risk of the Group arises mainly from long-term debts with credit entities, which are mostly issued at variable rate, being the Euribor the main reference.

The policy of the Group consists of using interest rate swaps so as to convert into fixed debts the long-term debts with credit entities which can also be applied to debts related to concession projects developed through multi-group and associated companies.

The exposure to variable interest rate as of the end of financial years 2015 and 2014 is as follows:

	Thousand Euros	
Referenced to the Euribor	**2015**	**2014**
Debt at variable interest uncovered by financial derivatives	43,038	57,677
Debt of the Group	173,678	167,522
Debt exposed to interest rate risk (%)	25%	34%

(*) Includes "Debentures and other marketable securities" and "Debts with credit entities".

The Group analyses its exposure to interest rate risk in a dynamic manner considering long-term financing, renewal of current positions and alternative financing. Said risk is not a significant risk taking into account the amounts finance at long-term.

Price Risk

The Group is not significantly exposed to price risk on capital securities since there are no significant investments, nor is it exposed to price risk on raw materials since on a general basis the variations in value are efficiently transposed to sales prices by all similar contractors operating within the same industry. The Group reduces and mitigates price risk with policies established by the Management, guaranteeing the production or obtaining at a fixed price of several raw materials with framework agreements.

b) Credit Risk

The credit risk of the Group is mainly related to trade credits. Once the contracts are under execution, the credit quality of the amounts pending collection is periodically assessed and all estimated recoverable amounts are reviewed in relation to those considered bad debts by means of the consolidation of the results of the financial year.

Operations with credit entities included as cash and cash equivalents and other financial assets for short-term deposits with credit entities are purchased with renowned financial entities.

Regarding the balances of item 'Clients and other accounts receivable', a high proportion of such balances refers to transactions with national and international public entities, so the Group considers that the credit risk is very limited. Regarding public sector clients, a significant portion of the balances refer to companies with a high credit rating with which there are no outstanding payments. A follow-up of the global position of item 'Clients and accounts receivable' is frequently made, as well as an individual analysis of the most significant exposures.

c) Liquidity Risk

During financial year 2015, the Group has signed a syndicated loan agreement (Note 21) which has allowed to significantly reduce the short-term debt thus minimising the Group's exposure to the liquidity risk.

However, in order to manage the liquidity risk and to cover the different needs for funds, the Group prepares an annual cash budget and a monthly cash prevision, the latter including a daily breakdown and update. Likewise, the company applies a cautious management of the liquidity risk based on the maintenance of a sufficient cash level and the availability of financing by means of a sufficient amount of committed credit facilities and on a sufficient capacity for settling market positions.

Taking into consideration all of the foregoing, as of the date of issue of the financial statements of the company, the Group covers all need for funds so as to comply with every obligation towards suppliers, employees and administration in accordance with the cash flow foreseen for the financial year 2016.

5.2. Assessment of the Fair Value

The fair value of financial instruments being traded in active markets (such as assets available for sale) is based on market prices at the date of the balance sheet. The listing price used for financial assets is the current purchase price.

(in thousand Euros)

It is assumed that the book value of credits and debits for commercial transactions is similar to that of their fair value.

6.- BUSINESS COMBINATIONS

On 19 October 2015, the Group acquired the control of the company Ortega y Gasset Park, S.L., which operated a car park under the concession regime and which was previously classified as a joint business. The takeover was carried out by means of the purchase of shares corresponding to 50% of the share capital of the company, so the parent Company now owns a participation amounting to 100%.

On 30 November 2015, the Group acquired the control of companies Águeda Educatis, S.L. and Águeda Educatis Tres Cantos S.L.U., companies devoted to real estate activities, which were previously classified as associated companies. The takeover was carried out by means of the purchase of shares corresponding to 50% of the share capital of the company of the Company Águeda Educatis S.L. by the dependent company Ortiz Inmobiliaria, S.L.U., so this company now owns a participation amounting to 100%.

The values corresponding to both business combinations are detailed below:

	ORTEGA Y GASSET PARK	**AGUEDA EDUCATIS**
Cash and cash equivalents	35	396
Short-Term Financial Investments	27	27
Intangible fixed assets (Note 7):	13,443	-
Inventories (Note 15)	-	31,837
Accounts receivable	9	222
Total Assets	**13,514**	**32,482**
Debits and Items Payable	8,386	19,336
Long-term accruals	3,477	13,131
Net deferred tax liabilities	389	-
Total liabilities	**12,252**	**32,467**
ASSETS AND LIABILITIES AT FAIR VALUE	**1,262**	**15**
Cost of the business combination	631	7
Fair value of the previous participation	631	11
COST OF THE BUSINESS COMBINATION	**1,262**	**18**
Goodwill	**-**	**3**

7.- INTANGIBLE FIXED ASSETS

The breakdown of items included under "Intangible fixed assets", with the exception of the consolidated goodwill included below, is the following:

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

CONSOLIDATED REPORT FOR FINANCIAL YEAR ENDED AS OF 31 DECEMBER 2015
(in thousand Euros)

2015	Administrative concessions	Patents, licenses and trademarks	Goodwill	Computer software	Other intangible fixed assets	Advance payments, concession agreements	Concession Agreement, regulated assets	Concession Agreements, financial activation	Total
31 December 2014:									
Cost	1,595	47	23,297	1,302	2,290	10,002	37,251	1,091	76,875
Accumulated Amortisation:	(111)	(4)	-	(1,219)	-	-	(5,137)	-	(6,471)
Impairment	-	-	-	-	-	-	(1,100)	-	(1,100)
Net Book Value as of 31/12/2014	**1,484**	**43**	**23,297**	**83**	**2,290**	**10,002**	**31,014**	**1,091**	**69,304**
Cost:									
New entries	-	-	3	8	-	225	-	157	**393**
Disposals	-	(5)	-	(1,040)	-		(508)	(75)	**(1,628)**
Transfers	3,348	-	-	-	-	-	(11,993)	(853)	**(9,498)**
Perimeter variations	13,443	-	-	-	-	(5,277)	-	-	**8,166**
Other movements	(362)	-	-	-	-	-	-	-	**(362)**
Cost as of 31/12/2015	**16,429**	**(5)**	**3**	**(1,032)**	**-**	**(5,052)**	**(12,501)**	**(771)**	**(2,929)**
Accumulated amortisation:									
New entries	(260)	-	-	(71)	(4)	-	(626)	-	**(961)**
Disposals	-	5	-	1,040	-	-	85	-	**1,130**
Transfers	(323)	-	-	-	-	-	1,854	-	**1,531**
Perimeter variations	(304)	-	-	-	-	-	-	-	**(304)**
Accumulated amortisation as of 31/12/2015	**(887)**	**5**	**-**	**969**	**(4)**	**-**	**1,313**	**-**	**1,396**
Net Book Value as of 31/12/2015	**17,026**	**43**	**23,300**	**20**	**2,286**	**4,950**	**19,826**	**320**	**67,771**

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2014	**Administrative concessions**	**Patents, licenses and trademarks**	**Goodwill**	**Computer software**	**Other intangible fixed assets**	**Advance payments, concession agreements**	**Concession Agreement, regulated assets**	**Concession Agreements, financial activation**	**Total**
31 December 2013:									
Cost	1,595	47	23,297	1,325	2,246	7,660	37,251	801	**74,222**
Accumulated Amortisation:	-	(4)	-	(1,162)	-	-	(4,091)	-	**(5,257)**
Net Book Value as of 31/12/2013	**1,595**	**43**	**23,297**	**163**	**2,246**	**7,660**	**33,160**	**801**	**68,965**
Cost:									
New entries	-	-	-	29	44	2,342	-	290	**2,705**
Impairment	-	-	-	-	-	-	(1,100)	-	**(1,100)**
Disposals	-	-	-	(52)	-	-	-	-	**(52)**
Cost as of 31/12/2014	**-**	**-**	**-**	**(23)**	**44**	**2,342**	**(1,100)**	**290**	**1,553**
Accumulated amortisation:									
New entries	(111)	-	-	(106)	-	-	(1,046)	-	**(1,263)**
Disposals	-	-	-	49	-	-	-	-	**49**
Accumulated amortisation as of 31/12/2014	**(111)**	**-**	**-**	**(57)**	**-**	**-**	**(1,046)**	**-**	**(1,214)**
Net Book Value as of 31/12/2014	**1,484**	**43**	**23,297**	**83**	**2,290**	**10,002**	**31,014**	**1,091**	**69,304**

(in thousand Euros)

The breakdown regarding to variations of the perimeter during financial year 2015 correspond to the control acquisition of Ortega y Gasset Park, S.L. (Note 6), company operating under the concession regime, a short-stay car park and the loss of control of the company Ortiz Sport Factory, S.L.

Transfers of financial year 2015, mainly correspond to the classification under the concession agreement "Collado Villalba Car Park" under heading "Non-current trade debtors" since it is a financial asset.

Consolidated goodwill

The goodwill was allocated to the cash generating units (CGU) of the Group. There follows a summary in relation to the CGUs for the allocation of the goodwill:

	Thousand Euros	
CGU	**2015**	**2014**
Asteisa Tratamiento de Aguas, S.A.U.	26	26
Construcciones Icma-Proakis, S.A.U.	4,223	4,223
Contratas y Servicios Ferroviarios, S.A.U.	12,957	12,957
Elecor, S.A.U.	5,925	5,925
Impulsa Grup Ortiz, S.L.	13	13
Juan Galindo, S.L.U.	116	116
Ortiz Energía, S.A.U.	9	9
Grupo Ortiz Construcciones México, S.A.	28	28
Águeda Educatis, S.L.U.	3	-
Total	**23,300**	**23,297**

The recoverable amount of the CGU is determined based on the calculations of the value in use. The calculations are used in estimations of cash flows based on financial budgets approved by the Management and which cover a five-year period. Budgets and estimation have been prepared based on sales growth hypotheses in a range between -5% and 15% (2014: between -5% and 15%), margins which are consistent with the reality of the last financial years and a discount rate of 7.44% (2014: 7.43%), and a growth rate of the residual value amounting to 0% (2014: 0%).

Sensitivity analyses are additionally carried out for this type of goodwill, mainly related to the gross operating margin and the discount rate so as to make sure that possible changes in the estimation do not affect the possible recovery of the registered goodwill. In particular, a pessimistic scenario has been prepared featuring a reduction of the gross operating margin amounting to 100 basis points, which do not cause impairments.

Administrative concessions, concession agreements, patents, licenses and trademarks

The most significant elements included in these headings are the following as of 31 December 2015 and 2014:

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2015	Maturity date	Operating period	Amortisation of the financial year	Cost	Accumulated depreciation	Impairment losses	Book value
Reyes Católicos Car Park	25/07/2048	40 years	(109)	3,915	(373)	-	3,542
Alameda Car Park	31/12/2049	40 years	(57)	3,398	(390)	(1,100)	1,908
Iliada Car Park	22/08/2046	40 years	(106)	3,957	(716)	-	3,241
Juan R. Jiménez Car Park	02/02/2046	40 years	(161)	6,026	(1,034)	-	4,992
Pamplona Car Park	29/01/2047	40 years	(106)	3,999	(715)	-	3,284
Andorra II Car Park	16/07/2047	40 years	(91)	3,454	(597)	-	2,857
Photovoltaic Park Universidad Málaga	10/11/2036	25 years	(114)	3,197	(515)	(298)	2,384
Ortega y Gasset Car Park (*)	01/06/2064	50 years	(54)	13,684	(305)	-	13,379
‘Andrés Torrejón” Pavilion in Móstoles	11/02/2045	30 years	-	4,950	-	-	4,950
			(798)	**46,580**	**(4,645)**	**(1,398)**	**40,537**

(*) The consolidation perimeter was incorporated in October so only the depreciation corresponding to 2 months in 2015 is included.

2014	Maturity date	Operating period	Amortisation of the financial year	Cost	Accumulated depreciation	Impairment losses	Book value
Reyes Católicos Car Park	25/07/2048	40 years	(109)	3,915	(264)	-	3,651
Alameda Car Park	31/12/2049	40 years	(87)	3,398	(333)	(1,100)	1,965
Iliada Car Park	22/08/2046	40 years	(106)	3,957	(611)	-	3,346
Juan R. Jiménez Car Park	02/02/2046	40 years	(160)	6,026	(873)	-	5,153
Pamplona Car Park	29/01/2047	40 years	(106)	3,999	(609)	-	3,390
Andorra II Car Park	16/07/2047	40 years	(90)	3,454	(506)	-	2,948
Photovoltaic Park Universidad Málaga	10/11/2036	25 years	(128)	3,197	(402)	-	2,795
Ribadeo WWTP	31/05/2031	20 years	(26)	508	(85)	-	423
Collado Villalba Car Park	21/04/2046	40 years	(234)	8,797	(1,454)	-	7,343
Body Factory (*)	11/02/2045	30 years	-	5,277	-	-	5,277
“Andrés Torrejón” Pavilion in Móstoles	11/02/2045	30 years	-	4,724	-	-	4,724
			(1,046)	**47,252**	**(5,137)**	**(1,100)**	**41,015**

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(*) Exclusion of the consolidation perimeter during 2015.

Losses due to impairment of Individual Intangible Fixed Assets

During financial year 2015, the Group has not registered or reverted valuation corrections due to impairment for any element corresponding to intangible fixed assets. During financial year 2014, the Group registered an impairment value regarded a Concession Agreement, regulated asset (Alameda Car Park) for an amount of 1,100 thousand Euros.

Intangible fixed assets located abroad

As of 31 December 2015 and 2014, the Group has no investment in intangible fixed assets related to investments located out of the Spanish territory, or the rights of which may only be exercised outside such territory.

Capitalised Financial Expenses

The Group capitalises those financial expenses incurred during the financial year regarding the financing for the development of assets under construction as long as such assets are related to those tangible fixed assets with a production cycle over a year. During financial years 2015 and 2014 no capitalisation of interests has arisen.

Intangible fixed assets unrelated to business operations

As of 31 December 2015 and 2014 there are no intangible fixed assets which are not related to business operations.

Fully depreciated intangible fixed assets

As of 31 December 2015 the cost of elements within item 'intangible fixed assets' which are fully depreciated in use comes up to 73 thousand Euros (1,014 thousand Euros in 2014).

Intangible fixed assets related to guarantees

Intangible fixed assets amounting to 16,921 thousand Euros guarantees loans with credit entities amounting to 8,310 thousand Euros as of 31 December 2015. Intangible fixed assets amounting to 15,750 thousand Euros guarantees loans with credit entities amounting to 6,620 thousand Euros as of 31 December 2014.

Intangible fixed assets related to reversion

As of 31 December 2015 and 2014, elements within item 'intangible fixed assets' related to reversion are the ones previously listed in section "Administrative concessions, concession agreements, patents, licences and trademarks".

Insurances

The Group has subscribed insurance policies covering those risks intangible fixed assets are subject to. The coverage of such policies is deemed to be sufficient.

8.- TANGIBLE FIXED ASSETS

The breakdown and movements of those items included under "tangible fixed assets" during financial years 2015 and 2014 is as follows:

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Thousand Euros

2015	**Lands**	**Buildings**	**Machinery**	**Technical Installations**	**Other Installa tions**	**Furniture**	**Tools and Auxiliary Resources**	**Data-processing equipment**	**Transport elements**	**Other fixed assets**	**Assets under construction and advance payments**	**Total**
31 December 2014												
Cost	6,901	2,904	31,936	2,111	297	1,343	840	728	3,596	206	-	50,862
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Amortisation:	-	(720)	(26,498)	(534)	(255)	(1,032)	(798)	(655)	(2,254)	(178)	-	(32,924)
Net Book Value as of 31/12/2014	**6,901**	**2,184**	**5,438**	**1,577**	**42**	**311**	**42**	**73**	**1,342**	**28**	**-**	**17,938**
Cost:												
New entries	-	-	230	-	-	7	1	16	288	64	-	606
Disposals	-	-	(2,752)	(41)	(129)	(651)	(746)	(506)	(883)	(92)	-	(5,800)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Conversion differences	-	-	(88)	-	-	(5)	-	(8)	(73)	-	-	-
Transfers	-	-	(339)	-	-	(46)	-	(10)	(33)	9	-	(419)
31 December 2015	**-**	**-**	**(2,949)**	**(41)**	**(129)**	**(695)**	**(745)**	**(508)**	**(701)**	**(19)**	**-**	**(5,787)**
Accumulated amortisation:												
New entries	-	(61)	(1,889)	(184)	(12)	(54)	(13)	(37)	(383)	(25)	-	(2,658)
Disposals	-	-	2,581	44	129	649	726	505	628	90	-	5,352
Conversion differences	-	-	51	-	-	(2)	-	14	5	-	-	68
Transfers	-	-	(4)	-	-	-	-	55	(55)	3	-	(1)
31 December 2015	**-**	**(61)**	**739**	**(140)**	**117**	**593**	**713**	**537**	**195**	**68**	**-**	**2,761**
Cost	6,901	2,904	28,987	2,070	168	648	95	220	2,895	187	-	45,075
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Amortisation:	-	(781)	(25,759)	(674)	(138)	(439)	(85)	(118)	(2,059)	(110)	-	(30,163)
Net Book Value as of 31/12/2015	**6,901**	**2,123**	**3,228**	**1,396**	**30**	**209**	**10**	**102**	**836**	**77**	**-**	**14,912**

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Thousand Euros

2014	Lands	Buildings	Machinery	Technical Installations	Other Installations	Furniture	Tools and Auxiliary Resources	Data-processing equipment	Transport elements	Other fixed assets	Assets under construction and advance payments	Total
31 December 2013												
Cost	6,775	2927	31,038	2,109	297	1,375	829	731	3,304	441	-	49,826
Accumulated Amortisation:	-	(660)	(24,508)	(350)	(240)	(976)	(761)	(582)	(2,053)	(217)	-	(30,347)
Net Book Value as of 31/12/2013	**6,775**	**2,267**	**6,530**	**1,759**	**57**	**399**	**68**	**149**	**1,251**	**224**	**-**	**19,479**
Cost:												
New entries	103	-	1,168	2	-	66	11	64	532	7	-	1,953
Disposals	-	-	(270)	-	-	(98)	-	(67)	(240)	(242)	-	(917)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	23	(23)	-	-	-	-	-	-	-	-	-	-
31 December 2014	**126**	**(23)**	**898**	**2**	**-**	**(32)**	**11**	**(3)**	**292**	**-235**	**-**	**1,036**
Accumulated amortisation:												
New entries	-	(61)	(2,027)	(184)	(15)	(67)	(37)	(96)	(331)	(20)	-	(2,838)
Disposals	-	-	37	-	-	11	-	23	130	59	-	260
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
31 December 2014	**-**	**(61)**	**(1,990)**	**(184)**	**(15)**	**(56)**	**(37)**	**(73)**	**(201)**	**39**	**-**	**(2.5789**
Cost	6,901	2,904	31,936	2,111	297	1,343	840	728	3,596	206	-	50,862
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Amortisation:	-	(721)	(26,498)	(534)	(255)	(1,032)	(798)	(655)	(2,254)	(178)	-	(32,925)
Net Book Value as of 31/12/2014	**6,901**	**2,183**	**5,438**	**1,577**	**42**	**311**	**42**	**73**	**1,342**	**28**	**-**	**17,937**

(in thousand Euros)

Losses due to impairment of Individual Tangible Fixed Assets

During financial years 2015 and 2014, the Group has not registered or reverted valuation corrections due to impairment for any element corresponding to tangible fixed assets.

Tangible fixed assets located abroad

As of 31 December 2015 and 2014, the following investments by the Group in tangible fixed assets are located abroad:

						Thousand Euros
			2015			**2014**
	Book value	**Accumulated depreciation**	**Impairment losses**	**Book value**	**Accumulated depreciation**	**Impairment losses**
Machinery	1,139	(717)	-	1,315	(493)	-
Furniture	55	(29)	-	59	(26)	-
Data-processing equipment	107	(50)	-	115	(103)	-
Transport elements	399	(222)	-	505	(45)	-
Other tangible fixed assets	92	(22)	-	20	(7)	-
	1,792	**(1,041)**	**-**	**2,014**	**(674)**	**-**

Capitalised Financial Expenses

The Group capitalises those financial expenses incurred during the financial year regarding the financing for the development of assets under construction as long as such assets are related to those tangible fixed assets with a production cycle over a year. During financial years 2015 and 2014 no capitalisation of interests has arisen.

Tangible fixed assets unrelated to business operations

As of 31 December 2015 and 2014 there are no tangible fixed assets which unrelated to business operations.

Fully depreciated tangible fixed assets

Under heading 'constructions' there are no fully depreciated elements. The cost of the rest of elements of item 'tangible fixed assets' which are fully depreciated come up to an amount of 8,957 thousand Euros (12,866 thousand Euros as of 31 December 2014).

Tangible fixed assets related to guarantees

As of 31 December 2015 and 2014 there are no tangible fixed assets related to guarantees.

Tangible fixed assets related to reversion

As of 31 December 2015 and 2014 there are no tangible fixed assets related to reversion.

Insurances

(in thousand Euros)

The Group has subscribed insurance policies covering those risks tangible fixed assets are subject to. The coverage of such policies is deemed to be sufficient.

Goods under financial lease - lessee

Headings "Machinery" and "Transport elements" include assets under financial lease in which the Group acts as lessee, the amounts of which are shown below:

		Thousand Euros
	2015	**2014**
Cost - capitalised financial leases	1,649	1,884
Accumulated depreciation	(595)	(597)
Book value	**1,054**	**1,287**

The Group has several vehicles and machinery elements under non-cancellable financial leases. Their maturity dates range between 3 and 8 years and the Group owns the assets.

Assets under operating lease

The profit and loss account includes expenses for operating leases corresponding to the leasing of machinery and real estate amounting to 8,120 thousand Euros (2014: 12,589 thousand Euros).

9.- REAL ESTATE INVESTMENTS

Real estate investments include, land, office buildings, premises and car parks purchased which are maintained for the obtaining of long-term debts which are not occupied by the Group.

The breakdown of these real estate investments are shown in the following table:

			Thousand Euros
2015	**Lands**	**Buildings**	**Total**
Balance as of 31/12/2014			
Cost	55,203	25,525	80,728
Accumulated depreciation	-	(2,833)	(2,833)
Impairment	(5,873)	-	(5,873)
Net Book Value as of 31/12/2014	**49,330**	**22,692**	**72,022**
Cost:			
New entries	902	446	1,348
Disposals	(1,068)	(165)	(1,233)
Impairment	-	-	-
Transfers	(21,625)	271	(21,354)
Perimeter variation	-	143	143
Balance as of 31/12/2015	**(21,791)**	**695**	**(21,096)**
Accumulated amortisation:			
New entries	-	(431)	(431)
Disposals	-	7	7
Transfers	-	-	-
Perimeter variation	-	-	-

Balance as of 31/12/2015	**-**	**(424)**	**(424)**
Cost	27,539	26,220	53,759
Accumulated depreciation	-	(3,257)	(3,257)
Impairment			
Net Book Value as of 31/12/2015	**27,539**	**22,963**	**50,502**

Transfers corresponding to financial year 2015 mainly correspond to the re-classification of stocks of several plots of lands located in Madrid as a consequence of the Group's decision to develop real estate in them.

			Thousand Euros
2014	**Lands**	**Buildings**	**Total**
Balance as of 31/12/2013			
Cost	39,559	146,845	186,404
Accumulated depreciation	-	(8,605)	(8,605)
Impairment	-	-	-
Net Book Value as of 31/12/2013	**39,559**	**138,240**	**177,799**
Cost:			
New entries	17	146	163
Disposals	-	(206)	(206)
Impairment	(5,874)	-	(5,874)
Transfers	15,627	(2,276)	13,351
Perimeter variation	-	(118,985)	(118,985)
Balance as of 31/12/2014	**9,770**	**(121,321)**	**(111,551)**
Accumulated amortisation:	-		
New entries	-	(1,409)	(1,409)
Disposals	-	3	3
Transfers		281	281
Perimeter variation	-	6,899	6,899
Balance as of 31/12/2014	**-**	**5,774**	**5,774**
Cost	55,203	25,524	80,727
Accumulated depreciation	-	(2,831)	(2,831)
Impairment	(5,874)	-	(5,874)
Net Book Value as of 31/12/2014	**49,329**	**22,693**	**72,022**

Under this heading we include plots of land devoted to the development of future real estate and construction project (mainly residential and office buildings) the Group keeps in order to generate rents through leases the breakdown of which is the following:

- Lands: This item is basically made up of lands the Group owns within the Partial Development Plan UZP 1.04 "Atayuela" in Madrid, together with other ones located in El Casar (Guadalajara), Tarifa (Cádiz) and Gumiel de Izán and Villanueva de Izán (Burgos).

(in thousand Euros)

- Constructions: the main elements within this category are an office building located in Madrid and premises and garages located in several real estate developments built by the Group in Madrid, Fuenlabrada and Tres Cantos.

Impairment losses related to Real Estate Investments

During financial year 2015, the Group has not registered or reverted valuation corrections due to impairment for any element corresponding to real estate investments.

During financial year 2014, the Group registered a value impairment of the lands located in Madrid amounting to 5,874 thousand Euros, which has been reverted during year 2015, after the sale of such lands (Note 15).

Real Estate Investments located abroad

As of 31 December 2015 and 2015, the Group has no real estate investments abroad.

Real Estate investments unrelated to business operations

As of 31 December 2015 and 2015, there have been no real estate investments which are not unrelated to business operations.

Fully depreciated real estate investments

As of 31 December 2015 and 2014, there are no real estate investments which are fully depreciated.

Real estate investments related to guarantees

Real estate investments used for the guarantee of loans with credit entities come up to 15,030 thousand Euros as of 31 December 2015. (2014: 15,824 thousand Euros).

Additionally, there are 8,641 thousand Euros of real estate investments under guarantee corresponding to the contingent liabilities described in Note 26 as of 31 December 2015. (2014: 7,128 thousand Euros).

Real estate investments related to reversion

As of 31 December 2015 and 2015, the Group has no real estate investments under reversion.

Insurances

The Group has subscribed insurance policies covering those real estate investments are subject to. The coverage of such policies is deemed to be sufficient.

Income and expenses from real estate investments

The consolidated profit and loss account includes the following income and expenses from real estate investments.

	Thousand Euros	
	2015	**2014**
Income for leases	1,054	792
Direct operating expenses	871	610

(in thousand Euros)

10.- HOLDINGS IN COMPANIES BASED ON THE EQUITY METHOD

Holdings based on the Equity method correspond mainly to the participation of the Group in special purpose companies which are incorporated for the development of concession projects in the fields of infrastructures and power.

The breakdown of holdings in companies based on the equity method is the following:

	Thousand Euros	
	2015	**2014**
Agueda Educatis, S.L.	-	4
Ola Ortiz Construccion SPA	110	136
Aldigavia, S.L.U.	646	794
Aldigavia oficinas, S.L.U.	2,597	3,088
Urbanizadora Gade S.A	7,818	7,793
Inmuebles Gade, S.L.	15,260	9,618
Accesos de Ibiza, S.A.	3,934	3,117
Expociencia, S.L.	-	96
Viario A-31,S.A.	1,829	1,477
Africana Energia, S.L.	-	-
Alten Renewable Energy Insvements	5,404	5,449
Alten Renewable Energy Developments	2,915	2,970
Alten Pozohondo, S.L.	77	227
Alten El Casar, S.L.	-	1
Alten Los Hinojosos, S.L.	-	18
Alten Energias Renovables, S.L.	1,303	812
Alten Alconera, S.L.	1,935	3,860
Alten Alange, S.L.	1,293	3,745
Alten Alconera Dos, S.L.	-	8
Alten 2010 Renovables, S.L.	-	17
Alten Gestion de Proyectos, S.L.	-	-
Dumar Ingenieros, S.L.	-	-
Alten Hinojosa del Valle, S.L.	-	-
Bulevar del Arte y la Cultura, S.A.	83	17
MedSolar SPV10, S.R.L.	13	12
Ortmats Mantenimiento Integral, S.L.	200	175
Superficie Cartera de Inversiones, S.A.U.	169	871
Explotaciones Eólicas Vélez Rubio, S.L.U.	-	76
Fortem Integral, S.L.	-	43
Agueda Educatis Tres Cantos, S.L.U.	-	6
SPC 20 Infra e Saneamento Marabá	-	1
Construcciones Inca-Ortiz	-	-
Concesión del Sisga, S.A.S.	6	-
Ortiz Sport Factory, S.L.	-	-
Total	**45,592**	**44,431**

The breakdown of this item during the financial year is shown below:

	Thousand Euros	
	2015	**2014**
Balance as of 1 January	**44,431**	**45,528**
Share in profit/loss	(801)	(4,109)
New entries - Incorporation as associated companies	31	3,882
Deregistrations - Incorporation as dependent companies	(11)	(3,953)
Other changes in Net Equity	1,942	3,083
Balance as of 31 December	**45,592**	**44,431**

Holdings based on the equity method include the balances of the goodwill generated on the date the equity method was first applied. Out of the total amount of goodwill comprising the balance of holdings based on the equity method, it is important to highlight, according to their amount, the following ones corresponding to the following companies:

	Thousand Euros	
Goodwill - Equity Method	**2015**	**2014**
Alten Alange.	3,745	3,745
Alten Alconera	3,757	3,757
Alten Hinojosa del Valle	685	685
Dumar Ingenieros	509	509

The amount of assets, liabilities, ordinary income and the result of the financial year, as per the individual financial statements of the companies based on the equity method, as of 31 December 2015 and 2014, expressed in thousand Euros, is as follows:

2015	**Assets**	**Liabilities**	**Operating income**	**Result**
Aldigavia, S.L.U.	32,098	30,781	1,030	(807)
Aldigavia oficinas, S.L.U.	84,771	71,502	2,613	(977)
Urbanizadora Gade S.A	15,656	20	-	50
Inmuebles Gade, S.L.	32,767	13,502	-	(4)
Accesos de Ibiza, S.A.	72,431	64,564	7,934	955
Expociencia, S.L.	1,017	834	-	-
Alten Energias Renovables, S.L.	29,915	3,419	360	730
Alten Alconera, S.L.	65,755	68,375	5,715	35
Alten Alange, S.L.	68,911	72,426	6,360	82
Alten Alconera Dos, S.L.	41,038	42,241	3,544	(15)
Alten 2010 Renovables, S.L.	7,634	1,883	197	186
Bulevar del Arte y la Cultura, S.A.	13,288	13,090	1,978	113
Africana Energia, S.L.	350,665	370,646	41,126	(8,170)
Ortmats Mantenimiento Integral, S.L.	2,060	1,482	5,601	131
Superficie Cartera de Inversiones, S.A.U.	42,785	26,455	10,336	1,459
Explotaciones Eólicas Vélez Rubio, S.L.U.	63,398	63,841	7,765	(1,461)
Fortem Integral, S.L.	3,772	4,146	601	(589)
Viario A-31,S.A.	100,517	91,809	16,390	1,676
Alten Renewable Energy Insvements	23,348	601	-	(25)

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Alten Renewable Energy Developments	10,048	1,171	-	(402)
Alten Gestion de Proyectos, S.L.	1,453	3,952	614	(906)
Alten Pozohondo, S.L.	27,346	25,467	2,236	8
Alten El Casar, S.L.	1,997	1,994	-	(4)
Dumar Ingenieros, S.L.	450	708	-	(10)
Alten Hinojosa del Valle, S.L.	7,607	9,962	1,442	(566)
Alten Los Hinojosos, S.L.	12,511	13,316	1,261	(146)
Ortiz Sport Factory, S.L.	6,483	6,687	1,053	(250)
Concesión del Sisga, S.A.S.	3,861	3,847	-	-
Autopistas del Nordeste, S.A.S.	22,577	22,571	127	(7)
Ola Ortiz Construccion SPA	620	404	-	(35)
MedSolar SPV10, S.R.L.	2,609	-	478	2
SPC 20 Infra e Saneamento Marabá	-	129	-	-
Construcciones INCA-Ortiz, S.A.	1,090	2,347	-	(29)
	1,150,478	**1,034,172**	**118,761**	**(8,976)**

2014	Assets	Liabilities	Operating income	Result
Aldigavia, S.L.U.	32,691	31,071	413	871
Aldigavia oficinas, S.L.U.	85,001	71,003	1,124	1,529
Urbanizadora Gade S.A	15,625	40	-	88
Inmuebles Gade, S.L.	32,372	13,103	-	(2)
Accesos de Ibiza, S.A.	77,661	71,427	7,674	468
Expociencia, S.L.	1,017	834	1,554	(81)
Alten Energias Renovables, S.L.	28,842	3,077	433	202
Alten Alconera, S.L.	68,794	72,294	5,597	702
Alten Alange, S.L.	72,257	76,883	6,211	653
Alten Alconera Dos, S.L.	41,884	43,508	3,446	280
Alten 2010 Renovables, S.L.	7,112	1,545	197	180
Bulevar del Arte y la Cultura, S.A.	13,858	13,774	1,978	(94)
Africana Energia, S.L.	370,226	416,879	34,689	(16,106)
Ortmats Mantenimiento Integral, S.L.	3,349	2,824	5,600	78
Superficie Cartera de Inversiones, S.A.U.	48,067	30,767	10,137	981
Explotaciones Eólicas Vélez Rubio, S.L.U.	67,395	72,156	8,985	(1,702)
Fortem Integral, S.L.	9,818	9,639	1,170	25
Viario A-31,S.A.	100,869	93,837	16,155	1,514
Alten Renewable Energy Insvements	8,511	182	89	(427)
Alten Renewable Energy Developments	23,106	321	150	(146)
Alten Gestion de Proyectos, S.L.	1,461	3,153	408	(751)
Alten Pozohondo, S.L.	28,508	26,875	2,187	97
Alten El Casar, S.L.	1,996	1,989	-	-
Dumar Ingenieros, S.L.	428	676	-	(31)
Alten Hinojosa del Valle, S.L.	8,735	10,524	1,373	(707)
Alten Los Hinojosos, S.L.	13,297	14,031	1,236	(3)
Águeda Educatis, S.L.	146	137	-	-
Águeda Educatis Tres Cantos, S.L.U.	24,157	24,144	-	11
Ortega y Gasset Park, S.L.	12,426	12,412	69	(213)

(in thousand Euros)

Autopistas del Nordeste, S.A.S.	742	727	-	(2)
Ola Ortiz Construccion SPA	716	441	-	-
MedSolar SPV10, S.R.L.	2,757	2,733	531	(2)
SCP 20 Infra e Saneamento Marabá	-	170	-	(18)
Consorcio INCA-Ortiz, S.A.	1,156	2,441	863	(673)
	1,204,980	**1,125,617**	**112,269**	**(13,279)**

None of the associated and multi-group companies are listed.

The Group has not incurred contingencies regarding associated and multi-group companies, but for the contingent liabilities described in Note 27.

The Group has not registered losses for an amount of 3,635 thousand Euros (2014: 928 thousand Euros) corresponding to associated companies. Unregistered accumulated losses come up to 5,057 thousand Euros (2014: 1,555 thousand Euros).

The Group has acquired investment undertakings regarding its participation in the associated companies Autopistas del Nordeste, S.A.S and Concesión del Sisga, S.A.S for the development of concession projects for and amount of 46,917 thousand Euros to be paid up in the following 5 years.

11.- FINANCIAL INSTRUMENTS

11.1 Category-by-Category Analysis

The book value of each financial instrument category established in the rules and recording and valuation of "Financial Instruments", is as follows:

Financial Assets

	Thousand Euros							
	Long-term financial assets							
	Equity instruments		**Debt securities**		**Credits, Derivatives and Others**		**Total**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Held-to-Maturity Investments	-	-	-	-	783	1,105	783	1,105
Short-term loans and items receivable (Note 13)	-	-	-	-	91,058	70,965	91,058	70,965
Financial assets available for sale (Note 12):								
- Assessed at a reasonable value	591	768	-	5,300	-	-	591	6,068
	591	**768**	**-**	**5,300**	**91,841**	**72,070**	**92,432**	**78,138**

	Thousand Euros
	Short-term financial assets

	Credits, Derivatives and Others		Debt securities		Credits, Derivatives and Others		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Fair value assets with changes in losses and profits:	2,921	7,558	92	345	-	-	3,013	7,903
Short-term loans and items receivable (Note 13)	-	-	-	-	272,314	321,558	272,314	321,558
Cash and other equivalent liquid assets (Note 16)	-	-	-	-	60,052	41,878	60,052	41,878
	2,921	**7,558**	**92**	**345**	**332,366**	**363,436**	**335,379**	**371,339**

Financial Liabilities

	Thousand Euros							
	Long-term financial liabilities							
	Debts with credit entities		**Debentures and other marketable securities**		**Derivatives and others**		**Total**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Debts and items payable (Note 21)	83,811	46,710		-	34,866	30,164	118,677	76,874
Derivative Financial Instruments (Note 14).	-	-	47,166	49,313	2,701	2,581	49,667	51,894
	83,811	**46,710**	**47,166**	**49,313**	**37,567**	**32,745**	**168,544**	**128,768**

	Thousand Euros							
	Short-term financial liabilities							
	Debts with credit entities		**Debentures and other marketable securities**		**Derivatives and others**		**Total**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Debts and items payable (Note 21)	41,681	70,989	-	-	194,047	245,802	**235,728**	**316,791**
Derivative Financial Instruments (Note 14).	-	-	1,656	1,736	-	119	**1,656**	**1,855**
	41,681	**70,989**	**1,656**	**1,736**	**194,047**	**245,921**	**237,384**	**318,646**

11.2 Classification by Maturity

As of 31 December 2015, this is the breakdown of the amounts of the financial instruments with an established or determinable maturity classified by maturity year:

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Financial Assets

							Thousand Euros
							Financial Assets
	2016	2017	2018	2019	2020	Years Subsequent	Total
Investment in Group and Associated Companies:							
- Credits to companies	2,234	-	-	-	-	-	**2,234**
- Other financial assets	-	-	-	-	-	-	**-**
Financial investments:							
- Credits to companies	9,185	-	-	-	-	6,084	**15,269**
- Other financial assets	4,261	-	-	-	-	783	**5,044**
- Debt securities	-	-	-	-	-	-	**-**
Trade debts and other accounts receivable:							
- Trade and service provision clients	221,865	-	-	-	-	24,913	**246,778**
- Clients, group and associated companies	6,567	-	-	-	-	-	**6,567**
- Miscellaneous debtors	26,826	-	-	-	-	-	**26,826**
- Personnel	1,331	-	-	-	-	-	**1,331**
Short-term accruals	**13,462**						**13,462**
	285,731	**-**	**-**	**-**	**-**	**31,780**	**317,511**

Financial Liabilities

							Thousand Euros
							Financial Liabilities
	2016	2017	2018	2019	2020	Years Subsequent	Total
Debts:							
- Debentures and other marketable securities	1,656	-	-	47,166	-	-	**48,822**
- Debts with credit entities	41,210	11,504	14,937	28,382	17,256	11,567	**124,856**
- Financial lease creditors:	471	137	23	5	-	-	**636**
- Other financial liabilities	33,583	731	809	796	778	5,471	**42,168**
Derivatives	**-**	**-**	**-**	**-**	**-**	**2,701**	**2,701**
Accruals	**103**	**-**	**-**	**-**	**-**	**16,729**	**16,832**
Debt with group and associated companies	**112**					**9,552**	**9,664**
Trade creditors and other payables:							
- Suppliers	131,338	-	-	-	-	-	**131,338**

(in thousand Euros)

- Suppliers, group and associated companies	1,796	-	-	-	-	-	**1,796**
- Miscellaneous creditors	208	-	-	-	-	-	**208**
- Personnel	3,039	-	-	-	-	-	**3,039**
- Advance payments from clients	23,868	-	-	-	-	-	**23,868**
	237,384	**12,372**	**15,769**	**76,349**	**18,034**	**46,020**	**405,928**

12.- FINANCIAL ASSETS AT FAIR VALUE WITH CHANGES IN THE PROFIT AND LOSS ACCOUNT

This section includes the following concepts and amounts:

						Thousand Euros
			2,015			**2,014**
	Non-Current	**Current**	**Total**	**Non-Current**	**Current**	**Total**
Shares	591	2,921	**3,512**	768	7,558	**8,326**
Obligations	-	92	**92**	5,300	345	**5,645**
Financial investments	**591**	**3,013**	**3,604**	**6,068**	**7,903**	**13,971**

	Thousand Euros	
	2015	**2014**
Securities with an official listed amount		
Equity securities - Eurozone	2,921	7,558
Fixed interest obligations at 7% and maturity date in 2019 - Eurozone	-	5,484
Securities without an official listed amount:		
Equity securities - Eurozone	591	768
Other debt securities	92	161
Total	**3,604**	**13,971**

The fair value of all net equity securities is based on the current purchase price of an active market.

Changes occurred during the financial year regarding the fair value of the assets valued at fair value with changes in the profit and loss account are registered in "Variation of the fair value of financial instruments" under 'Financial Profit/Loss of the profit and loss account coming up to -791 thousand Euros (2014: 511 thousand Euros) (Note 26).

During financial year 2015, stocks of Banco Santander were sold, giving rise to a negative result of 279 thousand Euros registered under heading "Impairment and gains/losses on disposal of financial instruments".

Maximum exposure to credit risk as of the date of submission of the information is that of the fair value of the assets.

13.- LOANS AND RECEIVABLES

(in thousand Euros)

	Thousand Euros	
	2015	**2014**
Long-term loans and items receivable:		
- Credits to associated companies (Note 31)	60,061	53,794
- Credits to third parties	6,084	5,697
- Other financial assets	783	1,105
- Non-current trade debtors: concession agreement, collection rights	24,913	11,474
- Deferred tax assets	8,569	5,196
	100,410	**77,266**
Short-term loans and items receivable:		
- Work completed but pending certification	151,697	170,715
- Certificates and invoices	42,750	43,161
- Accounts receivable	18,574	49,125
- Retention money guarantee	8,844	17,514
- Clients, associated companies (see Note 31)	6,567	20,262
- Miscellaneous debtors	26,826	822
- Personnel	1,331	1,403
- Public Administrations	6,203	5,875
- Receivables from Shareholders	45	53
- Short-term credits to associated companies	2,234	2,858
- Credits to third parties	9,185	8,887
- Other financial assets	4,261	6,758
	278,517	**327,433**
Short-term prepayments	13,462	8,599
Total Loans and Items Receivable	**392,389**	**413,298**

Loans and accounts receivable are valued at their nominal value, which does not differ significantly from its fair value since the updating of the future flows is not significant.

As of 31 December 2015, heading "Miscellaneous debtors" mainly includes the account receivable arising from the sale of certain lands described in Note 15.

As of 31 December 2015, the amount of discounted invoices due to factoring comes up to 53,687 thousand Euros (2014: 40.002 thousand Euros).

Impairment of accounts receivable and foreign currency

The breakdown of the impairment losses of accounts receivable from clients is as follows:

	Thousand Euros
Value impairment of credits as of 31/12/2013	**15,241**
Valuation adjustment for impairment	4,667
Impairment reversion	(20)
Debits and reductions (regularisation of final irrecoverable amounts)	(101)
Value impairment of credits as of 31/12/2014	**19,787**
Valuation adjustment for impairment	1,720
Impairment reversion	(1,484)
Debits and reductions (regularisation of final irrecoverable amounts)	(1,014)
Other movements	841
Value impairment of credits as of 31/12/2015	**19,850**

Book values of loans and accounts receivable are denominated in the following currencies:

Long-term loans and items receivable **Thousand Euros**

(in thousand Euros)

	2,015	2,014
Euros	95,052	76,112
Peso - Colombia	4,927	34
Nuevo Sol - Peru	59	84
Leu - Romania	2	215
Real - Brazil	247	812
Other currencies	123	9
	100,410	**77,266**

Short-term loans and items receivable	**Thousand Euros**	
	2,015	**2,014**
Euros	203,067	250,857
Peso - Colombia	27,115	24,058
Peso - Mexico	2,663	1,052
Nuevo Sol - Peru	38,238	37,949
Peso - Chile	5,666	843
Zloty - Poland	2,527	2,628
Leu - Romania	1,679	1,165
Real - Brazil	709	0
Quetzal - Guatemala	1,329	13,212
Lempira - Honduras	3,029	3,522
Dinar - Algeria	-	746
Balboa - Panama	5,957	-
	291,979	**336,032**
Total Loans and Items Receivable	**392,389**	**413,298**

Other financial assets

Thus heading comes up to an amount of 4,261 thousand Euros (2014: 6,758) corresponding to:

- 960 thousand Euros corresponding to bank deposits (2014: 1,861)
- 378 thousand Euros corresponding to professional payments on account (2014: 412)
- 983 thousand Euros corresponding to guarantees and deposits (2014: 2,766)
- 1,940 thousand Euros corresponding to contributions to JVs (2014: 1,719)

Non-current trade debtors: concession agreement, collection rights

The entire heading corresponds to the unconditional collection right associated to the concession of the car park called "Honorio Lozano", in the municipality of Collado Villalba.

14.- DERIVATIVE FINANCIAL INSTRUMENTS

	Thousand Euros	
	2015	**2014**

	Liabilities	Liabilities
Interest rate swaps - cash flow hedges	2,701	2,700
Total	**2,701**	**2,700**
Minus non-current part		
Interest rate swaps - cash flow hedges	2,701	2,581
Non-Current Part	**2,701**	**2,581**
Current Part	**-**	**119**

The Group has subscribed with several financial entities interest rate hedging agreement for loans with credit entities guaranteeing a rate between 0.409% and 3.99% (2014: between 3.665% and 4.38%).

During financial year 2015 the Group has executed an interest rate hedging agreement regarding the syndicated financing described in Note 21.

As of 31 December 2015, the amount of the notional principal of the interest rate hedging agreements comes up to 71,432 thousand Euros (17,362 thousand Euros as of 31 December 2014).

The effective part registered in the net equity of financial year for cash flow hedges comes up to -589 thousand Euros (2014: 383 thousand Euros) and it generates a tax effect equally registered in net equity for an amount coming up to 147 thousand Euros (2014: 115 thousand Euros) registered as a differed tax. Settlements of these derivatives generated during the financial year a negative gross effect of 558 thousand Euros (2014: 147 thousand Euros).

15.- INVENTORIES

The breakdown of this heading by homogeneous activity groups and degree of completion in the following:

	Thousand Euros	
	2015	**2014**
Trade	65	977
Land and Plots	-	-
Raw materials and other supplies	1,290	1,302
Goods-in-process	7	7
Finished products	7.592	9,385
Advance payments to suppliers	5,364	3,985
	14,318	**15,656**

During financial year 2015, several lands located in Madrid which were subsequently sold, were transferred to this heading.

The main transactions for the sale of lands carried out during financial year 2015 are described below:

- Sale of a plot of land located in Madrid amounting to 16,919 thousand Euros, the book net value amounted to 12,597 thousand Euros (which was depreciated at 2,031 thousand

Euros), which gave rise to the recovery of the entire depreciated amount and to the obtaining of an additional benefit of 1,292 thousand Euros; both effects are registered under heading "Variation in inventories" of the consolidated profit and loss account.

- Sale of a plot of land located in Vallecas amounting to 8,191 thousand Euros, the book net value amounted to 7,128 thousand Euros (which was depreciated at 3,843 thousand Euros), which gave rise to the recovery of the entire depreciated amount coming up to 1,063 thousand Euros, registered under heading "Variation in inventories" of the consolidated profit and loss account.
- Sale of a plot of land located in Vallecas amounting to 1,371 thousand Euros, the book net value amounted to 900 thousand Euros, which gave rise to a benefit of 471 thousand Euros, registered under heading "Variation in inventories" of the consolidated profit and loss account.

Likewise, as a consequence of the acquisition of the control of the associated company Águeda Educatis Tres Cantos, S.L.U. included in Note 6, inventories amounting to 31,837 thousand Euros corresponding to a residential urban development the sale of which was executed on the 4 December 2015 were included in the consolidated perimeter.

Under heading "Finished products" we mainly include premises and garages located in Madrid, Fuenlabrada, Móstoles, Colmenar Viejo and Tres Cantos and a residential urban development in Ojén (Málaga).

Impairment losses related to inventories

During financial year 2015, the Group has registered valuation corrections due to impairment amounting to 1,925 thousand Euros corresponding to the residential urban development located in Málaga (2014:0).

During financial year 2015, the Group has reverted valuation corrections due to impairment amounting to 3,094 thousand Euros as a consequence of the previously mentioned plots of land (2014:0).

Inventories located abroad

As of 31 December 2015 and 2015, the Group has no inventories abroad.

Capitalised Financial Expenses

During financial years 2015 and 2014 no capitalisation of interests has arisen.

Inventories related to guarantees

Loans with credits entities are guaranteed by means of inventories valued at 9,010 thousand Euros (2014: 9,081 thousand Euros).

Insurances

The Group has subscribed several insurance policies covering those risks goods are subject to. The coverage of such policies is deemed to be sufficient.

16.- CASH AND OTHER EQUIVALENT LIQUID ASSETS

For the purposes of the consolidated cash flow statement, cash and cash equivalents include:

(in thousand Euros)

		Thousand Euros
	2015	**2014**
Cash	60,052	41,878
	60,052	**41,878**

17.- OWN FUNDS

Share Capital

		Thousand Euros
	2015	**2014**
Declared capital	57,492	57,492
	57,492	**57,492**

The subscribed share capital is made of 1,913,226 ordinary bearer shares (nominative, represented by means of book entries) with nominal value of € 30.05 each, fully paid up.

As of 31 December 2015 and 2014, the following are the companies participating in the share capital with a percentage of or over 10%:

Company	No. of shares	% share
Participaciones La Cartuja S.L.	902,076	47.15%

On the 18 December 2018, the merger by absorption of the companies Ortiz CYP and Grupo Empresarial Ortiz, S.L. was notarised. The aforementioned corporate resolutions are adopted in the Extraordinary and Universal General Meeting of both companies held on the 6 November 2014.

By virtue of this merger, the company Grupo Empresarial Ortiz (absorbed company) was dissolved without liquidation by means of the incorporation by means of universal succession to the company Ortiz CYP (absorbing company), as a whole, of its entire equity, that is to say, of all its assets and liabilities including the undertaking of all rights and obligations corresponding to the former.

By virtue of the provisions of article 49, section 1, of Act 3/2009 on Structural Amendments, the share capital of the absorbing company Ortiz CYP is not increased. As a consequence of the dissolution of Grupo Empresarial Ortiz, which held so far 100% of the shares in which it is divided the share capital of the absorbing company Ortiz CYP, the shares of Ortiz CYP are allocated to the shareholders of Grupo Empresarial Ortiz proportionally to the participation they held on that company before the merger.

The merger was carried out based on the merger project prepared by the Board of Directors of both companies on the 30 June 2014 and it falls within the special regime for mergers, split-ups and security transfers set out in Chapter VIII, Title VII of the Recast Text of the Act on Corporate Tax approved by means Royal Legislative Decree 4/2004 of 5 March.

The date of the retroactive accounting for the merger is established on 1 January 2014, date from which those transactions carried out by the company Grupo Empresarial Ortiz are considered as completed by the company Ortiz CYP. The public deed of Merger has been duly registered in the Public Registry of Madrid on the 31 December 2014, date from which the transaction is fully valid.

Likewise, the accounting retroaction has tax effects, so Grupo Empresarial Ortiz pays taxes according to the tax base generated from 1 January 2014 until to 1 January 2014 and Ortiz CYP pays taxes according to the tax base of Grupo Empresarial Ortiz generated from that date until 31 December 2014.

It must be highlighted that those assets and liabilities Grupo Empresarial Ortiz has transferred Ortiz CYP as a consequence of the merger by absorption are included in the consolidated financial statements since they belong to the assets and liabilities of Ortiz CYP, parent company of the Group, taking into account that the transfer takes place on the 31 December 2014, with retroactive effects from 1 January 2014.

The balance sheet of Grupo Empresarial Ortiz as of 31 December 2014 before the merger, which is subject to integration into the financial statements of Ortiz CYP with retroactive effects from the 1 January 2014, is the following:

ASSETS (in thousand Euros)		**NET EQUITY AND LIABILITIES (in thousand Euros)**	
Assets		**Net Equity**	
Shares in Ortiz CYP	79,231	Profit/loss from transactions with Ortiz CYP	6,022
Credits to Ortiz CYP	5,351	Rest Net Equity	66,507
Other Assets	5,438		**72,529**
		Liabilities	
		Debts with Ortiz CYP	12,162
		Other liabilities	5,329
			17,491
TOTAL ASSETS	**90,020**	**TOTAL LIABILITIES**	**90,020**

Likewise, when incorporating the balance sheet of Grupo Empresarial Ortiz into Ortiz CYP, those balances and results from operations between both companies have been eliminated as well as the book value of the participation of Grupo Empresarial Ortiz in Ortiz CYP, so the net equity of Ortiz CYP has changed as a consequence of the merger in (6,702) thousand Euros, out of which (7,654) thousand Euros correspond to the merger reserve and 952 thousand Euros with other items within the net equity which have changed from the retroaction date until the registration of the merger in the Business Registry and which were not part of the merger reserve as of the retroaction date.

Share premium

This reserve may be freely allocated.

Own shares in equity

As of 31 December 2015, the Company has no own shares.

Reserves

	Thousand Euros	
	2015	**2014**
Legal reserve	11,934	11,934
Other Reserves	126,139	124,747

(in thousand Euros)

Reserves in Consolidated Companies Global Integration	41,421	51,002
Reserves in Consolidated Companies based on the Equity Method	(15,923)	(10,668)
Reserves in consolidated companies:	**163,571**	**177,015**

As of 28 May 2015, the General Board of Shareholders of the parent company approve the distribution of a profit with charge to voluntary reserves for an amount of 4,603 thousand Euros.

Legal reserve

The legal reserve has been allocated in accordance with Article 274 of the Corporations Law which establishes that, in any case, an amount equivalent to 10% of the benefit of the financial year will be devoted to the legal reserve until it reaches, at least 20% of the share capital.

As long as it does not exceed the limit established, this reserve may be allocated to the compensation of losses, if there are not enough reserves available to such purpose, and it must be replenished with future benefits.

Profit/Loss for the financial year of the Parent Company

There follows the distribution proposal of the profit/loss of the parent company for financial year 2015 to be submitted to the General Board of Shareholders, as well as the one approved on the 28 May 2015 corresponding to the distribution of profit/loss of 2014:

	Thousand Euros	
	2015	**2014**
Base for distribution:	**Sum**	**Sum**
Profit/loss for the financial year	4,846	(10,198)
Base for distribution	**4,846**	**(10,198)**

	Thousand Euros	
	2015	**2014**
Application of Results:	**Sum**	**Sum**
To dividends	4,602	-
For the compensation of profit/losses from previous years	244	-
For losses from previous financial years	-	(10,198)
Application of Results	**4,846**	**(10,198)**

18.- ADJUSTMENTS DUE TO VALUE CHANGES

Conversion differences

The breakdown of heading "Conversion differences" for financial years ended as of 31 December 2015 and 2015 is the following:

	Thousand Euros	
	2015	**2014**
Opening balance	**(518)**	**667**

(in thousand Euros)

- Corresponding to consolidated companies	(2,745)	(996)
- Corresponding to companies based on the Equity Method	94	(189)
Final balance	**(3,169)**	**(518)**

Other adjustments due to value changes

The breakdown of heading "Other adjustments due to value changes" as of 31 December 2015 and 2014:

	Thousand Euros	
	2015	**2014**
Opening balance	**(22,274)**	**(11,283)**
Adjustments due to hedging transactions	**(4,932)**	**(10,991)**
- Corresponding to the parent company	(380)	(980)
- Corresponding to consolidated companies based on the Equity Method	(4,552)	(10,011)
Final balance	**(27,206)**	**(22,274)**

19.- MINORITY SHAREHOLDERS

The breakdown of this item by companies for financial years 2015 and 2014 is the following:

			Thousand Euros
2015	**Reserves corresponding to minority shareholders**	**Profit/loss corresponding to minority shareholders**	**Total Minority Shareholders**
Impulsa Grup Ortiz, S.L.	(1)	(6)	(7)
Arquitectura Industrializada Andaluza, S.L.	270	(2)	268
Grupo Ortiz Polska, S.A.	-	-	-
Ortiz Elektra, A.D.	3	-	3
Ortiz Colombia, S.A.S.	45	-	45
Grupo Ortiz Construcciones México, S.A.	-	-	-
Ortiz Brasil Construcoes Ltda.	-	-	-
Personal Management y Construcción, S.A. de C.V.	-	-	-
OSM Construcciones, SAPI de CV.	1,151	-	1,151
Total	**1,468**	**(8)**	**1,460**

			Thousand Euros
2014	**Reserves corresponding to minority shareholders**	**Profit/loss corresponding to minority shareholders**	**Total Minority Shareholders**

Impulsa Grup Ortiz, S.L.	80	(13)	67
Arquitectura Industrializada Andaluza, S.L.	271	(1)	270
Ortiz Sport Factory, S.L.	5	295	300
Grupo Ortiz Polska, S.A.	-	-	-
Ortiz Elektra	4	-	4
Ortiz Colombia, S.A.S.	51	-	51
Grupo Ortiz Construcciones México, S.A.	-	-	-
Ortiz Brasil Construcoes Ltda.	-	-	-
Personal Management y Construcción, S.A. de C.V.	-	-	-
OSM Construcciones, SAPI de CV.	1,191	-	1,191
Total	**1,602**	**280**	**1,883**

20.- CAPITAL SUBSIDIES RECEIVED

The breakdown corresponding to these subsidies is the following:

	Thousand Euros	
	2015	**2014**
Opening balance	**2,180**	**1,679**
Received during the financial year	142	711
Profit/loss allocation	(308)	(201)
Tax effect	42	(153)
Modification of the tax rate	-	144
Final balance	**2,056**	**2,180**

The breakdown of the subsidies received in the company is the following:

	Thousand Euros	
	2015	**2014**
- Corresponding to the parent company	332	332
- Corresponding to consolidated companies	109	122
- Corresponding to companies based on the Equity Method	1,615	1,726
	2,056	**2,180**

21.- DEBITS AND ITEMS PAYABLE

	Thousand Euros	
	2015	**2014**
Non-Current:		
Debentures and other marketable securities	47,166	49,313
Debts with credit entities	83,646	46,103
Financial lease creditors	165	607
Derivatives	2,701	2,581
Other financial liabilities	8,585	6,967

(in thousand Euros)

Debts with related parties	9,552	9,579
Deferred tax liabilities	8,162	7,918
Long-term accruals	**16,729**	**13,619**
Short-term provisions	**-**	**138**
	176,706	**136,825**
Current:		
Debentures and other marketable securities	1,656	1,736
Debts with credit entities	41,210	70,370
Financial lease creditors	471	619
Derivatives	-	119
Other financial liabilities	33,583	27,801
Debts with related parties	112	68
Suppliers	131,338	168,647
Related parties suppliers	1,796	2,292
Miscellaneous creditors	208	1,382
Personnel	3,039	4,022
Current tax liabilities	1,542	816
Public Administrations	12,743	12,065
Advance payments from clients	23,868	33,437
Short-term accruals	**103**	**8,153**
Short-term provisions	**1,292**	**2,084**
	252,961	**333,611**

The book value of long-term debts is similar to that of its fair value since the effect of the discount is not significant.

21.1 Debts and Items Payable in Foreign Currency

The book value of the Group debts and items payable is denominated in the following currencies:

	Thousand Euros	
	2015	**2014**
Euros	352,880	357,755
Peso - Colombia	32,185	39,659
Peso - Mexico	2,001	1,608
Nuevo Sol - Peru	23,380	32,364
Peso - Chile	6	722
Zloty - Poland	36	377
Leu - Romania	1,021	1,165
Quetzal-Guatemala	5,446	35,028
Lempira-Honduras	3,547	1,661
Balboa-Panama	9,121	-
Other currencies	44	97
	429,667	**470,436**

21.2 Undrawn Facilities

(in thousand Euros)

The Group has the following undrawn credit facilities:

	Thousand Euros	
	2015	**2014**
Variable rate:		
- with maturity under a year	7,500	42,037
- with maturity over a year (*)	65,000	-
Fixed rate:		
- with maturity under a year	-	-
	72,500	**42,037**

(*) Includes section B of the syndicated financing described in Note 20.4

21.3 Bonds

As of 3 July 2014, Ortiz Construcciones y Proyectos, S.A. issued bonds to the Alternative Fixed-Income Market (MARF) with the following characteristics:

- Debt issued: The nominal amount of the issue comes up to € 50,000,000 made up of 500 bonds of 100,000.00 each, grouped a single class or series. The price of the issue was 100% of the nominal value.
- Issue and payment date: 3 July 2014
- Maturity date: 3 July 2019
- Economic rights of the holder: The interest rate amounts to a nominal annual 7% payable annually on the nominal value of the bonds from time to time. It will be accrued daily and it will be payable annually in arrears from the issue and payment date.

The Issuer has certain limitations regarding:

a. Additional debt
b. Certain acquisitions and sales.
c. Distribution of dividends to shareholders.
d. Transactions with related parties.
e. Corporate resolutions and structural amendments.
f. Certain information and ratio calculations.
g. Change in the control
h. Security rights.

The first 3 limitations will only apply if financial ratios the compliance with which is established in the information document are not met; the Management considers that these ratios have been met as of 31 December 2015 and 2014.

The following information, additional to the issue, must be highlighted:

(in thousand Euros)

- As of 26 May 2014, the agency AXESOR granted the Issuer a credit rating of BB with positive perspective and the SCOPE agency granted a rating of BB with stable trend.
- The Issue has no security rights. The issue is guaranteed by the companies Ortiz Energía, S.A.U., Prorax, S.A.U., Ingeniería y Diseños Técnicos, S.A.U., Indag, S.A.U., Elecor, S.A.U., Contratas and Servicios Ferroviarios, S.A.U., Cia. Internacional de Construcción y Diseño, S.A.U. Asteisa Tratamientos de Agua, S.A.U. and Construcciones Icma-Proakis, S.A., which represent more than 80 % of the EBITDA; it is required that guarantors represent, at least 80% of the EBITDA.

In any case, all additional and contractual information related to the Issue may be checked in the Issue Prospectus with the aforementioned ISIN code.

The fair value of the liability elements included in "Obligations and other marketable securities" is calculated at the market interest rate corresponding to an equivalent non-convertible bond. The residual amount, representing the value of the net equity element, is included in item 'Own Funds net from deferred taxes'.

The breakdown corresponding to bonds as of 2015 and 2014 is as follows:

	Thousand Euros	
	2015	**2014**
Obligations and bonds (nominal values)	50,000	50,000
Effect Depreciated Cost (for fees)	(534)	(687)
Bonds held by the Group	(2,300)	-
	47,166	**49,313**

The Company concludes that the fair value of the liability elements of the convertible bond as of 31 December 2015 does not differ from its book value.

The breakdown of the maturity of the bonds issued as of 31 December 2015 is as follows:

					Thousand Euros
	2016	**2017**	**2018**	**2019**	**Total**
Nominal value	-	-	-	50,000	**50,000**
Interest	3,500	3,500	3,500	3,500	**14,000**
Total	**3,500**	**3,500**	**3,500**	**3,500**	**64,000**

The breakdown of the maturity of the bonds issued as of 31 December 2014 was as follows:

						Thousand Euros
	2015	**2016**	**2017**	**2018**	**2019**	**Total**
Nominal value	-	-	-	-	50,000	**50,000**
Interest	3,500	3,500	3,500	3,500	3,500	**17,500**
Total	**3,500**	**3,500**	**3,500**	**3,500**	**3,500**	**67,500**

21.4 Loans with Credit Entities

(in thousand Euros)

Loans with credit entities are those listed below corresponding to financial years 2015 and 2014:

					Thousand Euros
					2015
Instrument	**Interest Rate Range**	**Disposed of as of 31/12/2015**	**Maturity 1 year**	**Maturity 2-5 years**	**Maturity Other years**
Syndicated loan	2.50% - 3.50%	58,302	4,439	53,863	-
Credit facilities of the Official Credit Institute (ICO)	1.85% - 2.30%	2,004	2,004	-	-
Loan policies	1.90% - 5%	32,437	32,437	-	-
Funding Project- Finance	2.00% - 2.65%	16,500	87	11,862	4,551
Mortgages	0.15% - 3.00%	14,749	1,379	6,354	7,016
Debts for forfeiting		-	-	-	-
Accrued and unpaid interests		864	864	-	-
Total		**124,856**	**41,210**	**72,079**	**11,567**

					Thousand Euros
					2014
Instrument	**Interest Rate Range**	**Disposed of as of 31/12/2014**	**Maturity 1 year**	**Maturity 2-5 years**	**Maturity Other years**
Credit facilities of the Official Credit Institute (ICO)	3%-7.75%	47,653	29,546	15,965	2,142
Loan policies	3%-5%	40,349	37,923	1,411	1,015
Funding Project- Finance	3%-5%	11,800	800	11,000	-
Mortgages	1%-4%	16,049	1,479	1,985	12,585
Debts for forfeiting		25	25		
Accrued and unpaid interests		597	597		
Total		**116,473**	**70,370**	**30,361**	**15,742**

As of 18 September 2015, the Group has subscribed a long-term syndicated loan contract which cancelled other loans and credit lines amounting to 77,030 thousand Euros, and by virtue of which a maximum initial amount of 110,000 thousand Euros (which may be extended to 140,000 thousand Euros by means of adhesion of other financing entities that have granted financing to the Group), structured on a Tranche A amounting to 55,000 thousand Euros (intended for cancelling a series of specific loans and lines of credit) and a Tranche B of revolving credit for an amount of 55,000 thousand Euros (this last also serves the purpose of financing the general treasury needs of the Group).

As of 03 December 2015, the aforementioned syndicated loan was extended to 120,000 thousand Euros (60,000 from Tranche A and 60,000 from Tranche B). The resulting accounting balance of the recast credits a per this Agreement in 31 December 2015 amounts to 58,302 thousand Euros. Amounts bade available by means of this credit bear an interest equivalent to Euribor plus a variable differential value between 2.5% and 3.5% depending on specific ratios.

(in thousand Euros)

Tranche A was made available in its entirety as of the subscription date of the contract and its later extension, and its maturity date is 18 September 2020. As of 31 December 2015, no part of Tranche B has been made available.

On the other hand, it is established that the loan is dependent on the compliance with ratios, as it is usually the case for this type of operations, which the Management considers as complied with as of 31 December 2015.

Nominal maturity dates, classified by year, of Tranche A of this financing is as follows:

Maturity date	Thousand Euros
September 2016	4,800
March 2017	4,800
September 2017	4,800
March 2018	6,000
September 2018	7,200
March 2019	7,200
September 2019	8,400
March 2020	8,400
September 2020	8,400
Total	**60,000**

The amount of factoring and credit lines not made available as of 31 December 2015 amounts to 100,332 thousand Euros (2014: 76,710 thousand Euros)

21.5 Financial lease creditors

The reconciliation between the total amount of minimum future payments for leases and its current value at year-end is the following:

	Thousand Euros	
	2015	2014
Total amount of minimum future payments at year-end:		
- Up to 1 year	471	617
- Between 1 and 5 years	165	609
- More than 5 years	-	-
Unaccrued financial expenses	-	-
Current value at year-end	**636**	**1,226**

The current value of liabilities for financial lease is the following:

	Thousand Euros	
	2015	2014
- Up to 1 year	471	617
- Between 1 and 5 years	165	609
- More than 5 years	-	-

	636	**1,226**

21.6 Deferral of Payments to Suppliers

There follows the information required by the Second Final Provision of Act 31/2014, of 3 December, which has been prepared by applying the Resolution of the Institute of Accounting and Account Auditing on the 29 January 2016.

	2015
Average term of payment to suppliers	142
Ratio of paid transactions	143
Ratio of transactions pending payment	53

	Amount (in thousand Euros)
Total payments made	206,347
Total pending payments	1,622

By virtue of the stipulations of the Single Additional Provision of the aforementioned Resolution of the Institute of Accounting and Account Auditing, for this first year of application of the Resolution, no comparative information is included, and thus these financial statements are qualified as the first ones for the sole purposes of the application of the uniformity principle and the comparability requirement.

"Average term of payment to suppliers" shall be construed as the term elapsing from the invoice date until the material payment of the transaction according to the provisions of the aforementioned Resolution of the Institute of Accounting and Account Auditing.

The ratio of paid transactions is calculated as the coefficient resulting in the numerator multiplied by the sum of the products corresponding to the amounts paid, by the number of payment days (calendar days elapsed from the beginning of the calculation of the term until the material payment of the transaction) and, in the denominator, the total amount of the payments made.

Said "Average term of payment to suppliers" is calculated as the quotient resulting in the numerator by the sum of the ratio of paid transactions by the total amount of payments made plus the ratio of transactions pending payment by the total amount of pending payments and, in the denominator, by the total amount of payments made and pending payments.

Likewise, the ratio of pending transactions is calculated as the coefficient resulting in the numerator multiplied by the sum of the products corresponding to the amounts pending payment, by the number of days pending payment (calendar days elapsed from the beginning of the calculation of the term until the closing of the financial statements) and, in the denominator, the total amount of pending payments.

By virtue of the provisions of article three of the resolution of the Institute of Accounting and Account Auditing dated 29 January 2016, the amount of those transactions accrued before the coming into force of Act 31/2014, of 3 December, has not been considered.

(in thousand Euros)

The maximum legal payment term applicable to the Company according to Act 11/2013 of 26 July is 30 days, unless there is an agreement between the parties for a maximum term of 60 days.

Long-term accruals

This heading corresponds to income accrued due to the assignment of the use of parking spaces associated to concession agreement of car parks executed by the Group. Said income is allocated to the profit and loss account for the remaining term of the concession.

21.7 Other financial liabilities

This heading mainly includes loans obtained from the CDTI and other government bodies for the financing of R&D projects, as well as amounts collected from factored clients without recourse pending reimbursements to bank entities.

22.- OTHER PROVISIONS

The breakdown of those short-term provisions included in the consolidated balance sheet is as follows:

Current				**Thousand Euros**
	Provision for works liquidation	**Provision for other responsibilities**	**Other Provisions**	**Total**
Balance as of 01/01/2014	**1,606**	**3,487**	**508**	**5,601**
Business Combinations	-	-	-	-
Allowances	226	-	21	247
Applications	(214)	(3,480)	(63)	(3,757)
Other adjustments	-	(7)	-	(7)
Final balance as of 31/12/2014	**1,618**	**-**	**466**	**2,084**
Business Combinations	-	-	-	-
Allowances	5	-	-	5
Applications	(785)	-	-	(785)
Surplus	-	-	(12)	(12)
Final balance as of 31/12/2015	**838**	**-**	**454**	**1,292**

23.- DEFERRED TAXES

The breakdown of deferred taxes is the following:

	Thousand Euros	
	2015	**2014**
Tax effect of translation differences	1,919	875
Derivatives	675	675
Non-deductible depreciation	463	535
Rights for Deductions and Rebates Pending Application	2,944	3,060
Credit for Losses to be Compensated during the Financial Year.	2,568	51

(in thousand Euros)

Total Deferred tax assets:	**8,569**	**5,196**

	2015	**2014**
Profit/loss intra-group	-	-
Tax effect of translation differences	1,231	690
Freedom of Depreciation 1996	812	842
Freedom of Depreciation 2009.	3,693	3,825
Freedom of Depreciation 2010.	93	138
Freedom of Depreciation 2011.	1,747	1,813
Freedom of Depreciation 2012.	217	248
Freedom of Depreciation 2013.	130	148
Leasing	92	61
Subsidies	147	152
Total Deferred tax liabilities	**8,162**	**7,918**

The variation of the deferred tax assets and liabilities during financial years 2015 and 2014 is as follows:

				Thousand Euros
Deferred tax assets:	**Tax credits**	**Derivatives**	**Other items**	**Total**
Balance as of 01 January 2015	**3,111**	**675**	**1,410**	**5,196**
Charge (payment) to profit and loss account	(435)	**-**	(72)	(507)
Charge (payment) to net equity	2,836	**-**	1,044	3,880
Balance as of 31 December 2015	**5,512**	**675**	**2,382**	**8,569**

				Thousand Euros
Deferred tax assets:	**Tax credits**	**Derivatives**	**Other items**	**Total**
Balance as of 01 January 2014	**-**	**-**	**552**	**552**
Charge (payment) to profit and loss account	3,111	-	852	3,963
Charge (payment) to net equity	-	675	6	681
Balance as of 31 December 2014	**3,111**	**675**	**1,410**	**5,196**

				Thousand Euros
Deferred tax liabilities:	**Freedom of depreciation**	**Translation differences**	**Other**	**Total**
Balance as of 01 January 2015	**7,014**	**690**	**213**	**7,917**
Charge (payment) to profit and loss account	(322)	-	31	(291)
Perimeter variations	-	-	-	-
Charge (payment) to net equity	-	541	(5)	536
Balance as of 31 December 2015	**6,692**	**1,231**	**239**	**8,162**

(in thousand Euros)

Deferred tax liabilities:	Freedom of depreciation	Translation differences	Other	Total
				Thousand Euros
Balance as of 1 January 2014	**29,415**	**447**	**211**	**30,073**
Charge (payment) to profit and loss account	(569)	-	29	(540)
Perimeter variations	(21,832)	-	-	(21,832)
Charge (payment) to net equity	-	243	(27)	216
Balance as of 31 December 2014	**7,014**	**690**	**213**	**7,917**

Deferred tax assets due to deductions pending application and negative tax bases pending compensation are registered to the extent that it is likely that future tax profits allowing its application are obtained. In this sense, Group companies have negative tax bases in addition to the ones activated (corresponding to the group in Spain and the ones in Colombia) amounting approximately to 6 million Euros (considering the basis) (2014: 16 million Euros) which have not been activated (mainly arising from negative tax bases in other countries in which the Group operates).

24.- INCOME AND EXPENSES

Transactions made in Foreign Currency

These are the amounts of those transactions executed in foreign currency:

Currency				Thousand Euros
		Sales		Purchases
	2015	2014	2015	2014
Peso - Colombia	25,468	32,384	(15,547)	(27,899)
Peso - Mexico	2,371	2,399	(2,009)	(347)
Nuevo Sol - Peru	12,657	46,139	(6,301)	(34,459)
Peso - Chile	5,000	407	(13)	(266)
Zloty - Poland		470	(54)	(446)
Lei - Romania	3,197	1,354	(2,963)	(1,223)
Balboa - Panama	5,509		(1,461)	-
US dollar	101,445	97,565	(83,903)	(75,253)
Lev - Bulgaria			(9)	
Total	**155,647**	**180,718**	**(112,260)**	**(139,893)**

Net Turnover

The breakdown of the net turnover corresponding to the ordinary activities of the Group by geographic area is as follows:

(in thousand Euros)

	Thousand Euros			
Market	**2015**	**%**	**2014**	**%**
National	203,772	54%	230,357	56%
International	172,480	46%	182,072	44%
	376,252	**100%**	**412,429**	**100%**

Likewise, the net amount of the turnover may be analysed by activity categories as follows:

	Thousand Euros			
Activity	**2015**	**%**	**2014**	**%**
Construction & services	178,417	47%	274,380	66%
Energy	131,090	35%	123,049	30%
Concessions	11,405	3%	4,910	1%
Real Estate	55,340	15%	10,090	2%
	376,252	**100%**	**412,429**	**100%**

Consumption of goods, raw materials and other consumables

	Thousand Euros	
	2015	**2014**
Supplies	**193,514**	**242,644**
a) Consumption of goods	**103**	**83**
- Variation in Inventories of Goods	103	83
b) Consumption of raw materials and other consumable materials	**84,528**	**38,066**
Purchase of storable materials and elements	535	1,893
Purchase of Other Supplies	83,830	35,773
Rebates, Purchase of other supplies	(52)	-9
Changes in inventories: raw materials/Lands and plots of land	(123)	358
Changes in inventories: Other Supplies	338	51
c) Works carried out by other companies	**108,351**	**204,495**
Work Certificates and Expenses of Ongoing Urban Developments	-	8
Works-Services Pending Reception or Execution	16,837	28,947
External supplies and works	19	16
Work Performed by Other Companies	91,495	175,524
d) Impairment of goods, raw materials and other supplies	**532**	**-**

Personnel Expenses

	Thousand Euros	
	2015	**2014**
Wages, salaries and similar payments	54,252	63,487
Employee benefits expenses	14,767	16,447
Long-term compensation through defined contribution systems	78	80
	69,097	**80,015**

The heading "wages and salaries" include compensations to personnel amounting to 1,419 thousand Euros in 2015 (3,806 thousand Euros in 2014).

(in thousand Euros)

Personnel expenses include all assets and liabilities for voluntary or mandatory contributions to the social security fund, recognition of extra payments, holiday allowances or other assets and expenses in connection thereto.

The average number of employees during the financial year corresponding to the companies included by means of global integration in the consolidation, distributed by categories, is as follows:

Category	**2015**	**2014**
Directors	9	7
Senior Management	5	5
Administrative, Technical and Project Managers	393	392
Middle management	176	166
Administrative personnel	143	131
Operators	1,654	2,004
	2,380	**2,698**

The distribution by categories and gender of the Group personnel at the end of financial years ended on 31 December 2015 and 2014 is as follows:

			2015
	Men	**Women**	**Total**
Directors	8	1	9
Senior Management	5	-	5
Administrative, Technical and Project Managers	303	96	399
Lower and middle management	185	3	188
Administrative personnel	76	79	155
Operators	1,174	351	1,525
Total	**1,751**	**530**	**2,281**

			2014
	Men	**Men**	**Men**
Directors	6	1	7
Senior Management	5	-	5
Administrative, Technical and Project Managers	298	88	386
Lower and middle management	159	4	163
Administrative personnel	61	69	130
Operators	1,545	238	1,783
Total	**2,068**	**399**	**2,467**

The average number of employees during the financial year corresponding to the companies included in the consolidation, with a disability equal or over 33% by category comes up to 34 employees as of 31 December 2015 and to 12 employees as of 31 December 2014.

Impairment and profit/loss due to disposal of fixed assets

In financial year 2015, the heading includes the benefit arising from the sale of real estate investments (Note 8).

(in thousand Euros)

In financial year 2014 this heading mainly included an amount coming up to (5,874) thousand Euros corresponding to the impairment of lands registered in heading 'Real Estate Investments', an amount of (1,100) thousand Euros corresponding to the impairment of a Concession Agreement, regulated asset, and 5 thousand Euros as other profit/losses due to disposals of fixed assets.

25.- PROFIT TAX AND TAX STATUS

Ortiz Construcciones y Proyectos, S.A. pays taxes under the tax consolidation regime and it is the parent company of the Group since financial year 2015.

The reconciliation between the net amount of earnings and expenses of the financial year and the taxable income of the corporate tax is as follows:

						Thousand Euros
	Profit and Loss Account			Income and expenses directly attributed to net equity.		
Income and expenses balance for 2015			**17,507**			**(12,843)**
	Increases	**Reductions**	**Total**	**Increases**	**Reductions**	**Total**
Corporate Tax						
Permanent differences	**8,068**	**(9,437)**	**(1,369)**	-	-	-
Temporary differences	**1,218**	**(325)**	**893**	**21,246**	**(8,403)**	**12,843**
- Originating in the financial year	-	(142)	(142)	21,246	-	21,246
- Originating in previous financial years	1,218	(183)	1,035	-	(8,403)	(8,403)
Rent exemption, permanent establishments		**(9,035)**	**(9,035)**			
Consolidation adjustments	-	-	(2,825)	-	-	-
Tax base /tax result			**5,171**			**-**
Negative tax bases previous fin. years			(1,293)			-
Net base			**3,878**			

						Thousand Euros
	Profit and Loss Account			Income and expenses directly attributed to net equity.		
Income and expenses balance for 2014			**(11,266)**			**(20,100)**
	Increases	**Decreases**	**Total**	**Increases**	**Decreases**	**Total**
Corporate Tax						
Permanent differences	**14,348**	**(3,560)**	**10,789**			
Temporary differences	**3,249**	**(138)**	**3,111**	**27,989**	**(7,889)**	**20,100**
- Originating in the financial year	1,048	(138)	910	27,989	-	-
- Originating in previous financial years	2,200	-	2,200	-	(7,889)	-
Consolidation adjustments	-	-	**(2,837)**	-	-	-

(in thousand Euros)

Tax base /tax result	**(204)**	-	-	-

Expenses arising from the corporate tax are made up of:

	Thousand Euros	
	2015	**2014**
Current tax	2,309	-
Deferred tax	(1,176)	(778)
Tax credits, negative tax bases	323	(51)
Other adjustments	-	(614)
Deductions pending application	116	(3,060)
	1,572	**(4,502)**

The main nominal tax rates applied for the calculation of the profit tax payable by companies of the Group for financial years 2014 and 2015 are as per below:

- Spain: 28%
- Poland: 19%
- Bulgaria: 10%
- Colombia: 25%
- Mexico: 30%
- Brazil: 34%
- Peru: 28%
- Chile: 24%
- Honduras: 25%
- Italy: 27.5%
- France: 33.33%
- Guatemala: 25%

The deductions to the share applied during financial year 2015 come up to 467 thousand Euros (2014: 0) and the withholdings and payments on account, to 275 thousand Euros (2014: 146 thousand Euros). The amount to be paid to the Tax Administration comes up to 344 thousand Euros (2014: 14 thousand Euros).

The main taxes applicable for the last 3 financial years indicated are to be inspected by Tax Authorities.

Due to the potentially different interpretation of tax rules, the results of future inspections performed by the Tax Authorities on financial years subject to verification may lead to fiscal liabilities, the amount of which cannot be possibly ascertained now in an objective way. However, company directors estimate that potential liabilities that could arise from those circumstances will not have a relevant effect on the consolidated annual accounts of the Group.

(in thousand Euros)

Deductions for double taxation, for investments and donations in favour of entities benefiting from sponsorship are still pending application; the corresponding amounts are the following:

	Thousand Euros		
	2015	2014	Last Year
Deduction for double taxation of dividends	1,823	1,855	2,021
Deduction for international double taxation	305	305	2,024
Deductions for investments	810	880	2,032
Deductions for donations	6	19	2,025
	2,944	**3,059**	

26.- FINANCIAL RESULT

	Thousand Euros	
	2015	2014
Financial income	**4,748**	**3,262**
From shares in equity instruments	**373**	**573**
Dividends	373	573
From marketable securities and other financial instruments	**4,375**	**2,689**
From Group and Associated Companies	**-**	**2,014**
From third parties	**4,375**	**674**
Income for credits, other companies	3,624	127
Other financial income	-	46
Income from debt securities, other companies	751	501
Financial expenses	**17,036**	**18,614**
For debts with Group and Associated Companies	**61**	**80**
For debts with third parties	**16,975**	**18,534**
Interests corresponding to Obligations and Bonds	3,368	1,811
Long-term Debt Interests with Credit Companies	3,242	4,132
Short-term Debt Interests with Credit Companies	3,854	5,768
Long-term Debt Interests with Other Companies	157	93
Short-term Debt Interests with Other Companies	515	512
Interests for discount of effects with other Credit Companies	114	280
Interests for Factoring Operations without Recourse	2,133	1,572
Interests for Factoring Operations with Recourse	87	269
Other Financial Expenses	3,505	4,097
Variation in fair value of financial instruments	**(791)**	**511**
Trading book and others	(791)	511
Exchange differences	**(2,440)**	**(2,191)**
Impairment and losses on disposal of non current assets	**(200)**	**(15,335)**
Impairment and losses	**(58)**	**(3,600)**
Losses due to impairment of long-term credits to third parties	(58)	(3,600)
Profit/loss on disposals and others	**(142)**	**(11,735)**
Benefits from Long-term Participations in Associated Companies	30	-
Benefits from Long-term Participations in Associated Companies	104	16
Benefits from Long-term Participations in Group Companies	3	(11,745)
Losses due to short-term participation and debt securities in other companies	(279)	(6)

Losses from long-term participations in companies during financial year 2014 correspond to the following transactions:

On the 19 December 2014 by virtue of a public deed, companies Agrícola el Casar, S.L.U. and Colpadia Viviendas, S.L. notarised the private document for the sale of company shares of the company Aldigavia, S.L.U. Therefore, Agrícola el Casar, S.L.U. transferred Colpadia Viviendas, S.L. 64,247 company shares representing 51% of the share capital of the company Aldigavia, S.L.U., for a value of 1 Euro, generating an accounting loss of 1,801 thousand Euros.

On the 19 December 2014 by virtue of a public deed, companies Agrícola el Casar, S.L.U. and Colpadia Oficinas, S.L. notarised the private document for the sale of company shares of the company Aldigavia Oficinas, S.L.U. Therefore, Agrícola el Casar, S.L.U. transferred Colpadia Oficinas, S.L. 336,687 company shares representing 51% of the share capital of the company Aldigavia Oficinas, S.L.U., for a value of 1 Euro, generating an accounting loss of 19,944 thousand Euros.

The agreements executed between shareholders imply that the key decisions regarding the business net to be taken jointly between both parties, so these companies went from dependent companies to multi-group companies and therefore this transaction is registered as a "control change", thus applying those accounting policies described in 4.1.3. The agreement between partners include the standard clauses for the settlement of disputes, breaches and/or releases, granting to such purposes mutual call and put options. The participation withheld by the Group on these companies is not valued based on those criteria described in note 4.2.

Ortiz Construcciones y Proyectos, S.A. is the guarantor of a portion of the loans with credit entities held by Aldigavia Oficinas, S.L., coming up to 27,610 thousand Euros (48,150 thousand Euros in 201); there are no guarantees by Grupo Ortiz on the assets of houses under lease with purchase option corresponding to the company Aldigavia, S.L.

27.- GUARANTEES WITH THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

Securities and guarantees

As of 31 December 2015 the Group has offered to third parties guarantees before their clients, Public Administrations or financial institutions for a total value of 260 million Euros (2014: 270 million Euros), of which 174 million Euros have been loaned to guarantee before the relevant clients that the works executed are successfully completed (2014: 209 million Euros). The Group estimates that those liabilities that may arise from the guarantees awarded, if any, would not be significant.

The Group guarantees loans with credit institutions of the multi-group and associated companies for an amount of 62,760 thousand Euros (2014: 97,705 thousand Euros)

Other financial liabilities

At the close of financial years 2015 and 2014 the Group has provisions to hedge the possible risks resulting from legal claims pending resolution related to several claims arising from Group activities. The Group Management deems that no significant additional liabilities to those already provisioned for on the financial statements as of 31 December 2015 and 2014 will occur.

(in thousand Euros)

Besides, as a result or several inspection activities carried out on the multigroup company Urbanizadora Gade, S.A., two Corporation Tax notices were prepared for financial years 2003 to 2004 and 2005 to 2007 for a total amount of 6,894 thousand Euros and 6,255 thousand Euros, respectively, that correspond to our participation percentage, signed indicating disagreement, which are under appeal before the Supreme Court and before the National Court (Audiencia Nacional). The payment of such amounts is guaranteed by means of bank guarantee for an amount of 6,894 thousand Euros and by mortgage guarantee on several plots classified in the real estate investment items for a total book value of 8,641 thousand Euros (2014: 7,128 thousand Euros) to guarantee payment of the second notice for an amount of 6,255 thousand Euros). It is the opinion of the Directors of the parent Company and of their tax agents that such actions are to be resolved favourably to the Group and therefore no negative impact on the Company's equity is expected from the outcome of such proceedings.

28.- UNDERTAKINGS

Total minimum future payments corresponding to non-cancellable operating leases are as follows:

	Thousand Euros	
	2015	**2014**
< 1 years	3,570	45
1 - 5 years	14,472	470
> 5 years	52,707	19
	72,764	**534**

In financial year 2015 the Group has signed lease contracts for a period of 20 years regarding two office buildings located in Madrid, one of which is used as the Group premises and the other has been sub-leased to a third party.

29.- TEMPORARY JOINT VENTURES (TJVS)

The Group takes part in several Temporary Joint Ventures (TJVs), the activity and share held of which are detailed in Addendum III.

Group companies usually develop most of its activities jointly with other companies through Joint Ventures, which are entities without an own legal personality that are created to start a business partnership along with other companies for a specific period of time so as to perform or execute some works, services or supplies. Shareholders undertaking any contract managed by means of a Joint Venture will be jointly and severally liable for the activities carried out.

As of 31 December 2015, subsidiary companies take part in 123 Temporary Joint Ventures (149 as of 31 December 2014). In financial year 2015, 9 new joint ventures were started and 35 were liquidated.

Below are the main details of the contracts undertaken in joint ventures, which are also included below in the headings of the consolidated balance sheet and profit and loss account attached hereto. All information below is provided in line with the holding in the relevant agreements as of 31 December 2014 and 2015, excluding any adjustments with regard to the Group companies:

(in thousand Euros)

	Thousand Euros	
	2015	**2014**
Non-current assets	9,641	11,929
Current assets	40,715	53,104
Total Assets	**50,356**	**65,033**
Equity	16,904	15,225
Non-current liabilities	3,232	6,668
Current liabilities	30,220	43,140
Total Liabilities and Net Equity	**50,356**	**65,033**
Net Turnover	**41,647**	**54,720**
Accounting result	**1,690**	**(2,262)**

30.- BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Compensation to members of the Board of Directors

During financial year 2015, the amount accrued by the members of the Board of Directors increased to 1,532 thousand Euros (916 thousand Euros in 2014) and is composed by the following items and amounts:

	Thousand Euros	
	2015	**2014**
Wages, travel allowances and other compensations	1,532	916
Compensation for termination	-	-
Payments based on equity instruments	-	-
	1,532	**916**

The members of the Board of Directors of the Company have not received any compensation whatsoever arising from participation in benefits or bonuses, Besides, they have not have they received any stock options during this financial year, nor have they exercised any options or have actions pending exercising.

Compensations and loans to senior managers

	Thousand Euros	
	2015	**2014**
Wages, travel allowances and other compensations	1,693	1,519
Obligations acquired regarding pensions	-	-
Loans	4,234	4,234

During financial years 2015 and 2014 the Group did not grant any loans to senior managers or members of the Board. The existing balance of 4,234 corresponds to loans granted to senior managers in past years, or which 4,234 correspond to 2 senior managers who are also part of the Board of Directors.

It has not been necessary to establish any provision in regard of the loans granted to senior managers.

Situation of conflict of interest for directors

Pursuant to the obligation to avoid any situations of conflict with the Company's interests, during this financial year the Directors that have occupied specific roles within the Board of Directs have complied with obligations stated on article 228 of the recast text of the Corporate Tax Act. Besides, both Directors and their proxies have refrained from incurring on the possible situations of conflict stated on 229 of this same Act, except on those cases when the corresponding authorisation has been obtained.

31.- BALANCES AND OPERATIONS WITH RELATED PARTIES

Balances with related parties belonging to the Group and have not been removed in the process of consolidation because they fall outside of the Group's perimeter in financial years 2015 and 2014 have been the following (in thousands of Euros):

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

CONSOLIDATED REPORT FOR FINANCIAL YEAR ENDED AS OF 31 DECEMBER 2015
(in thousand Euros)

							2015
Related organization	**Short-term debtors**	**Short-term suppliers**	**Short-term credits**	**Long-term credits**	**Other short-term credits**	**Short-term loans**	**Long-term loans**
Accesos de Ibiza,S.A.	24	-	-	3,039	-	-	-
Africana Energia, S.L.	7	-	-	18,065	-	-	-
Aldigavia Oficinas, S.L.	812	(550)	-	9,162	16	-	-
Aldigavia, S.L.	40	(11)	-	2,042	(12)	-	-
Alten Alange, S.L.	-	-	-	5,911	-	-	-
Alten Alconera Dos, S.L.	244	-	-	1,880	-	-	(733)
Alten Alconera, S.L.	-	-	-	3,576	-	-	(1,060)
Bulevar del Arte y La Cultura,S.A.	-	-	-	1,122	-	-	-
Consorcio Inca-Ortiz	121	-	-	-	-	(1)	-
Explotaciones Eólicas Velez Rubio, S.L.	5	-	-	3,466	-	-	-
Expociencia, S.L.	-	-	-	-	-	-	-
Fortem Integral, S.L.	4	(1,235)	-	1,163	3	-	(43)
Inmuebles Gade, S.L.	-	-	1,334	-	-	-	-
Medsolar SPV	486	-	461	-	-	(3)	-
Ola Ortiz Construtión,S.P.A.	4,714	-	-	9	-	-	-
Ormats Mantenimiento Integral, S.L.	2	-	-	-	-	-	-
Ortiz Sport Factory, S.L.	6	-	435	2,820	-	-	-
Superficie Cartera Inversiones, S.A.	102	-	-	3,022	-	-	-
Urbanizadora Gade, S.A.	-	-	-	-	-	(108)	(7,716)
Autopistas del Nordeste, S.A.S.	-	-	-	3,536	-	-	-
Concesión del Sisga, S.A.S.	-	-	-	1,248	-	-	-
TOTAL	**6,567**	**(1,796)**	**2,230**	**60,061**	**7**	**(112)**	**(9,552)**

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

CONSOLIDATED REPORT FOR FINANCIAL YEAR ENDED AS OF 31 DECEMBER 2015
(in thousand Euros)

					2014
Related organization	**Short-term debtors**	**Short-term creditors**	**Short-term credits**	**Long-term credits**	**Long-term loans**
Inmuebles Gade, S.L.	-	-	915	-	-
Urbanizadora Gade, S.A. In liquidation	-		-	-	(7,734)
Accesos de Ibiza, S.A.	-	-	-	4,413	-
Alten Alconera, S.L.	-	-	-	3,516	(1,054)
Alten Alange, S.L.	-	-	-	5,555	-
Alten Alconera Dos, S.L.	109	(1)	-	1,738	(725)
Bulevar del Arte y la Cultura, S.A.	-	-	-	1,073	-
Medsolar SPV10, S.R.L.	663	-	461	-	-
Fortem Integral, S.L.	423	(1,720)	-	3,953	-
Viario A - 31, S.A.	-	-	-	549	-
Africana Energía, S.L.	5	-	-	17,330	-
Superficie Cartera de Inversiones, S.A.	64	-	-	2,763	-
Ormats Mantenimiento Integral, S.L.	809	-	-	-	-
Explotaciones Eólicas Vélez Rubio, S.L.	5	-	-	5,609	-
Ortega y Gasset Park, S.L.	5,155	-	1,482	1,848	-
Águeda Educatis, S.L.	-	-	-	76	-
Águeda Educatis Tres Cantos, S.L.U.	2,550	-	-	-	-
Construcciones Inca-Ortiz, S.A.	120	-	-	-	-
Ola Ortiz Construction	302	-	-	9	-
Aldigavia, S.L.	203	(151)	-	1,488	-
Aldigavia Oficinas, S.L.	625	(420)	-	3,874	-
Ortiz Sport Factory, S.L.	-	-	-	-	(66)
TOTAL	**20,262**	**(2,292)**	**2,858**	**53,794**	**(9,579)**

Additionally, there is an amount of prepared and accrued amounts of short-term liabilities related to Superficie Cartera de Inversiones S.A. for an amount of 8,104 thousands Euros (2014 8,104 thousands Euros), as described on note 20.7.

The operations with related parties which belong to the Group and have not been removed in the process of consolidation because they fall outside of the Group's perimeter in financial years 2015 and 2014 have been the following (in thousands of Euros):

2015

Related organization	**Sales**	**Purchas es**	**Expense for Interests**	**Income for Interests**	**Dividends**
Accesos de Ibiza,S.A.	24	-	-	401	-
Africana Energia,S.L.	24	-	-	1,049	-
Aldigavia Oficinas,S.L.	218	1,071	-	314	-
Aldigavia,S.L.	45	-	-	85	-
Alten Alange, S.L.	-	-	-	356	-
Alten Alconera Dos, S.L.	221	1	10	141	-
Alten Alconera, S.L.	-	-	7	61	-
Bulevar del Arte y La Cultura,S.A.	-	-	-	49	-
Explotaciones Eólicas Velez Rubio, S.L.	50	-	-	458	-
Expociencia, S.L.	-	-	-	1	-
Fortem Integral, S.L.	-	3	-	322	-
Ola Ortiz Construction, S.P.A.	4,411	-	-	-	-
Ortiz Sport Factory, S.L.	3	8	-	137	-
Superficie Cartera de Invesiones,S.A.	193	-	-	135	3
Urbanizadora Gade, S.A.	-	-	44	-	-
Viario A-31, S.A.	-	-	-	36	-
Autopistas del Nordeste, S.A.S.	-	-	-	81	-
Ormats Mantenimiento Integral, S.L.	317	-	-		26
TOTAL	**5,506**	**1,083**	**61**	**3,626**	**29**

2014

Related organization	**Sales**	**Purchases**	**Expense for Interests**	**Income for Interests**
Urbanizadora Gade, S.A. In liquidation	-	-	(64)	-
Alten Alconera, S.L.	-	-	(7)	-
Alten Alange, S.L.	-	-	-	(43)
Alten Alconera Dos, S.L.	348	(16)	(9)	(141)
Bulevar del Arte y la Cultura, S.A.	-	-	-	49
Fortem Integral, S.L.	1	(10)	-	-
Viario A - 31, S.A.	-	-	-	151
Africana Energía, S.L.	29	-	-	1,035
Superficie Cartera de Inversiones, S.A.	498	-	-	188
Ormats Mantenimiento Integral, S.L.	1,468	-	-	2
Explotaciones Eólicas Vélez Rubio, S.L.	80	-	-	584
Ortega y Gasset Park, S.L.	3,321	-	-	188
Águeda Educatis Tres Cantos, S.L.U.	6,835	-	-	-
Construcciones Inca-Ortiz, S.A.	121	-	-	-
Ola Ortiz Construction	(3,853)	-	-	-
Aldigavia, S.L.	70	(442)	-	-
Aldigavia Oficinas, S.l.	1,109	(637)	-	-
TOTAL	**10,027**	**(1,105)**	**(80)**	**2,013**

(in thousand Euros)

Loans to related companies earn an interest rate of between 3% and 8%.

Transactions with directors or senior managers

No relevant operations implying a transaction of resources or obligations between the Parent Company or other Group organizations and the Company directors or senior managers have occurred.

32.- SEGMENTED INFORMATION

The Group's financial information has been broken down by operational segments for financial years ended on 31 December 2015 and 2014 as shown below:

2015	**Construction and Services**	**Energy**	**Real Estate - Equity**	**Concessions**
Assets	537,121	35,426	56,154	20,439
Liabilities	337,652	37,215	33,300	19,664
Net Turnover	**178,138**	**131,287**	**55,338**	**11,492**
Profit/Loss before Taxes	**8,494**	**7,201**	**(4,043)**	**2,179**

2014	**Construction and Services**	**Energy**	**Real Estate - Equity**	**Concessions**
Assets	537,465	78,554	62,764	9,714
Liabilities	333,640	78,103	43,501	15,191
Net Turnover	**276,521**	**120,554**	**10,591**	**4,763**
Profit/Loss before Taxes	**1,853**	**182**	**(12,507)**	**3,708**

33.- INFORMATION ON THE ENVIRONMENT

The Group has adopted the corresponding measures regarding protection and improvement of the environment and minimization, when appropriate, of environmental impact, in compliance with relevant current regulations. In consequence, it has not been deemed necessary to record any provision for environmental risks and expenses and there are no contingencies related to protection and improvement of the environment.

The main environmental issue arising from the activities of the companies that entails a risk for the environment is the generation of hazardous waste.

The different companies of the Group have implemented a Environmental Management System compliant to standard UNE-EN ISO 14001:2.004 certified by AENOR. Ortiz Construcciones y Proyectos, S.A.U., with certification number GA-2.000/0039 and issued on 10 March 2000. Compañía Internacional de Construcción y Diseño, S.A.U., with certification number GA-2.007/0166 and issued on 16 April 2007. Ingeniería y Diseños Técnicos, S.A.U., with certification number GA-2.006/0486 and issued on 30 November 2006. Ortiz Área Inmobiliaria, S.L.U., with certification number GA-2.005/0292 and issued on 1 July 2005. Asteisa Tratamiento de Aguas, S.A.U, with certification number E-199534 and issued on 26 January 2000. Construcciones

I.C.M.A.-PROAKIS, S.A.U., with certification number GA-2.002/0373 and issued on 18 December 2001. Contratas y Servicios Ferroviarios, S.A.U., with certification number GA-2.003/0021 and issued on 28 January 2003. Elecor, S.A.U. , with certification number GA-2.009/0756 and issued on 26 November 2009. Juan Galindo, S.L.U., with certification number GA-2.010/0101 issued on 02/03/2010. Ortiz Energía, S.A.U. in December 2012 Indag, S.A.U., in process of study and implementation.

34.- EVENTS AFTER THE CLOSING DATE

There are no subsequent events that reveal circumstances that existed on the financial year closing date and that, due to applying the rule on registration and valuation, would have entailed the inclusion of an adjustment to the figures contained in the documents of the consolidated annual accounts or that would not have entailed an adjustment to the attached annual accounts but that the information contained in the consolidated report would have had to be modified according to this event or that these events were of such importance that they could affect the evaluation capacity of readers of these annual accounts.

35.- FEES OF THE AUDITORS

Fees charged during the financial year by PriceWaterhouseCoopers Auditores, S.L. in consideration for auditing services in relation to the financial statements came up to 178,000 Euros (2014: 175,000147 Euros).

Besides, fees charged during the financial year by other companies of the PwC networks for other services rendered to the Company amounted to 11 thousand Euros (2014: 30 thousand Euros).

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

ADDENDUM I

SUBSIDIARIES

31 December 2015			Share			
Name	**Registered Address**	**Activity**	**%**	**Thousand Euros**	**Company of the holding Group**	**Audit**
Compañía Internacional de Construcción y Diseño ,S.A.U.	Madrid	Construction	100	1,560	Ortiz CYP	PWC
Indag, S.A.U.	Madrid	Construction	100	1,679	Ortiz CYP	Not audited
Ingeniería y Diseños Técnicos, S.A.U.	Madrid	Construction	100	120	Ortiz CYP	PWC
Agrícola El Casar, S.L.U.	Madrid	Real Estate	100	44,802	Ortiz CYP	PWC
Prorax, S.A.U.	Madrid	Real Estate	100	726	Ortiz Área I.	Not audited
Ortiz Área Inmobiliaria, S.L.U.	Madrid	Real Estate	100	8,017	Ortiz CYP	Not audited
EMCA Sociedad Concesionaria, S.L.U.	Madrid	Concessions	100	100	Ortiz CYP	Not audited
Asteisa Tratamiento de Aguas, S.A.U.	Madrid	Construction	100	1,889	Ortiz CYP	PWC
Construcciones Icma-Proakis, S.A.U.	Asturias	Construction	100	15,871	Ortiz CYP	Not audited
Contratas y Servicios Ferroviarios, S.A.U.	Orense	Construction	100	25,545	Ortiz CYP	PWC
Arquitectura Industrializada Andaluza, S.L.	Sevilla	Construction	55	342	Indagsa	Not audited
Elecor, S.A.U.	Guadalajara	Electricity	100	8,421	Ortiz CYP	PWC
Concesionaria Collado Villalba, S.A.U.	Madrid	Concession company	100	6,050	Ortiz CYP	Not audited
El Arce de Villalba, S.L.U.	Madrid	Real Estate	100	3	Agricasa	PWC
Ortiz International Investment, S.L.U.	Madrid	Construction	100	50	Ortiz CYP	Not audited
Impulsa Grupo Ortiz, S.L.	Barcelona	Construction	92.5	0	Ortiz CYP	PWC
Juan Galindo, S.L.U.	Almería	Electricity	100	3,485	Ortiz CYP	PWC
Tendidos y Redes del Sur, S.L.U.	Almería	Electricity	100	486	Ortiz CYP	Not audited
Ortiz Energía, S.A.U.	Madrid	Energy	100	1,000	Ortiz CYP	PWC
Grupo Ortiz Polska, S.A.	Poland	Construction	100	25	Ortiz Int. Inv.	Pol-Tax S.P.
Ortiz Elektra, A.D.	Bulgaria	Construction	80	21	Ortiz Int. Inv.	Not audited
Ortiz Colombia, S.A.S.	Colombia	Construction	75	176	Ortiz CYP / Ortiz Int. Inv	Not audited
Águeda Educatis, S.L.	Madrid	Real Estate	100	18	Ortiz Area I.	Not audited
Grupo Ortiz Construcciones México, S.A.	Mexico	Construction	99.99	709	Ortiz Int. Inv.	Not audited
Personal Management, C.V.S.A.	Mexico	Construction	100	3	Condisa	Not audited
Ortiz Brasil Contruçoes, Limitada	Brazil	Construction	100	2,050	Ortiz Int. Inv.	Not audited
Ortiz Construcciones Colombia, S.A.S.	Colombia	Construction	100	235	Ortiz CYP / Ortiz Int. Inv	Not audited
OSM Construcciones, S.A. Promotora de C.V.	Mexico	Construction	49.99	1	Grupo Ortiz C. México	Not audited
Tecasol, S.A.	Uruguay	Construction	70	2	Ortiz CYP	Not audited
Ortega y Gasset Park, S.L.	Madrid	Concessionaire	100	1,268	Ortiz CYP	PWC
Águeda Educatis Tres Cantos, S.L.U.	Madrid	Real Estate	100	3	Águeda Educatis	Not audited

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

ADDENDUM I

SUBSIDIARIES

31 December 2014

Name	Registered Address	Activity	Share %	Share Thousand Euros	Share Company of the holding Group	Audit
Compañía Internacional de Construcción y Diseño ,S.A.U.	Madrid	Construction	100	1,560	Ortiz CYP	PWC
Indag, S.A.U.	Madrid	Construction	100	1,679	Ortiz CYP	Not audited
Ingeniería y Diseños Técnicos, S.A.U.	Madrid	Construction	100	120	Ortiz CYP	PWC
Agrícola El Casar, S.L.U.	Madrid	Real Estate	100	50,241	Ortiz CYP	PWC
Prorax, S.A.U.	Madrid	Real Estate	100	726	Ortiz Área I.	Not audited
Ortiz Área Inmobiliaria, S.L.U.	Madrid	Real Estate	100	8,017	Ortiz CYP	Not audited
EMCA Sociedad Concesionaria, S.L.U.	Madrid	Concessions	100	100	Ortiz CYP	Not audited
Asteisa Tratamiento de Aguas, S.A.U.	Madrid	Construction	100	1,889	Ortiz CYP	PWC
Construcciones Icma-Proakis, S.A.U.	Asturias	Construction	100	15,871	Ortiz CYP	PWC
Contratas y Servicios Ferroviarios, S.A.U.	Orense	Construction	100	25,545	Ortiz CYP	PWC
Arquitectura Industrializada Andaluza, S.L.	Sevilla	Construction	55	342	Indagsa	Not audited
Elecor, S.A.U.	Guadalajara	Electricity	100	8,421	Ortiz CYP	PWC
Concesionaria Collado Villalba, S.A.U.	Madrid	Concession company	100	6,050	Ortiz CYP	Not audited
El Arce de Villalba, S.L.U.	Madrid	Real Estate	100	3	Agricasa	PWC
Ortiz International Investment, S.L.U.	Madrid	Construction	100	50	Ortiz CYP	Not audited
Impulsa Grupo Ortiz, S.L.	Barcelona	Construction	92.5	1,850	Ortiz CYP	PWC
Juan Galindo, S.L.U.	Almería	Electricity	100	3,485	Ortiz CYP	PWC
Tendidos y Redes del Sur, S.L.U.	Almería	Electricity	100	486	Ortiz CYP	Not audited
Ortiz Energía, S.A.U.	Madrid	Energy	100	1,000	Ortiz CYP	PWC
Grupo Ortiz Polska, S.A.	Poland	Construction	100	25	Ortiz Int. Inv.	Pol-Tax S.P.
Ortiz Elektra, A.D.	Bulgaria	Construction	80	21	Ortiz Int. Inv.	Not audited
Ortiz Colombia, S.A.S.	Colombia	Construction	75	175	Ortiz CYP / Ortiz Int. Inv	Not audited
Ortiz Sport Factory, S.L.	Madrid	Concession company	70	5	Agricasa	Not audited
Grupo Ortiz Construcciones México, S.A.	Mexico	Construction	99.99	709	Ortiz Int. Inv.	Not audited
Personal Management, C.V.S.A.	Mexico	Construction	99.99	3	Condisa	Not audited
Ortiz Brasil Contruçoes, Limitada	Brazil	Construction	99.99	2,050	Ortiz Int. Inv.	Not audited
Ortiz Construcciones Colombia, S.A.S.	Colombia	Construction	100	234	Ortiz CYP / Ortiz Int. Inv	Not audited
OSM Construcciones, S.A. Promotora de C.V.	Mexico	Construction	49.99	1	Grupo Ortiz México	Not audited
Tecasol, S.A.	Uruguay	Construction	70	2	Ortiz CYP	Not audited

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

ADDENDUM III

MULTI-GROUP COMPANIES
31 December 2015

Name	Registered Address	Activity	Share %	Share Thousand Euros	Share Company of the holding Group	Audit
Inmuebles Gade, S.L.	Madrid	Real Estate	79.21	14,802	Ortiz Área I.	Not audited
Urbanizadora Gade, S.A. In liquidation	Madrid	Real Estate	50	4,318	Ortiz Área I.	Not audited
Accesos de Ibiza, S.A.	Balearic Islands	Concession company	50	6,400	Ortiz CYP	Gabinete de Auditoria Ribas
Alten Alconera, S.L.	Madrid	Energy	61.31	2,667	Agricasa & Alten ER	PWC
Alten Alange, S.L.	Madrid	Energy	61.31	1,464	Agricasa & Alten ER	PWC
Alten Alconera Dos, S.L.	Madrid	Energy	61.30	962	Agricasa & Alten ER	PWC
Medsolar SPV10, S.R.L.	Italian Branch	Energy	50	5	Agricasa	Not audited
Ortiz Sport Factory	Madrid	Concession company	55	3	Agricasa/Fortem	Not audited
Aldigavia, S.L.	Madrid	Real Estate	49	794	Agricasa	Not audited
Aldigavia Oficinas, S.L.	Madrid	Real Estate	49	3,088	Agricasa	Not audited
Total Multi-Group				**34,503**		

ASSOCIATED COMPANIES
31 December 2015

Name	Registered Address	Activity	Share %	Share Thousand Euros	Share Company of the holding Group	Audit
Expociencia, S.L.	Madrid	Education	40	0	Condisa	Not audited
Bulevar del Arte y la Cultura, S.A.	Valencia	Concession company	33.34	467	Ortiz CyP	Not audited
Alten Energías Renovables, S.L.	Madrid	Energy	22.62	5,139	Alten Investments	PWC
Fortem Integral, S.L.	Madrid	Training	29.42	29	Agricasa	Not audited
Viario A - 31, S.A.	Madrid	Concession company	21	2,106	Ortiz CyP	Deloitte
Africana Energía, S.L.	Córdoba	Energy	39.36	315	Ortiz CyP	PWC
Alten Renewable Energy Investments, B.V.	Madrid	Energy	22.74	5,449	Ortiz CyP	PWC
Superficie Cartera de Inversiones, S.A.	Madrid	Real Estate	1	182	Ortiz CyP	PWC
Ormats Mantenimiento Integral, S.L.	Córdoba	Energy	33.33	1	Ortiz CyP	Not audited
Explotaciones Eólicas Vélez Rubio, S.L.	Valencia	Energy	40	4,631	Agricasa	Deloitte
Alten Renewable Energy Developments, B.V.	Madrid	Energy	32.83	3,283	Ortiz CyP	PWC
Construcciones Inca-Ortiz, S.A.	Chile	Construction	50	1	Ortiz Sucursal Chile	Not audited
SCPA Marabá	Brazil	Construction	25	94	Ortiz Brasil	Not audited
Ola Ortiz Construction	Algeria	Construction	49	136	Ortiz CyP	Not audited
Alten 2.010 Energías Renovables, S.A.	Madrid	Energy	32.83	186	Alten Developments	PWC
Alten Pozohondo, S.L.	Madrid	Energy	22.62	57	Alten Energ. Renov.	PWC
Alten Los Hinojosos, S.L.	Madrid	Energy	22.62	21	Alten Energ. Renov.	PWC
Alten El Casar, S.L.	Madrid	Energy	22.62	1	Alten Energ. Renov.	Not audited
Dumar Ingenieros, S.L.	Madrid	Energy	22.62	45	Alten Energ. Renov.	Not audited
Alten Gestión de Proyectos, S.L.	Madrid	Energy	32.83	0	Alten 2010	Not audited
Alten Hinojosa del Valle, S.L.	Madrid	Energy	32.83	3	Alten 2010	Not audited
Autopistas del Nordeste	Colombia	Concessionaire	16.67	4	Ortiz CyP	Not audited
Concesión del Sisga, S.A.S.	Colombia	Concessionaire	40	6	Ortiz CyP	Not audited
Imathia Construcciones, S.R.L.	Bolivia	Construction	33.33	0	Ortiz CYP	Not audited
Total Associated Companies				**22,156**		

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

ADDENDUM III

MULTI-GROUP COMPANIES
31 December 2014

Name	Registered Address	Activity	Share %	Share Thousand Euros	Share Company of the holding Group	Audit
Inmuebles Gade, S.L.	Madrid	Real Estate	56.8	9,619	Ortiz Área / Fortem	Not audited
Urbanizadora Gade, S.A. In liquidation	Madrid	Real Estate	50	7,794	Ortiz Área I.	Not audited
Accesos de Ibiza, S.A.	Balearic Islands	Concessionaire	50	3,117	Ortiz CyP	Gabinete de Auditoría Ribas
Alten Alconera, S.L.	Madrid	Energy	61.31	3,860	Agricasa & Alten ER	PWC
Alten Alange, S.L.	Madrid	Energy	61.31	3,745	Agricasa & Alten ER	PWC
Alten Alconera Dos, S.L.	Madrid	Energy	61.29	8	Agricasa & Alten ER	PWC
Medsolar SPV10, S.R.L.	Italian Branch	Energy	50	12	Agricasa	Not audited
Ortega y Gasset Park, S.L.	Madrid	Concessionaire	50	0	Ortiz CyP	Not audited
Águeda Educatis, S.L.	Madrid	Real Estate	62.03	4	Ortiz Área / Fortem	Not audited
Águeda Educatis Tres Cantos, S.L.U.	Madrid	Real Estate	62.03	6	Águeda Educatis	Not audited
Aldigavia, S.L.	Madrid	Real Estate	49.99	793	Agricasa	Not audited
Aldigavia Oficinas, S.L.	Madrid	Real Estate	49.99	3,088	Agricasa	Not audited
Total Multi-Group				**32,046**		

ASSOCIATED COMPANIES
31 December 2014

Name	Registered Address	Activity	Share %	Share Thousand Euros	Share Company of the holding Group	Audit
Expociencia, S.L.	Madrid	Education	40	96	Condisa	Not audited
Bulevar del Arte y la Cultura, S.A.	Valencia	Concessionaire	33.33	17	Ortiz CyP	Not audited
Alten Energías Renovables, S.L.	Madrid	Energy	22.62	812	Alten Investments	PWC
Fortem Integral, S.L.	Madrid	Training	24.06	43	Agricasa	Not audited
Viario A - 31, S.A.	Madrid	Concessionaire	21	1,477	Ortiz CyP	Deloitte
Africana Energía, S.L.	Córdoba	Energy	39.36	0	Ortiz CyP	PWC
Alten Renewable Energy Investments, B.V.	Madrid	Energy	22.74	5,449	Ortiz CyP	PWC
Superficie Cartera de Inversiones, S.A.	Madrid	Real Estate	5.02	871	Ortiz CyP	Avanter Auditores, S.L.P.
Ormats Mantenimiento Integral, S.L.	Cordoba	Energy	33.33	175	Ortiz CyP	Not audited
Explotaciones Eólicas Vélez Rubio, S.L.	Valencia	Energy	40	76	Agricasa	Deloitte
Alten Renewable Energy Developments, B.V.	Madrid	Energy	32.82	2,970	Ortiz CyP	PWC
Construcciones Inca-Ortiz, S.A.	Chile	Construction	50	0	Ortiz Sucursal Chile	Not audited
SCPA Marabá	Brazil	Construction	23.86	1	Ortiz Brasil	Not audited
Ola Ortiz Construction	Algeria	Construction	49	136	Ortiz CyP	Not audited
Alten 2.010 Energías Renovables, S.A.	Madrid	Energy	32.82	17	Alten Developments	PWC
Alten Pozohondo, S.L.	Madrid	Energy	22.62	226	Alten Energ. Renov.	PWC
Alten Los Hinojosos, S.l.	Madrid	Energy	22.62	18	Alten Energ. Renov.	PWC
Alten El Casar, S.L.	Madrid	Energy	22.62	1	Alten Energ. Renov.	Not audited
Dumar Ingenieros, S.L.	Madrid	Energy	22.62	0	Alten Energ. Renov.	Not audited
Alten Gestión de Proyectos, S.L.	Madrid	Energy	32.82	0	Alten 2010	Not audited
Alten Hinojosa del Valle, s.l.	Madrid	Energy	32.82	0	Alten 2010	Not audited
Autopistas del Nordeste	Colombia	Concession company	16.67	4	Ortiz CyP	Not audited
Total Associated Companies				**12,389**		

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

ADDENDUM III

TEMPORARY JOINT VENTURES

ASTEISA, TRATAMIENTO DE AGUAS, S.A.U.	% Share	Activity	2015 Turnover	2015 Result
UTE AGUA-LA AFRICANA.	50%	Construction	-66	-45
UTE BRETOÑA.	50%	Construction	0	0
UTE DEPURADORA LAGO	50%	Construction	0	0
UTE EDAR ARANJUEZ	50%	Construction	0	-40
UTE EDAR MIRAFLORES.	50%	Construction	452	-83
UTE EDAR RIBADEO.	50%	Construction	347	-52
UTE EDAR VEGA.	75%	Construction	103	-4
UTE EXTRACO-ASTEISA.ARCADE.	50%	Construction	144	6
UTE MOLAR SUR.	50%	Construction	913	-35
UTE RED LOS OLIVOS	50%	Construction	41	-1
UTE SARDERA OSSO.	80%	Construction	155	0
UTE VIVEROS.	50%	Construction	23	33
Total ASTEISA, TRATAMIENTO DE AGUAS, S.A.U.			**2,111**	**-221**

CIA.INTNAL.CONSTRUCCION Y DISEÑO,S.A.U.	% Share	Activity	2015 Turnover	2015 Result
UTE BIBLIOTECA BURGOS.	50%	Construction	0	0
UTE CASA DEL CIGRONER.	90%	Construction	0	0
UTE CASA ROMANA.	50%	Construction	106	-8
UTE CATEDRAL DE JAEN.	80%	Construction	176	0
UTE CERAMICA TRIANA.	100%	Construction	0	0
UTE DG.SEGURIDAD.	50%	Construction	10	6
UTE EDIFICIOS P-VALLECAS.	50%	Construction	1,547	-39
UTE ESPARTALES NORTE.	20%	Construction	92	125
UTE GESTION CARABANCHEL 2010.	50%	Construction	-43	-54
UTE GESTION CHAMARTIN 2010.	50%	Construction	32	-123
UTE GESTION CIUDAD LINEAL 2011-2012.	50%	Construction	62	183
UTE GESTION FUENCARRAL 2010.	50%	Construction	61	153
UTE GESTION LATINA 2010.	50%	Construction	47	52
UTE GESTION PUENTE VALLECAS 2010.	50%	Construction	244	8
UTE URBANITZACIO SANT LEOPOLD.	20%	Construction	0	0
Total CIA.INTNAL.CONSTRUCCION Y DISEÑO,S.A.U.			**2,334**	**302**

CONSTRUCCIONES ICMA-PROAKIS,S.A.U.	% Share	Activity	2015 Turnover	2015 Result
UTE VIMBODI.	50%	Construction		
Total CONSTRUCCIONES ICMA-PROAKIS,S.A.U.			**0**	**0**

CONTRATAS Y SERVICIOS FERROVIARIOS,S.A.U.	% Share	Activity	2015 Turnover	2015 Result
UTE ALICANTE.	20%	Construction	1	0
UTE CAN TUNIS.	50%	Construction	0	0

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

ADDENDUM III

UTE CONTROL DE VEGETACIÓN.	75%	Construction	1	0
UTE ETXEBARRI.	30%	Construction	0	0
UTE GABALDON.	33.34%	Construction	0	0
UTE HENDAYA.	65%	Construction	3	0
UTE MANTENIMIENTO OURENSE II.	50%	Construction	3	0
UTE METRO MONTECARMELO.	30%	Construction	0	0
UTE OLMEDO PEDRALBA.	8%	Construction	0	0
UTE OPERACIONES NOROESTE.	70%	Construction	0	0
Total CONTRATAS Y SERVICIOS FERROVIARIOS,S.A.U.			**8,408**	**831**

			2015	**2015**
ELECOR,S.A.U.	**% Share**	**Activity**	**Turnover**	**Result**
UTE CAMPO DE GIBRALTAR.	50%	Energy	0	0
UTE CIBELES.	80%	Energy	8	-4
UTE ELECTRICIDAD B.T. HOSPITAL ZAMORA.	50%	Energy	150	17
UTE ENERGIA MALAGA.	50%	Energy	532	0
UTE HIDRO-CAJAL.	50%	Energy	91	11
UTE MECANICAS HOSPITAL ZAMORA.	60%	Energy	6	-51
UTE MECANICAS SPA ABADIA.	50%	Energy	406	-8
UTE MONTAJE CAJAL.	50%	Energy	622	34
Total ELECOR,S.A.U.			**1,815**	**-1**

			2015	**2015**
EMCA SOCIEDAD CONCESIONARIA,S.L.U.	**% Share**	**Activity**	**Turnover**	**Result**
UTE PAR ANDORRA.	70%	Concessions	37	-119
Total EMCA SOCIEDAD CONCESIONARIA,S.L.U.			**37**	**-119**

			2015	**2015**
IMPULSA GRUP ORTIZ,S.L.	**% Share**	**Activity**	**Turnover**	**Result**
UTE AULARI BELLVITGE.	45%	Construction	0	0
UTE SANT ROC.	80%	Construction	0	0
UTE URBANITZACIO SANT LEOPOLD.	80%	Construction	0	-2
UTE VALLES OCCIDENTAL.	80%	Construction	89	15
Total IMPULSA GRUP ORTIZ,S.L.			**89**	**13**

			2015	**2015**
INDAG, S.A.U.	**% Share**	**Activity**	**Turnover**	**Result**
UTE LOTE 3	50%	Construction	129	101
Total INDAG, S.A.U.			**129**	**101**

			2015	**2015**
INGENIERIA Y DISEÑOS TECNICOS,S.A.U.	**% Share**	**Activity**	**Turnover**	**Result**
UTE CONTROL DE VEGETACIÓN.	25%	Construction	314	13
UTE CR MACETEROS.	80%	Construction	1,946	0
UTE INDITEC-SICE-PLAYAS CADIZ.	60%	Construction	660	-67
UTE INDITEC-SICE-SAN FULGENCIO.	50%	Construction	240	10
UTE LA VAGUADA.	50%	Construction	0	-1

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

ADDENDUM III

UTE MOBILIARIO LA VAGUADA.	50%	Construction	20	20
UTE OPERACIONES NOROESTE.	20%	Construction	0	0
UTE PARQUES FORESTALES Y VIVEROS.	45%	Construction	3,590	-118
UTE PLANTA RESIDUOS BADAJOZ.	60%	Construction	179	100
UTE RIO LIMIA.	80%	Construction	1	0
UTE SAPLAYA.	80%	Construction	166	25
UTE VASO DEL VERTEDERO.	80%	Construction	0	0
UTE VILLA ESTEPONA.	80%	Construction	4,038	82
Total INGENIERIA Y DISEÑOS TECNICOS,S.A.U.			**11,154**	**63**

			2,015	**2,015**
JUAN GALINDO,S.L.U.	**% Share**	**Activity**	**Turnover**	**Result**
UTE CAMPO DE GIBRALTAR.	50%	Energy	0	0
UTE CATEDRAL DE JAEN.	20%	Energy	44	0
UTE POSADAS.	50%	Energy	0	0
Total JUAN GALINDO,S.L.U.			**44**	**0**

			2,015	**2,015**
ORTIZ CONSTRUCCIONES Y PROYECTOS,S.A.	**% Share**	**Activity**	**Turnover**	**Result**
UTE ACCESOS IBIZA.	50%	Construction	0	-3
UTE AEROPUERTO GI	50%	Construction	5	4
UTE AFINO ETAP SANTILLANA.	50%	Construction	0	-1
UTE AFRICASOLAR.	25%	Construction	-1	-59
UTE ALCOVER.	50%	Construction	0	0
UTE AMBIENTAL AMBROZ CAMPO ARAÑUELO	60%	Construction	151	9
UTE APARCAMIENTO REYES CATOLICOS.	50%	Construction	54	-296
UTE AULARI BELLVITGE.	20%	Construction	0	0
UTE AUTOVIA ARGAMASILLA.	40%	Construction	158	158
UTE BIBLIOTECA BURGOS.	50%	Construction	0	0
UTE BOLAÑOS DE CALATRAVA.	60%	Construction	191	-13
UTE BONETE-ALICANTE.	22%	Construction	0	0
UTE CALLE PRADO VIEJO	50%	Construction	176	20
UTE CARIÑENA.	80%	Construction	0	-1
UTE CENTRO ACUATICO 2012.	20%	Construction	0	-5
UTE CLINICO MADRID.	20%	Construction	0	0
UTE COLEGIO NOBELIS.	50%	Construction	0	1
UTE COMARCA DE GATA.	80%	Construction	0	0
UTE CONSERVACION CUENCA	50%	Construction	519	56
UTE CONSERVACIÓN PRESAS EL BAYCO.	60%	Construction	0	0
UTE CR MACETEROS.	20%	Construction	487	0
UTE DEPURADORA LAGO	50%	Construction	0	0
UTE DG.SEGURIDAD.	50%	Construction	10	6
UTE EDIFICIOS EDUCACION.	100%	Construction	0	0
UTE EDIFICIOS P-VALLECAS.	50%	Construction	1,547	-39

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

ADDENDUM III

UTE ELEJALDE.	40%	Construction	2,289	0
UTE ENERGIA MALAGA.	50%	Energy	150	17
UTE EQUIPAMIENTO SOLAR DE CABALLERIA.	46%	Construction	0	0
UTE ESTACION DELICIAS.	40%	Construction	0	0
UTE EZKIO.	30%	Construction	-150	12
UTE GESTION CARABANCHEL 2010.	50%	Construction	92	125
UTE GESTION CHAMARTIN 2010.	50%	Construction	-43	-54
UTE GESTION CIUDAD LINEAL 2011-2012.	50%	Construction	32	-123
UTE GESTION FUENCARRAL 2010.	50%	Construction	62	183
UTE GESTION LATINA 2010.	50%	Construction	61	153
UTE GESTION PUENTE VALLECAS 2010.	50%	Construction	47	52
UTE GESTION SAN BLAS 2010.	50%	Construction	244	8
UTE GLORIETA RIBA-ROJA.	90%	Construction	0	0
UTE HIDRO-CAJAL.	50%	Energy	532	0
UTE HOSPITAL ALBACETE.	37.50%	Construction	0	0
UTE ILLESCAS.	50%	Construction	0	0
UTE LA PIZARRA.	80%	Construction	0	0
UTE LOTE 3	50%	Construction	129	101
UTE MANTENIMIENTO EMVS ORTIZ-FDEZ MOLINA.	50%	Construction	1,400	0
UTE MATADERO.	42.50%	Construction	67	67
UTE METRO MONTECARMELO.	70%	Construction	301	299
UTE ORTIZ-SICE-ITUVAL GESTION ENERGETICA.	60.01%	Construction	3,362	3
UTE PABELLON MELIANA.	60%	Construction	0	-1
UTE PALACIO FAISANERA.	50%	Construction	978	51
UTE PAR ANDORRA.	30%	Concessions	16	-51
UTE PARKING VILLALBA.	50%	Construction	0	-1
UTE PARQUE SANTA MARIA.	50%	Construction	0	0
UTE PARQUES FORESTALES Y VIVEROS.	10%	Construction	798	-26
UTE PISCINA COLMENAR.	70%	Construction	0	0
UTE PLANTA EL MOLAR.	80%	Construction	0	-5
UTE PLANTA RESIDUOS BADAJOZ.	20%	Construction	60	33
UTE POLIDEPORTIVO COLMENAR.	55%	Construction	0	0
UTE PRESA ARBAS	50%	Construction	215	-32
UTE RAM TECMO-ORTIZ.	50%	Construction	110	-20
UTE RAMOS CARRION.	80%	Construction	49	-24
UTE RIO LIMIA.	20%	Construction	0	0
UTE ROBLEDO.	50%	Construction	-30	81
UTE RUGBY.	50%	Construction	195	-25
UTE RUTA DE LA PLATA 2015.	50%	Construction	564	4
UTE RUTA DE LA PLATA.	50%	Construction	428	120
UTE SALAS.	50%	Construction	0	0
UTE SAN CRISTOBAL-GETAFE.	50%	Construction	0	0

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

ADDENDUM III

UTE SANT ROC.	20%	Construction	0	0
UTE SAPLAYA.	20%	Construction	42	6
UTE SARDERA OSSO.	20%	Construction	39	0
UTE SECTOR LA ESTACION.	55%	Construction	0	0
UTE SEVILLA ESTE.	80%	Construction	0	-8
UTE SIMANCAS.	50%	Construction	16	16
UTE SOLAND CENTER.	80%	Construction	0	-8
UTE SOTANO TC.	50%	Construction	132	-67
UTE SUSTITUTORIA.	70%	Construction	0	0
UTE TEATRO RAMBLETA.	40%	Construction	0	19
UTE VADO.	99.99%	Construction	0	0
UTE VALLES OCCIDENTAL.	20%	Construction	22	4
UTE VIVEROS.	50%	Construction	23	33
UTE ZONAS VERDES ENSANCHE VALLECAS.	33.33%	Construction	0	0
Total ORTIZ CONSTRUCCIONES Y PROYECTOS,S.A.			**15,527**	**779**

ORTIZ ENERGIA,S.A.U.	**% Share**	**Activity**	**2,015 Turnover**	**2,015 Result**
UTE AFRICASOLAR.	25%	Energy	-1	-59
UTE PARQUE SANTA MARIA.	25%	Energy	0	0
Total ORTIZ ENERGIA,S.A.U.			**-1**	**-59**
General Total			**41,647**	**1,690**

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

CONSOLIDATED MANAGEMENT REPORT FOR FINANCIAL YEAR 2015

1. BUSINESS DEVELOPMENT AND SITUATION OF THE GROUP

GRUPO ORTIZ stands out for the diversification of its business lines and the internationalisation as well as for its economic-financial solvency, its skill and experience in executing large technical, financial, design, maintenance and operation projects.

The Group's business areas are:

- **Concessions**. Concession operator with extensive experience in investment financing, execution design, operation and maintenance.
- **Energy**. Construction of photovoltaic, wind, thermal-solar and hydraulic power generation plants, high and medium voltage lines, electric substations, as well as maintenance of electro-mechanic installations and energy services.
- **Construction**. Construction of civil works infrastructures, buildings, railways, water, environment, renovations, engineering and the Indagsa industrialised construction system.
- **Services**. Maintenance of infrastructures, roads, railways, comprehensive maintenance of buildings, urban and environmental services.
- **Real Estate**. Development and operation of real estate properties for rental and tertiary level products (offices and business premises).

It must be noted that during financial year 2015 the situation of the company has evolved positively, both in terms of real estate consolidation and in terms of results.

CONSOLIDATED Ortiz Construcciones	**2010**	**2011**	**2012**	**2013**	**2014(*)**	**2015**
Turnover	478	510	523	392	412	376
EBITDA	54	53	27	47	53	41
EBITDA/Turnover margin	11.29%	10.39%	5.16%	11.98%	12.86%	10.95%
RESULT	**38**	**26**	**5**	**14**	**(7)**	**16**

Data in millions of Euros

(*) In order to carry out a comparative with financial year 2014 turnover and EBITDA the extraordinary amounts of 2014 (7.8 million Euros obtained from Judgements) have not been considered.

It must be stressed that the turnover of the Consolidated Group for the year 2015 amounted to 376.26 million Euros, accounting for a 7.34% decrease in relation to the previous year, and recorded an EBITDA of 41.22 million Euros which accounts for an 8.62% decrease in relation to the previous year.

The EBITDA/turnover ratio is 10.95%, 1.44% less than the previous year.

The result for financial year 2015 is 15.93 million Euros. The result for financial year 2014 was -6.76 million Euros mainly due to the adjustments carried out as a consequence of changes in regulations regarding renewable energies and real estate assets.

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

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The Group's robust situation is evidenced by the evolution of the main items of GRUPO ORTIZ over the last five years, whose amounts have been remained practically constant as a result of the internalization and the diversification of business areas undergone by the Group.

The consequence of using the equity method for consolidation of related companies, concessionary companies' is that EBITDA and turnover are not included on the financial statements of the Consolidated Group.

The current portfolio of contracts pending execution for GRUPO ORTIZ amounts to 4,179 million Euros, which is a 36% increase in relation to the 3,080 million Euros of the previous years.

Such increase is based fundamentally on the contracts related to additional Concessions in Colombia and a new implementation in Panama. Such extension of the contracted portfolio is mainly focused on the Concessions and International Construction Areas.

- The portfolio corresponding to the Concessions area amounts to 2,927.97 million Euros, which represents a 40% increase in relation to the previous year.
- The portfolio corresponding to the Energy area amounts to 342.11 million Euros, which is almost equivalent to the previous years' figure, which was 351.16 million Euros.
- The portfolio corresponding to the Concessions area amounts to 525.59 million Euros, which represents an 85% increase in relation to the previous year.
- The total portfolio corresponding to the National Construction and Services areas amount to 321.97 million Euros, a 14% increase over the 281.53 million of the previous year.
- The portfolio corresponding to the Real Estate area amounts to 61.90 million Euros, which represent a decrease from the figure of 75.36 of last year.

During 2015, two concessions in Colombia were contracted: the first Transversal Highway in Sisga (Bogotá), a 137-km long highway, and a privately financed initiative to build the 180 km Cartagena - Barranquilla Ruta Caribe.

As stated n the previous year, in 2014 the first concession outside Spain was contracted: we were **awarded** the Concession of a **145 km long highway in Colombia**; the value of this contract amounts to **2,750 thousand Euros**. In summary, GRUPO ORTIZ has a highly diversified portfolio both geographically and by business area, which a high growth potential.

Besides, in 2015 the built an installation on a new country, Panama, and on this financial year two sewage networks and the works for the restoration of a Cathedral, a historic monument.

Financing

As of 18 September 2015, the Group has subscribed a long-term syndicated loan contract which cancelled other loans and credit lines amounting to 77,030 thousand Euros, and by virtue of which a maximum initial amount of 110,000 thousand Euros (extendible to 140,000 thousand Euros by means of adhesion of other financing entities that have granted financing to the Group) is granted, structured on a Tranche A amounting to 55,000 thousand Euros (intended for cancelling a series of loans and lines of credit) and a Tranche B of revolving credit for an amount of 55,000 thousand Euros (this last tranche also serves the purpose of financing the general treasury needs of the Group).

As of 03 December 2015, the aforementioned syndicated loan was extended to 120,000 thousand Euros (60,000 from Tranche A and 60,000 from Tranche B). The resulting accounting balance of the recast credits as per this Agreement in 31 December 2015 amounts to 58,302 thousand Euros. Amounts made available by means of this credit bear an interest equivalent to Euribor plus a variable differential value between 2.5% and 3.5% depending on specific ratios.

Tranche A was made available in its entirety as of the subscription date of the contract and its later extension, and its maturity date is 18 September 2020. As of 31 December 2015, no part of Tranche B has been made available.

On the other hand, it is established that the loan is dependent on the compliance with ratios, as it is usually the case for this type of transactions, which the Management considers as complied with as of 31 December 2015.

Nominal maturity dates, classified by year, of Tranche A of this financing is as follows:

Maturity date	Thousand Euros
September 2016	4,800
March 2017	4,800
September 2017	4,800
March 2018	6,000
September 2018	7,200
March 2019	7,200
September 2019	8,400
March 2020	8,400
September 2020	8,400
Total	**60,000**

The amount of factoring and credit lines not made available as of 31 December 2015 amounts to 100,332 thousand Euros (2014: 76,710 thousand Euros).

1.1 Domestic Arena

Concessions.

Concessions are a line of business that is extremely relevant in the Group.

At present the GRUPO ORTIZ operates a diversified portfolio of concessions, with an excellent track record and recurrent and predictable revenues.

These concessions can be broken down into two large groups:

- Infrastructure (2 roads, 9 car parks, 1 railway, 1 environmental, 1 cultural, 1 sport and other).
- Energy (50 MW thermosolar energy, 50 MW wind energy, 32 MW photo-voltaic energy and 3 energy efficiency projects).

The know-how acquired by the GRUPO ORTIZ and its success in developing the large projects it undertakes let it continue to expand its concession business with new investments.

The majority of concessions are developed by corporate vehicles that are established for this sole purpose, which are not consolidated as Group subsidiaries, but instead are consolidated by the equity method. These corporate vehicles represent a very large proportion of the activity in concessions (80% of the area turnover).

The only consolidated concessionaire companies are Concesionaria Collado Villalba, S.A.U, which runs two car parks in this town, and Ortega y Gasset Park, S.L., which manages a car park in Madrid.

The remaining consolidated concessions are integrated on different Group companies, such as:

- Ortiz Construcciones y Proyectos, S.A: other car parks (6)
- Elecor, S.A.U: efficiency projects and a 1 Mw photovoltaic power plant
- Agricasa: Repsol-branded service stations
- Asteisa: Ribadeo WWTP.

Below, the turnover and EBITDA for each consolidated Concession is specified:

- Car parks: Turnover 5.42 million € EBITDA 3.82 million Euros
- Environment: Turnover 0.34 million € EBITDA 0.14 million Euros
- Service station: Turnover 4.47 million € EBITDA 0.14 million Euros
- Temporary Joint Venture for Málaga Energy: Turnover 0.30 million € EBITDA 0.25 million Euros
- Energy Efficiency: Turnover 0.45 million € EBITDA 0.20 million Euros

Relevant facts in 2015 regarding national concessions:

- A share of 50% of Ortega y Gasset Park has been purchased and therefore Grupo Ortiz holds 100% of this Company.
- A share of 16% of Temporary Joint Venture for the WWTP at Ribadeo has been purchased and therefore Grupo Ortiz holds 50% of this venture.

Energy.

In the energy area, the main activities in 2,015 included the execution of electromechanical facilities, energy efficiency projects, execution and maintenance of power lines, operation and maintenance of photovoltaic stations and the maintenance of the Trillo nuclear power plant. Also noteworthy is the development of our activity as an energy services company.

The market for goods and services on the energy sector, at a national level, is limited and conditioned by the financial situation and the restrictions set by the energy reform, which has suspended all investment in this sector, both for the development of new electrical power from renewable sources as for the excess installed power from conventional technologies. This, together with the low demand of electrical power and the slow development of new urban spaces, and therefore of new electrical infrastructure, prevents this sector from finally overcoming the recent crisis.

On the other hand, with respect to energy services, the Spanish Government had not transposed directive 2012/27/EU on energy efficiency, and therefore the energy sector, especially regarding large Public Administration buildings, has been unable to develop as expected. The Royal Decree transposing this directive was passed in February 2016 - and we are confident that its enactment will mark the beginning of an important development in the future.

In spite of the limitations described above on this area and on the domestic market, in 2015 a huge effort has been made to maintain the level of activity both in the services and on the new construction works segments.

Activity on new construction works has been focused both on building electrical infrastructure and on implementing electromechanical installations and energy efficiency projects (several street lighting and building lighting projects: schools, city-owned buildings and Madrid Metro installations).

Regarding the services area, activities have focused on electrical lines maintenance for large distribution companies such as Gas Natural Unión Fenosa in central Spain and Endesa on Eastern-Southern Spain, and on operation and maintenance of power plants of thermosolar or photovoltaic nature and micro-cogeneration units, and on maintenance for the nuclear plant in Trillo as its main activities. The Company's projects as an energy services company, both regarding street lighting services (three municipalities) and on large buildings (office buildings) are also noteworthy.

The Energy area presents a turnover of 131.29 million Euros, of which just 9.2 correspond to the domestic market.

Domestic Construction and Services

Turnover for domestic construction in 2015 was 69.9 million Euros, representing a year-on-year decrease of over 50%, in line with what happened to other sector companies and due to the cutback of public works.

On the services area, turnover reached 60.51 million Euros, which represents a slight decrease (-0.8%) in relation to the previous year.

In the domestic arena, profitability rates attain values higher than the market average.

On the construction area, the Company is present on both public and private markets, and specializes on the execution of civil works, building, rehabilitation, railways, environmental works, full water cycle and Indagada industrialized construction system In the civil works sphere, the Company build all types of infrastructures: roads, railway, hydraulic works and environmental works.

BUILDINGS. 2015 has seen a significant increase of works tenders, especially regarding residential buildings for cooperatives and small housing developers. This increase arises from better expectations and more readily available financing by bank entities.

This fact, together with the execution of several delegated management contracts for housing developments performed for different bank asset management companies, mainly ANIDA, ALTAMIRA and SERVIHABITAT, has allowed the portfolio of contracted houses (including delegated management contracts) to total 1,088 dwellings at a national level as of 31 December 2015, more than double than the 539 that made up the Group's portfolio as of 31 December 2014.

REHABILITATION On this financial year 2015, the activities related to Rehabilitation have increased, which has allowed for a turnover increase of around 10%. Besides, the client portfolio, including private investors (by means of investment funds) or religious institutions, has also increased.

For this financial year, the most remarkable rehabilitation works are the execution of four underground floors in the Cines Madrid on Plaza del Carmen 2 (Madrid), structural rehabilitation of the building in Gran Vía 32, Madrid, for its commercial use (as a Primark store); rehabilitation of the basements of the Court of Auditors (Tribunal de Cuentas) in Madrid, rehabilitation and enlargement of a car park with 630 spaces in the Marqués de Valdecilla Hospital, in Santander, or the building of a fire station on calle San Bernardo, Madrid.

CIVIL WORKS. The last financial year 2015 has been marked by a scarce civil works tender offer on the part of the public Administration and practically a total lack thereof from private initiatives.

During this period, the Contract for Maintenance and Operation of a section of the Ruta de la Plata A-66 Highway in Extremadura and has been renewed, and a new contract for the Maintenance and Operation for several sections of roads N-420, N-301, and N-310, all of them in the province of Cuenca, has been executed. Both contracts have been subscribed with the General Directorate for Roads of the Ministry of Development. Regarding hydraulic works, contracts for the works related to water supply to Marín and the maintenance of the Arbás dam in León, have been subscribed with the public company Aguas de las Cuencas de España (ACUAES), which reports to the Ministry for the Environment.

RAILWAYS. The railway company of the Group, COSFESA, has maintained a steady activity during financial year 2015 through services contracts and renewal works for the conventional rail network.

It is specially remarkable the extension of the contract for Preventive Treatment of Conventional Rail Network Infrastructures (PTIV by its Spanish acronym), and the renewal of the Contract for Control of Weeds on Installations and Track Margins of the Conventional Rail Network. The contract for Maintenance of the High Speed Networks on the Gabaldón-Alicante section has also been renewed. Besides, other works have continued to be executed, such as track renewal, trench treatment, lining, reconstruction, and repairs in bridges and tunnels, etc. A milestone in this respect is the commissioning of the Olmedo-Zamora High Speed section, from the Madrid-Galicia line.

WATER TREATMENT. In 2015 ASTEISA Tratamiento de Aguas has continued its operation by tendering and executing its portfolio in Spain.

The main contracts subscribed for the year has been the contract for the Design and Execution of the works related to the interventions for the development of the National Plan for Water Quality of the Aranjuez WWTP, and the contract for Network Renewal on the Calle de los Olivos and other streets of the municipality of Colmenar del Arroyo, both for a joint amount of 7.2 million Euros.

Among 2015 activities, the conclusion of the transmarine pipeline for the Ribadeo WWTP, due to its singularity, is especially noteworthy.

As a relevant fact, it must be marked that March 2015 marked the beginning of the internationalisation of the company with the incorporation of our affiliates in Colombia and Panamá, for which the corresponding Public Registry certificates in the relevant countries have been obtained.

Also on this financial year, the first works on the aforementioned countries have been tendered, of which a works package tendered by the Panama National Water and Sewer Institute (IDAAN by its Spanish acronym) is specially relevant: Enlargement of the Water Treatment Plant of Villa Darién;

System for Collection and Treatment System of Waste Water in Santiago, building of the sewage system and waste water treatment systems of David and its surrounding area, etc., which amount for over 300 million US dollars.

Besides, hydraulic works and integral water cycle works have been tendered in Algeria and Romania.

INDAGSA INDUSTRIALIZED CONSTRUCTION SYSTEM. Indagsa, during financial year 2015, has, on one hand, continued its activity on is traditional domestic market and, on the other hand, consolidated its internationalization process.

On its part, Indagsa has developed an important research works regarding R&D projects, the most remarkable of which are:

- SISMO PANELS: Fitting essays together with UPM and FHECOR.
- CONCRETE + FIBRE Fibre-reinforced concrete
- SELF-COMPACTING CONCRETE Work on real-life doses and production is under progress
- PILLAR REINFORCEMENT: Preparation a Technical Report to be submitted to CDTI
- IBEROEKA: Approved by the CDTI. Analysis of behaviour of fittings, reinforcements and acoustic insulation

SERVICES. On the services area, and despite the current financial situation and the low levels of public tendering, the Company's activities have barely decreased, and the Company maintains a contracted portfolio for the following years very similar to that of the past financial year.

During financial year 2015 several maintenance and conservations services have been subscribed, which add to an ongoing medium-term portfolio.

The main contracts under execution are the Maintenance of Green Areas and Urban Furniture of Ciudad Real, the Beach Cleaning Service and Park, Garden, Urban Trees,Fountains and Urban Furniture Maintenance Services of Estepona (Málaga), the Park and Municipal Integral Management Service for Public Plant Nurseries of Madrid, batch 3. Park Forest and Plant Nurseries, and Street Cleaning and Urban Waste Collection Services in Xátiva (Valencia).

Contracted maintenance and conservation services add to an ongoing medium-term portfolio, such as the control of weeds on installation and track margins of the ADIF conventional rail network (batch 6 North West), extension of the beach cleaning service and park, garden, urban trees,fountains and urban furniture maintenance services of Estepona (Málaga); green area maintenance and beach cleaning service in Alboraya (Valencia); or maintenance of green areas of the Canal de Isabel II blocks in Casa de Campo and Moratalaz (Madrid).

Regarding works of an environmental nature, relevant contracts have been granted to the Company, such as the emergency contract for restoration of river beds after floods on the Duero basin (Batch 4: León) subscribed with the Duero Hydrographic Association; the execution of a forest path in Estepona (section: Kempinsky-Laguna Village); or the contract for the design and execution of connection of parks to the reclaimed water network of the Madrid Region with the Canal de Isabel II

Regarding contracts under execution, improvement on average payment terms for different public clients, together with an efficient management of payment collection by the Company, has resulted on an improvement of working capital which allows us to extend our target client portfolio.

During 2015,services related with conservation and maintenance of real estate has shown a sustained growth.

Maintenance Framework Agreements for 9 District Councils of the Madrid have been renewed; a maintenance contract for houses owned by the Madrid Public Housing Company (EMVS by its Spanish acronym) and a Framework Agreement for Works on the Police and Emergency Medical Services (SAMUR) buildings have been subscribed.

All these instances refers to medium-term tenders which account for ongoing cash flows.

Special mention must be made to multi-year contracts for maintenance of houses owned by Madrid Public Housing Company and a Framework Agreement for works to be made on the Police and Emergency Medical Services buildings both awarded in 2015.

In the field of railway maintenance, Maintenance of the High Speed Networks on the Gabaldón-Alicante is specially remarkable.

Real Estate Area

Turnover for the Real Estate area amounted to 55.34 million euro, which represents a sharp increase in relation to previous years due to the sale of three lots for residential purposes and to the handover of houses from the Tres Cantos **Promotion**.

During 2015 activity regarding real estate retains its markedly equity nature, with more than 36,000 square meters of tertiary plots under lease and 491 public houses under lease with a purchase option (VPPAOC by its Spanish acronym), with occupancy levels around 80%.

Developing activity during financial year 2015 revolved mainly around, on one part, an unsubsidised housing development comprising 188 houses, arising from a swap agreement with a financing activity, which was totally sold up and handed over during financial year 2015, and, on the other part, the development and management of 4 unsubsidised housing developments accounting for 239 houses built on plots owned by three financial institutions, executed by means of the function of the integral project manager. In this sense, and after subscribing an agreement with a top level financial institution in 2013, this business line has continually been reinforced thanks to our experience and to the synergies caused by joining all the actors participating on a housing development under the same group.

During this financial year, 3 plots for residential purposes have been sold, amounting to a total surface of 5,950 m2, and a total of development potential area of 19,100 m2, two of them located on the UZP 01.03 of the Ensanche de Vallecas and the third one on the API 08.06 of Vereda de Ganapanes. The proceedings of this sale amount to 26.48 million Euros.

The Group has plots and pieces of land, not associated to any financial debt, amounting to 2 million square metres of which 67,733 m2 correspond to plots for urban development and 38,260 m2 are located at the UZP 1.03 of Valdecarros, and the rest correspond to pieces of land located in Arroyo Butarque, Barajas, Coslada, Vicálvaro, Burgos, and Seville.

1.2 International Arena

International turnover accounts for 46% of the total turnover of the Group, and totals 172.48 million Euros. The International Portfolio increased 106%.

International building represents 45% of sales on the construction area and boasts a portfolio representing 62% of the total portfolio for this area.

International energy sales amount for 93% of total, with a portfolio representing 80% of the total portfolio for such area.

On the area of international building turnover reaches 50.87 million Euros and on the area of energy it reaches 122.09 million Euros.

In the previous financial year, special highlight was given to the award of the Contract for Construction, Maintenance and Operation of the Highway **"Conexión Norte"** in Colombia to a consortium in which **GRUPO ORTIZ** has a 25% share, for an amount **2,750 million Euros** and a term of **25 years**.

In the financial year 2015, highlight must be given to the award of two highways on Colombia: "**Sisga Transversal Highway" awarded on May 2015. 137-km highway in Bogotá, with a contract value amounting to 1,869 million Euros and a term of 25 years.**

Ruta Caribe HIghway, a privately funded initiative to renovate an existing 180-km highway between Cartagena and Barranquilla**.**

Another fundamental milestone in the Group's internationalization process is the handover of the **construction works of the Photovoltaic Plants under the EPC regime** in **Honduras** and **Guatemala** (where the construction of the largest (80 MWn) plant of this kind in all Central America has just been completed) and has connected the first photovoltaic plant to the Honduras national electrical network with an additional power of **35 MWn**.

At the end of financial year 2015, the construction of a **50 MW photovoltaic plant in Chile** for the client **X-Elio** was started.

At the same time, the works for the **High Voltage Line and Substation in Mexico for the Federal Commission for Electricity** were started.

During financial year 2015, **the Group entered the Panama market** thanks to the award of **two sewerage works contracts** and a rehabilitation project in an historical building.

Finally, the inauguration of the **Precast Concrete Panel Factory** in **Algeria** is also noteworthy.

International activity for year 2015 reaches 172.48 million Euros and its breakdown by country is as follows:

Countries	2015 Turnover
Honduras	55.99
Guatemala	51.88
Colombia	25.47
Peru	12.66
Mexico	11.67
Panama	5.51
Chile	5.0
Romania	3.2

Others (Italy, France)	1.1
Total	**172.48**

Data in millions of Euros

Construction.

The international construction activities of the Group shows a turnover of 50.87 million Euros, and its share is expected to grow significantly over the next years, since the Group intends to rely extensively on internationalization and it **already boasts a portfolio on international construction amounting to 525.58 million Euros**.

GRUPO ORTIZ maintains its presence for this year on the Panama, Colombia, Peru and Mexico markets in Latin America, as well as in Europe, where it has projects in Romania, and in Algeria, a market it is expected to enter thanks to the construction of residential buildings once the precast concrete panel factory has been inaugurated at the end of financial year 2015.

PANAMA. The Group has started its activities in Panama in 2015 and it has consolidated its presence in the country. In this financial year, the award of two batches of the works for the Third Phase of the Sewage Network in San Miguelito, tendered by the an entity called “Saneamiento de la Ciudad y la Bahía de Panamá” ("Panama City and Bay Sewer Networks"), reporting to the Ministry of Health, is especially noteworthy. The value of the contracted works reaches 37.6 and 21.1 million US dollars, respectively, with terms of 30 months which started on 20 October 2015.

Besides, the Group has been contracted for a heritage rehabilitation work relevant for its singularity: the Design, Refurbishing and Integral Restoration of the Metropolitan Cathedral of St. Mary (Santa Iglesia Catedral Basílica Metropolitana de Santa María la Antigua de Panamá) in Panama City, for an amount of 12.2 million US dollars and a term of 24 months, was started on 7 December 2016.

Notwithstanding the above, during financial year 2015 important projects which are to be tendered over the following financial year have been identified.

COLOMBIA: A remarkable fact for Ortiz Construcciones y Proyectos, S.A., Sucursal Colombia in financial year 2015 has been to be awarded the second wave of the Programme of the 4th Concession Generation leaded by the National Infrastructure Agency (ANI) of the contract that AWARDS THE SISGA TRANSVERSAL HIGHWAY, which is added to that already awarded on the first wave of that same programme on 2014, which makes Grupo Ortiz one of the main actors on the tender scene on Colombia.

On the other hand, and in the framework of road concessions, Ortiz Construcciones y Proyectos, S.A., Sucursal Colombia takes part in the privately funded CONCESIÓN AUTOPISTAS DEL CARIBE, an inland road which connects Barranquilla and Cartagena, and whose prefeasibility study was submitted to the ANI in 2015 and approved by this entity on the same year. The corresponding feasibility studio will be submitted on 2016. (260-km dual carriageway road). Expected investment: 600 thousand Euros

Over this financial year 2015 the following works have been concluded:

- Construction of the New Site Operational Centre for Water, for the Empresa de Acueducto y Alcantarillado de Bogotá-ESP (Bogotá Water and Sewer Company;

- Maintenance and rehabilitation works on the Puerto Araujo – Landázuri – Barbosa road Route 62 Sections 6207 and 6208 on the Department of Santander, for the National Road Institute (INVIAS).
- Construction of the Eastern Waste Water Collector of Valledupar, Department of Cesar, for the Financial Institution for Development (FINDETER).
- Construction of the Waste Water Treatment Plant La Marina in Armenia, Department of Quindío, for the Financial Institution for Development (FINDETER).
- Construction of the Supply System “Quebrada Piedras Fase II”, in Juan de Pasto, Departament of Nariño, for the Financial Institution for Development (FINDETER).

The following works are still under execution:

- Central Transversal Pacific Road, Section Virginia – Mumbu, for the National Road Institute (INVIAS).
- Construction of the River Port no. 31 for the National Navy in Barrancabermeja, Department of Santander, for the Navy Logistic Agency. National Ministry of Defence.
- Construction of Sport Installations in Calle 42 con Carrera 5ª in the Municipaility of Ibagué, Department of Tolima, for the Local Sport and Leisure Institute of Ibagué (IMDRI).
- Rehabilitation works for the Facatativa – El Rosal road, Department of Cundinamarca, in the framework of the Roads to Equity Programme of the National Road Institute (INVIAS).
- Construction and enlargement of the Distribution System of the Aqueduct located in the municipality of Magangué, in the Department of Bolívar, for the Financial Institution for Development (FINDETER).

Besides, over the financial year 2016 it is expected to start works corresponding to two awarded projects:

- Construction works under the EPC regime of the Northern Connection (Conexión Norte) between Remedios, Zaragoza and Caucasia, Department of Antioquía, for the concession holder Autopistas del Nordeste S.A.S.
- Construction works under the EPC regime of the Sisga Transversal Road, between Sisga and El Secreto, in the Departments of Boyacá y Casanare, for the concession holder Autopistas del Nordeste S.A.S.

PERU. During financial year, the restoration works of secondary drinking water and sewage networks, and of domestic water and sewage connections have been completed, in the Comas District for SEDAPAL. From a social perspective, this work is extremely important and has a significant impact on the Comas District within the city of Lima. In the execution of this project innovative systems have been used to reduce its impact on the environment, such as pipe bursting to replace pipes without digging trenches.

All along this year the execution projects adapted to the new regulations for seismic movements have been approved, and the execution works of the Cerro de Pasco Hospital, contracted with the Pasco Regional Government, have been started.

Regarding the Andahuaylas hospital, in Apurímac, negotiations with the Regional Government and with the Ministry for Health have started to continue with the works.

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MEXICO: On financial year 2015 works related to the Plaza Andamar mall in Veracuz have been completed by the OSM, and the rehabilitation works of the BBVA Bancomer branches have been delivered.

Approval by the Institute for Social Security and Insurance of State Workers (ISSSTE by its Spanish acronym) of the Unsolicited Proposal presented by Grupo Ortiz for the replacement of the Tepic General Hospital, which is to be tendered for the upcoming financial year 2016, has been granted.

In the next months, and due to a sharp decrease of public investment due to temporary factors, only works under concessions are to be tendered. Currently, Grupo Ortiz has identified the next tenders of the Mérida Hospitals (66 beds); Bahía de Banderas General Hospital (144 beds); Villahermosa General Hospital (90 beds); Tapalucha General Hospital (150 beds); García Regional General Hospital (260 beds); Tepotzotlán Regional General Hospital (250 beds) and Gonzalo Castañeda Hospital General in Mexico City (120 beds), all of them by means of concessions of the IMSS or the ISSSTE.

ALGERIA: In Algeria, an Algerian-Spanish joint partnership was established to construct 5000 homes in five years, with transfer of knowledge and training in construction technology. The GRUPO ORTIZ is the only international company that has had its industrialised construction system officially approved in Algeria. This construction system created by INDAGSA, a company owned by GRUPO ORTIZ, obtained the Algerian Avis Technique and is the only Spanish or European company to officially be awarded this distinction. For this purpose it has standardized its industrialized construction system.

In 2015, the construction and commissioning of a concrete plant with a 23,000 m2 surface and a manufacturing capacity of 2,000 dwellings/year, for A.L.R.E.C.C.-ORTIZ., a joint enterprise participated by Grupo Ortiz.

Besides, also in Algeria, a Training Programme has been implemented in order to transfer knowledge about our construction system to Algerian workers. This training is carried out by Indagasa's own personnel.

ROMANIA: In financial year 2015, works to overhaul the wastewater system of Insuratei were settled, and works have continued to be carried out on the wastewater sanitation and pumping stations in Breaza (Prahova) for the public company Hidro Prahova.

In financial year 2015, the current phase of the EU cohesion programme concluded, so that public tenders in the Romanian market financed by these funds have been marginal. Currently, the new EU Cohesion Funds Programme for 2016-2020 is under implementation.

PREFABRICATED Indagsa, during financial year 2015 has, on one hand, continued its activity on is traditional domestic market and, on the other hand, consolidated its internationalisation process in Algeria, Switzerland and Paraguay.

In relation to its internationalisation process, it must be noted that:

- As stated before, in Algeria the execution and commissioning of a concrete plan has been completed and a Training Programme has been established to transfer knowledge about our Construction System, carried out by Indagasa's own personnel.
- In Switzerland (Lausanne) the supply of a sandwich panel with thermal bridge breakage which works for structural functions has been completed

- In Paraguay, Engineering and Technical Assistance works have been carried out on the Paseo de la Galería mall.

Energy.

The complications for business development on the national energy market stand in sharp contrast with the boom of this sector at an international level, which has been mainly caused by the growth on electricity demand and the need to satisfy such demand by means of new generation installations and new transfer and distribution infrastructures. This goes together with the consolidation of renewable energy generation technologies that allow photovoltaic and wind technologies, for example, to compete with thermal generation technologies. This has allowed the group to enjoy an important growth in the area of photovoltaic power generation which will allow the Group to gain a position as a reference in this sector.

At an international level, the Group is opening and consolidating markets both in the generation area and in the infrastructure development area, focusing its activity on the construction of generating turnkey installations (EPC), construction of energy infrastructures and operation and maintenance services for generation plants, as well as the development of Energy Services.

On the Energy area at an international level, the Group has a turnover of 122.09 million Euros in 2015, which represents a 93% increase on the total for this area.

The Energy Area shows a successful confirmed activity at the international level, with significant expectations for growth and market consolidation. Special highlight must be given to the most singular projects completed and delivered in 2015:

- EPC Project Horus I for a photovoltaic plant in Guatemala, with 50 MW of rated power, for Grupo Onyx. This is the largest plant of this technology in all Central America and the Caribbean. It was delivered in January 2015.
- Project Horus II, with 30 MW of rated power, delivered on November 2015.
- Design of photovoltaic plant Marcovia Phase I in Honduras under the EPC regime, with 35 MW of rated power, delivered in September 2015.

Therefore, GRUPO ORTIZ becomes the main construction group in Central America in the area of contracts for renewable energy generation under the turnkey modality, and one or the most important in Latin America.

- **Market consolidation**

Mexico: Mexico, despite its financial dependence on oil and the current price situation, is making an important effort in the energy development area. There are favourable expectations regarding the growth of electricity demand and therefore of new generation plants. Mexican energy policy aims at covering a ever-growing percentage of the demand with renewable energy (35% of demand in 2026), which makes the energy generation market show very good expectations that encourage us to keep efforts in order to consolidate or presence in this market. The Group has contracted a power generation project with photovoltaic energy of 150 MWn in the Aguascalientes area. Most of this project is to be developed between 2016 and 2017.

In the infrastructures market, the GROUP must consolidate its position within this market thanks to the experience gained in the project consisting on substations (two SET of 400/115/34,5 KV) and 115kV high-voltage lines (73 km), which is currently carrying out for the Federal Commission for Electricity in the state of Sinaloa.

Regarding co-generation, the country continues to show a promising scene, and the Group still focus on this technology, in spite of the fact that its development progresses more slowly than expected.

Lastly, the prices of electrical energy and the development of LED technology allow to work on the development of energy efficiency projects for lighting with highly favourable financial ratios.

Peru: In Peru, the Energy Area has been awarded important contracts on the infrastructure area. Three large Operation and Maintenance contracts, above all, must be highlighted:

- Integral Service for Technical Operations in medium voltage and low voltage. For Edelnor. Works will be concluded by April 2016.
- Integral Service for Works and Maintenance of Lines and Substations in High Voltage, for Edelnor; contract to be concluded in 2019.
- Maintenance of Lines and Substations for Peru Electrical Network (REP). The contract will be concluded by 2018.

Both in Honduras and Guatemala, supported by the good results of the turnkey projects, other operation and maintenance projects have been subscribed. This will allow to consolidate such markets and will open the door to new contracts, both in the generation and the infrastructure areas.

- **New markets.**

The situation of markets of electrical energy generation plants allows the GROUP to identify new business opportunities. In this sense, at the end of the year, the area on energy started proceedings to create permanent delegations in Japan and Colombia. The Japanese market, after the Fukushima nuclear plant accident, shows excellent conditions for development, mainly due to the country's decision to focus on renewable energy and to the electrical market prices, which allow to foresee a strong development of this technology. With respect to the Colombia market, the pressing need for development of electrical infrastructures, as well as the increase in demand, allows to expect a good development of the energy works market.

Besides, it must be highlighted that at the closing of financial year 2015, the contract subscribed with GESTAMP SOLAR, now X-ELIO, for the construction under the EPC regime of a photovoltaic installation of 50 MWn in Antofagasta (Chile), which will have to be delivered by the end of 2016. Such project will open a new and promising market, Chile, to the company.

- **Other areas:**

    - Usually, disperse areas. Special mention must be made on France and Italy, where maintenance and operation of different photovoltaic plants executed by the Group on previous years is being carried out.
    - EPC projects under study exceed 500 MW, distributed among countries such as Mexico, Chile, Uruguay, Egypt, Japan, Colombia, Panama, Morocco or Algeria.

Concessions.

The ambitious Programme for the IV Generation of Concessions leaded by the Colombian National Infrastructure Agency (ANI), to which the most important construction companies in the world have concurred, and on which Grupo Ortiz plays a very active role.

In 2014 the Company was awarded the concession contract of the Conexión Norte road, which implies an investment of 500 million Euros. In 2015 the Company was awarded the concession contract of the Sisga Transversal road, which implies an investment of 230 million Euros.

Additionally, always in Colombia, Grupo Ortiz has presented a feasibility study for a privately funded initiative, the Ruta Caribe Highway, which implies an investment of 615 million Euros. This project is pending approval by the ANI, and the possibility of participating on another privately funded initiative is well under feasibility study.

Besides, an Unsolicited Proposal (PNS) for a Mexican hospital has been submitted and the Company, together with 5 more groups, has been pre-qualified by the Administrative Centre of Guatemala.

Lastly, more concession projects corresponding to the following countries are under study:

- Mexico: Hospitals, Gas Pipelines, Roads.
- Peru: Roads
- Colombia: Energy
- Uruguay Roads

1.3 Financial risk management policy.

Policies for the management of financial risk and, consequently, related instruments, are mainly established by the specific laws applicable to the economic sectors in which the Company operated and by the current situation of the financial markets.

The management of the Group's financial risks is handled by the Finance Management Department, which has established the necessary mechanisms to control exposure to variations in interest rates and exchange rates as well as credit and liquidity risks. The activities of the Group are exposed to several financial risks: market risk (including the exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The management programme of the global risk of the Group is based on the uncertainty of financial markets and tries to minimise the potential negative effects on its financial profitability.

The Company is exposed to several risks we will be analysing as a whole or individually according to business area of the Company depending on the nature of each risk:

Price Risk.

The Group is not significantly exposed to price risk on capital securities since there are no significant investments, nor is it exposed to price risk on raw materials since on a general basis the variations in value are efficiently transposed to sales prices by all similar contractors operating within the same industry. The Group reduces and mitigates price risk with policies established by the Management, guaranteeing the production or obtaining at a fixed price of several raw materials.

Credit Risk.

The credit risk of the Group is mainly related to trade credits. Once the contracts are under execution, the credit quality of the amounts pending collection is periodically assessed and all estimated recoverable amounts are reviewed in relation to those considered bad debts by means of the consolidation of the results of the financial year.

Operations with credit entities included as cash and cash equivalents and other financial assets for short-term deposits with credit entities are purchased with renowned financial entities.

Regarding the balances of heading 'Clients and other accounts receivable', a high proportion of such balances refer to transactions with national and international public entities, so the Group considers that the credit risk is very limited. Regarding public sector clients, a significant portion of the balances refers to companies with a high credit rating with which there are no outstanding payments. A follow-up of the global position of heading 'Clients and accounts receivable' is frequently made, as well as an individual analysis of the most significant exposures.

Liquidity Risk.

During financial year 2015, the Group has signed a syndicated loan agreement (Note 21) which has allowed to significantly reduce the short-term debt and thus to minimise the Group's exposure to the liquidity risk.

However, in order to manage the liquidity risk and to cover the different needs for funds, the Group prepares an annual cash budget and a monthly cash prevision, the latter including a daily breakdown and update. Likewise, the company applies a cautious management of the liquidity risk based on the maintenance of a sufficient cash level and the availability of financing by means of a sufficient amount of committed credit facilities and on a sufficient capacity for settling market positions.

Taking into consideration all of the foregoing, as of the date of issue of the financial statements of the company, the Group covers all need for funds so as to comply with every obligation towards suppliers, employees and administration in accordance with the cash flow foreseen for financial year 2016.

Risk of expanding the business to other countries.

Although the Group expects to continue expanding its business into other countries, considering that this will add to its future growth and profitability, an in-depth analysis must be carried out previously to any approval of this kind of investment, which may be extended over several years on site. Notwithstanding the above, any expansion into new territories implies a risk, in the sense that they are new markets on which the Company has not the same level of expertise as on the markets on which it currently operates.

Exposure to interest rate variations.

The Group interest rate risk arises mainly from its debt with long term credit institutions. This risk is hedged by interest rate cap contracts.

The Group analyses its exposure to interest rate risk in a dynamic manner considering long-term financing, renewal of current positions and alternative financing.

2. IMPORTANT EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR.

After 31 December 2015, no relevant events have taken place that may have affected the GROUP’S consolidated annual accounts.

EXPECTED EVOLUTION OF THE GROUP AND CORPORATE STRATEGY

The economic-financial solvency of the GRUPO ORTIZ, along with its know-how and experience in executing all areas (technical, financial, design, maintenance and operation) of large projects, endorses the continuity of our development in international concessions, a priority and strategy mainstay for the future growth of the different lines of business, due to the synergies that occur.

At a international level, the group will continue developing its growth potential in the countries where it is already present: Colombia, Panama, Peru, Mexico and Algeria.

In the Energy area, development is mostly founded on EPC photovoltaic contracts on any country on the world, for different developers, among which the most important, due to the planned level of investment on photovoltaic plants, are Japan, Egypt and Mexico.

The development of high voltage lines and substations, mainly in Mexico, must also be highlighted.

As indicated on the previous financial year, the strategy for the next years is focused on the financial aspects: reducing indebtedness, increasing capitalisation and liquidity, and having enough resources available as to access concession projects in the infrastructure, environment and energy areas, and therefore gain access to markets where the knowledge collected over the years allows us to improve our profitability and our return on investment.

The Strategic Plan for the next years may be summarized as follows:

Business.

- Significant development of the Energy area by means of EPC turnkey contracts.
- Consolidation of organic growth in the countries where the Group is already present.
- Improvement of profitability at an international level.
- Asset switch policy: disinvestment on mature assets as long as they generate capital gains.
- Take advantage of synergies within the Group to promote growth on every business line.
- Integral development and management of large projects at international level, taking advantage of our extensive expertise in financing, design, construction, operation and maintenance.

Financing.

- Investment in concessions in both Energy and Infrastructure areas, at an international level.
- Letting investment funds participate on our international projects.
- Continuing the Grupo Ortiz policy for reducing indebtedness.

To this corporate strategy underlie a series of commitments and values, based on a responsible and sustainable management of the business at all levels: financial, social, and environmental, and focused on the growth of GRUPO ORTIZ.

3. EMPLOYMENT.

As of 31 December 2015, the number of employees of the Group totalled 1,366 (average of 2,272 employees), meriting mention that a large number of workers are in the services area, and thus hired to specific contracts.

At a national level employment has remained at around 1,700 employees. In the construction business area, employment plummeted during the years of the financial crisis, and staff of this area decreased from 1,320 employees in 2010 to 548 in 2015. The services sector has steadily increased its staff in accordance with the production increase of this business area, which reached 808 employees in year 2015.

From 2015 and during its five years, the international area (expatriates) has increased due to the expatriation of personnel from construction and energy areas; as of December 2015, an average of 40 employees was expatriated. On the international area, total local staff from different countries totalled 575 employees. This figure is subject to high variations since it depends of the needs for local staff on international sites.

The average age of the Company's employees is 44.

4. TECHNOLOGY, RESEARCH AND DEVELOPMENT

During financial year 2015, the companies ORTIZ CONSTRUCCIONES Y PROYECTOS, SAU, ASTEISA TRATAMIENTO DE AGUAS, SAU, INDAG, SAU, JUAN GALINDO, SLU, INGENIERIA Y DISEÑOS TÉCNICOS, SAU and ELECOR, SAU, incurred expenses and made investments in Research and Development and Technological Innovation.

The policy of the GRUPO ORTIZ is aimed at establishing a favourable climate in which to promote all research and development initiatives required so that the Group is fully situated in the technological innovation culture, so that it can hence increase its national and international competitiveness.

The GRUPO ORTIZ is committed to providing the resources needed to ensure that the services it provides have the highest quality levels. It establishes the essential requirement of focusing on sustainability in all business it does and all the countries in which it is established, taking economic, environmental and social issues into account. To ensure that these commitments set out in its policy are met, the GRUPO ORTIZ has implemented an Integrated Quality, Environmental and R&D Management System, certified pursuant to the standards ISO 9001, 14001 and UNE 166002. Besides, Grupo Ortiz has an Energy Management System certified pursuant to the standard ISO 9001.

During financial year 2015, several Research, Development and Technological Innovation projects have been developed for a total amount of 1,422,734.94 Euro, 981,784.57 of which correspond to the expenses incurred in Research & Development projects and the remaining 440,950.37 correspond to expenses incurred in Technological Innovation projects.

5. ACQUISITION OF OWN SHARES

There is no acquisition of own shares.

Finally, Directors deem that a cautious policy and constraint of expenditure that has been characteristic to the Group over its 50 years of history, as well as the diversification of business lines and the internationalisation of the Company will allow GRUPO ORTIZ to maintain its steady growth rate.

GRUPO ORTIZ CONSTRUCCIONES Y PROYECTOS

DRAFTING OF CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED MANAGEMENT REPORT FOR FINANCIAL YEAR 2015

On the 16 March 2016, the Board of Directors of Grupo Ortiz Construcciones y Proyectos, S.A. in compliance with the provisions set forth in Article 253 of the Act on Capital Companies and Article 37 of the Commercial Code, has prepared the Consolidated Financial Statements of Grupo Ortiz Construcciones y Proyectos S.A. and its subsidiary companies and the Annual Management Report corresponding to the financial year ended on 31 December 2015, which are comprised of the preceding attached documents.

Signed: Gerardo Vicente Recuero

Signed: Emilio Carpintero López

Signed: Javier Carpintero Grande

Signed: Juan Antonio Carpintero López

Signed: Enrique Bardají Álvarez

Signed: Carlos Cuervo-Arango Martínez

Signed: Juan Luis Domínguez Sidera

Signed: Raúl Arce Alonso

Signed: Sara Carpintero Grande